

3Ts Programme Board

Report to the Board of Directors, 25 January 2016

Summary Status

1. The summary dashboard below sets out an assessment made of the progress/status of each of the key workstreams in the 3Ts programme.
2. The summary assessment uses the Major Projects Authority (MPA) Gateway classifications (which are attached as Annex 1 to this report) which is a five point scale.
3. This rates overall progress as Amber/Green.
4. This provides a consistency with the Gateway classifications which the 3Ts Programme Board is also using to formally assess the status of the programme against the National Audit Office/OGC “Common Causes of Project Failure” on a quarterly basis.

	Schedule	Scope	Budget	Resource	Risks	Issues	Summary
Main scheme	Green	Green	Green	Green	Green	Amber	A ~
Decant	Amber	Green	Amber	Green	Amber	Amber	A
Stakeholder Engagement	Green	Green	Green	Green	Green	Green	G
Modernisation & Workforce	Amber	Green	Amber	Green	Amber	Amber	A

5. The most recent external Gateway Review undertaken on the 3Ts Programme from 10th-12th November 2014 rated the programme “Amber/Green”.

Reasons for Red/Amber Ratings

Decant

6. The Courtyard and Hanbury buildings are currently scheduled for completion in February, and April respectively and plans for occupation and operational commissioning are currently being prepared.
7. The Planning Application which was submitted for the Clinical Administration Building in the north east corner of the site was approved at the end of October and the Decision Notice was released on 10 December. This will provide accommodation for parts of the decant programme and some additional capacity to assist with space constraints in the emergency department.

8. As previously reported, Galliford Try has forecast a delay in completion from the original date of Christmas 2015 to a revised date of summer 2016. This has occurred because of several factors; one of them being the structural challenges of the retaining wall at the North of the RSCH site. Alternative office accommodation for those located on the 3Ts Stage 1 site area will be made available by March 2016 on the St. Mary's site in temporary modular buildings.
9. Also as previously reported, CIRU has been located in the space in the Children's Hospital which had been earmarked for Paediatric Audiology.
10. An alternative solution has been identified which relocates Adult Audiology to Sussex House, and the Paediatric Audiology issue is therefore resolved with regards to the decant and 3Ts programme. It is still intended to relocate the service to the Children's Hospital, but alternative accommodation will be required for CIRU. This is currently being developed outwith the scope of the 3Ts Programme.
11. Work is therefore developing to investigate mitigations to the issues involved in a phased site handover. This involves staggering the evacuation of the Stage 1 site and minimising the possibility of "double decanting" the services which will be affected.

Workforce Modernisation

12. 3Ts will almost double capacity in some of the hardest-to-recruit specialties. Turnover Trust-wide is on an upward trend, and Directorate vacancies at senior clinical level (Bands 6+) were up to 16% as at October '15. The Trust Long-Term Financial Model (LTFM) assumes that additional capacity in 3Ts can be staffed at marginal rates (50-75% of tariff, ie. significant economies of scale) in addition to avg. 3% year-on-year Trust pay cost reductions in the intervening period.
13. Approval of the 3Ts Full Business Case (FBC) and signing of the Stage 4 contract therefore throws into sharp relief the requirement for rapid initiation of workforce modernisation in preparation for the opening of Stage 1 in 2019/20. This reflects the long lead-in time for workforce development, and learning from other major capital schemes across the UK. It is a condition of FBC approval that the Trust develop a Recruitment & Development Strategy, with agreed trajectories for improvement by staff group.
14. Staffing 3Ts therefore represents a significant risk. This is remediable. Detailed programmes of work have been developed, and some investment in additional project support has been secured through Health Education Kent, Surrey & Sussex (HEKSS). However, progressing workforce schemes in practice remains challenging in the current Trust financial context, particularly for pilots (which therefore include an element of experimentation/uncertainty) and schemes with a Return on Investment longer than the annual business cycle. Plans are currently being developed for the medium to longer term and will need to be factored into the review of the Trust's Clinical Strategy and Business Planning.

Main Scheme

15. The phased handover of Stage 1 has begun: Preliminary survey works are taking place in the Thomas Kemp Tower in readiness for construction of the helideck and the new energy centre for the site. Liaison with Trust operations has been positive and productive thus far, and planning for the timed closures of the South Service Road is progressing well. The Site Logistics Group has full operational/clinical involvement.
16. Lessons learned from the decant schemes are informing and will inform main scheme in the coming year. The 3Ts change consultants are assisting with the remaining decant schemes to this end.

FBC approval and Contract Signing

17. As reported at the Trust Board on 14 October, Board approval was sought to allow the CEO and CFO to sign the final contract with LOR subject to resolution of a small number of legal/commercial issues and DH determination of the way forward with regards to overall funding. This was formally agreed.
18. Official approval was received on 2 December shortly after the Chancellor's Spending Review and Autumn Statement on 25 November.
19. Following the receipt of this letter, and confirmation to the DH that the Guaranteed Maximum Price was unchanged from that agreed, the contract was signed with Laing O'Rourke on 7 December.
20. This follows an intensive period of contract negotiations involving the team and a refresh of the joint risk register. This enabled the critical path to construction to be maintained to allow a start on site in January 2016.
21. This remains a very significant milestone and the culmination of almost eight years work by hundreds of staff across the Trust and in our partner organisations.
22. Matthew Kershaw's response to the conditions is available. We are in the process of discharging these conditions, one of significance being the publication of the FBC which is currently being revised to reflect the position at the time of approval.

Risk and Regulatory

23. The top 13 BSUH risks with a score of 15 or greater are as follows:

- **Main Scheme Capital (24)**. Trust do not vacate all of site in a timely manner as part of the decant leads to delay to start of construction, cost of inflation, increased duration of decant and associated costs;
- **Design Process 1 (33)**. This risk refers to the possible impact of construction on immuno-compromised patients. The mitigation includes the following: Review of evidence from other construction sites and further testing as work on site progresses. Risk and method statements are to be developed in partnership between the contractor and the Trust teams (including infection control) to identify key risks and strategies for mitigation whilst construction is underway. Good progress is being made in developing practical solutions to this issue;
- **Design Process 2 (55)**. There is a risk that stakeholders within, and outside, the Trust are unsatisfied with the construction, demolition, excavation and any other methodologies applicable for the delivery of the works as described in the Method Statements, causing significant delay to construction. Mitigation includes early identification of key stakeholders and formal sign off of method statements. Clear authorisation for works on site, or any requests to cease work on site is also imperative. Preparatory work is underway on the identification of these issues and detailed work has started on the development of the risk and method statements;
- **NRB P21 GT (8)** Stage 3 Approvals and Contracts not implemented in time leading to delayed design deliverables for the Clinical Administration Building (CAB);
- **Affordability (Capital) (4) FBC** has been approved by PB and Trust Board. The HMT approval letter was received on 02/12/15. However capital is still not available which has adversely affected BSUH liquidity during December/January. Mitigations include the arrangements which are being set up to release the capital as soon as possible;
- **Trust Business Continuity (19)** Site electrical Infra-structure is inadequate. NRB will provide additional energy and plans for a revised British Gas solution for energy provisions are being brought into line with 3Ts Energy Centre plans to ensure a smooth transition through the work phases;
- **Main Scheme Capital (6)** Failure to sign up partner Trusts / Medical School /CCG to the brief. Negotiations with BSMS close to fruition re financial settlement for the cost of this space;

- **Main Scheme Capital (30).** Prudential Borrowings used as procurement route instead of Public Dividend Capital could add £15.6m to CIPs programme over next 10 years and have an adverse effect on Trust's liquidity position. Mitigations include ensuring borrowing is under best possible terms for BSUH and the release of the final approval letter should frame the discussions on this;
- **Design Process Main scheme. Interfaces/impacts from other projects (30)** Trust/PFI/utilities contractors / capital works leads to delay (piling and ground anchors for example), leads to interference on other projects. The complexity of numerous contractors being on site simultaneously has led to 3Ts/Capital Developments setting up a site master programme to track the various projects in order to mitigate uncoordinated works on site;
- **ICT (28). Continuing Alignment with Trust IM&T developments.** Mitigation includes discussions about the potential for savings within ICT developments, as well as the initial costs of implementation;
- **Decant all (6) Failure to implement Decant Plan.** Operational staff now engaged and a range of solutions are being worked through for the "orphans" although some double decanting will now be necessary.
- **Business Continuity (22) Commissioners cannot afford scheme (changes in the size and allocation of resources for health care) which undermines FBC.** Mitigating this risk includes further discussions and negotiations via Strategic Partnership Board and National Programme Board. Downside scenarios have been outlined within FBC and now require further modelling;
- **Main scheme Capital (1)** Support with transitional costs is withdrawn. Transitional costs have been agreed with commissioners to be funded by 2% top slice. Invoice has been raised for 2014/2015 and monies received. Mitigations will be included in the negotiations regarding the FBC approval;

24. These risks have been refreshed at Programme Board level since the last Board report.

Finance

25. The monthly finance report is summarised below:

- The current actual spend this financial year is £23.90m against a forecast of £34.47m. Actual spend is slightly behind programme due to timing of design work and Decant delays and Forecast reflects a ramp up of Main Scheme activity in January 2016.
- Revenue expenditure is within budget, with the programme making a £0.17m contribution to the Trust's Efficiency Programme

Programme and Project Management

26. Gate 3 Action plan: As reported to the 3Ts Programme Board, the recommendations continue to be reviewed and implemented.
27. A Gateway Review (Gate 0) is due over the next twelve months and will be the subject of a further Board report closer to the time. This will be a programme-level review to provide assurance to the SRO that there is continuing strategic alignment of the programme with the internal Trust environment and the wider strategic context.
28. The programme governance arrangements are being refreshed as we move into a phase 4 construction contract.
29. As part of the overall governance arrangements, the National Programme Board (comprising DH, NHS Improvement, NHS England and Clinical Commissioning Group representatives) will continue to meet and discussions are underway to determine the terms of reference and meeting frequency of that group.
30. It has also been agreed to establish a Strategic Partnership Group between commissioners and the Trust to ensure that there is continued alignment between the Trust's clinical strategy and commissioning intentions as we move through the implementation period of 3Ts and to ensure that emerging risks are identified and appropriately managed.

Conclusions/Recommendations

31. The Board is asked to note this report and the mitigations which are in hand to manage the key risks. The Board is also asked to note the very considerable milestone which has just been achieved.

Duane Passman
3Ts Programme Director and Senior Responsible Owner
18 January 2016

Annex 1 – Gateway Criteria Descriptions

Colour	Gateway Criteria Description
	Green: Successful delivery of the project/programme appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly.
	Amber/Green: Successful delivery appears likely. However attention will be needed to ensure risks do not materialise into major issues threatening delivery.
	Amber: Successful delivery appears feasible but issues require management attention. The issues appear resolvable at this stage of the programme/project if addressed promptly.
	Amber/Red: Successful delivery of the project/programme is in doubt, with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed.
	Red: Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget, required quality or benefits delivery, which at this stage do not appear to be manageable or resolvable. The project/ programme may need re-baselining and/or overall viability re-assessed