

Midland Metropolitan Hospital – update for Health and Wellbeing Board

1. The new hospital was approved by government in 2014 and a contract signed in December 2015, under Private Finance 2. The new single acute site was due to open in October 2018. This date was judged in 2015 to be the fastest possible, but also a necessary pace given the fragility of acute services spread over the City and Sandwell General sites. In addition, reconfiguring emergency provision will release space and time to treat more rapidly patients needing planned hospital care including operations.
2. Carillion's engineering solution developed difficulties in 2016-17 and this led to a decision that we would be better to defer opening into spring 2019 such that the infrastructure within the new hospital was suitable. And in particular that that infrastructure was compatible with a thirty five year timeframe and the need to replace and improve it during life cycle. In 2017 we completed the land sale at City Hospital to Homes England consistent with exiting much of the site by the end of 2019.
3. The collapse of Carillion in mid-January 2018 has caused building work to cease. The site is secured presently. However, it deteriorates in the elements and some parts of the building will require 're-work'. The Trust's Board has asked for a formal assessment of that cost during June. However, we know that the cost will be in eight figures. We also know that if we have not weather proofed the building by winter 2018 that cost will rise further.
4. To date, and currently, the contract remains with a Special Purpose Vehicle (SPV) called the Hospital Company. This owned by Carillion Finance (which remains extant), and by private investors and Treasury, through the Infrastructure and Projects Authority. In practice the collapse of Carillion means that operational control is exercised over the company through its banking lenders, and over the site through PWC on behalf of the Official Receiver. The OR is in the process of agreeing to end their role in the contract with THC.
5. In March 2018 we sought to execute a strategy together of restarting work and transferring the Carillion employees relevant to the build to a new construction provider. That strategy has stalled and now looks unlikely to progress in its current form. That makes it impossible to see that a delay can be mitigated to 2020, which was the Trust's intended best case solution.
6. The options that remain for us all make an opening date for the new build of 2022 the most likely scenario. This would be contingent on the selection of a new build and funding model able to mobilise on the ground in 2018-19. In the meantime, it is, in our view, in the public interest to undertake some works on the site in order to both secure its value and accelerate any final timetable. The process for resolving both matters, as well as the future relationship with THC, is being taken forward across government, with the involvement of the Trust.
7. The original and restated case for the new build rests on the need to improve quality, to release funds for community investment from acute care, and on safety issues and concerns.

That case remains, and the prospect of a four year opening delay, alters fundamentally the risk calculation around service relocation. On that basis we are actively exploring to a conclusion this summer which, if any, services may need to move between acute sites in advance of 2022. Our current incomplete thinking is that some acute services will need to relocate in 2019 in order to ensure that sufficient staff are in place to deliver high quality care. This Trust-led workstream, with support from NHS Improvement and NHS England, will in due course make proposals for change, consistent with the completion of Midland Met. Whilst there is always a “do nothing option” it is currently difficult to make the case to retain the status quo arrangements to 2022.

8. All parties involved remain committed to the Midland Metropolitan Hospital, which will open and provide outstanding facilities locally for many generations to come. The delay is deeply disappointing and frustrating, and the hiatus over finding a solution is likewise concerning, however, the HWB should be assured that there is no question mark over the new build. There remains uncertainty over when and how. That uncertainty will now take some time to resolve, because a willing partner must be sourced and funded.
9. There is always in such circumstances a tension between providing incomplete or changeable information to stakeholders and local residents, as against saying nothing. We have sought through public board papers to ensure information is available, and we welcome media scrutiny, and other forms of involvement, to retain confidence that we are approaching the relatively complex issues involved fairly and at pace.
10. It is important to be explicit that all parts of government, local NHS teams, and the commercial partners are working together to resolve the issue. It will be recognised that what is done locally has a real or potential impact elsewhere and we are aiming to ensure that our urgent local choices sit alongside wider long term policy.

Toby Lewis

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