

**Building the Leeds Way Programme**

**Public Board**

**Thursday 30 May 2024**

<b>Presented for:</b>	<b>Information</b>
<b>Presented by:</b>	Simon Worthington (Director of Finance and BtLW Programme SRO)
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<b>Previous Committees:</b>	Building Development Committee

<b>Our Annual Commitments for 2023/24 are:</b>	
Effectively develop and deploy new assets (buildings, equipment, IT)	✓
Reduce healthcare associated infections	✓
Improve staff retention	✓
Deliver the financial plan	✓
Reduce average length of stay by 0.5 days per patient	N/A
Achieve the Access Targets for Patients	N/A
Support a culture of research	✓

<b>Risk Appetite Framework</b>				
<b>Level 1 Risk</b>	<b>(✓)</b>	<b>Level 2 Risks</b>	<b>(Risk Appetite Scale)</b>	<b>Impact</b>
Workforce Risk	✓	Workforce Supply Risk - We will deliver safe and effective patient care through having adequate systems and processes in place to ensure the Trust has access to appropriate levels of workforce supply.	Cautious	Moving Towards
	✓	Workforce Deployment Risk - We will deliver safe and effective patient care through the deployment of resources with the right mix of skills and capacity to do what is required.	Cautious	Moving Towards
Operational Risk	✓	Physical Assets Risk - We will optimise patient and workforce experience through the effective management of our buildings and estates.	Cautious	Moving Towards
Clinical Risk	✓	Capacity Planning Risk - We will ensure that capacity is planned to meet the demand for elective and non-elective (acute) admissions to our hospitals, managing this risk to provide safe treatment and care to our patients.	Cautious	Moving Towards

Risk Appetite Framework				
Level 1 Risk	(✓)	Level 2 Risks	(Risk Appetite Scale)	Impact
	✓	Patient Safety & Outcomes Risk - We will provide high quality services to patients and manage risks that could limit the ability to achieve safe and effective care for our patients.	Minimal	Moving Towards
Financial Risk	✓	Financial Management & WRP - We will deliver sound financial management and reporting for the Trust, aiming to at least break even, with no material variances to forecast.	Cautious	Moving Towards
	✓	Change Risk - We will deliver change aligned to the Trust's strategy on time and to budget with benefits achieved and no significant adverse impacts, focussing on the delivery of large-scale capital developments and waste reduction programmes.	Cautious	Moving Towards
	✓	Supply Chain Risk - We will manage suppliers in a manner that protects the Trust's interests and service to our patients.	Cautious	Moving Towards
External Risk	✓	Partnership Working Risk - We will maintain well-established stakeholder partnerships which will mitigate the threats to the achievement of the organisation's strategic goals.	Open	Moving Towards
	✓	Strategic Planning Risk - We will deliver Our Vision "to be the best for specialist and integrated care" though the delivery of a set of Strategic Goals and operating in line with Our Values.	Cautious	Moving Towards

Key points	
<p><b>1. Members of the Trust Board are requested to note this BtLW Programme Summary Progress Report.</b></p> <p>2. This report highlights that there continues to be good progress made to deliver the Pathology Project and ultimately the planned operationalisation of the new Pathology Lab and Acute Hospital Lab. During the reporting period, the first Pathology Teams have transferred their working operations to the new Centre for Laboratory Medicine (CfLM) at the St James University Hospital site and plans continue to focus on the full operationalisation of both labs in this financial year.</p> <p>3. The Trust has made significant progress to deliver its Hospitals of the Future Project contributing to the delivery of City-wide and regionally supported plans to establish an Innovation Village in the heart of Leeds. The Trust continues to have one of the most advanced and developed schemes within the New Hospital Programme (NHP) and remains ready to progress to the next NHP Stage having secured key approvals back in June 2020 and in May 2023 the Secretary of State for Health and Social Care, Steve Barclay, reconfirming that the Trust's scheme will be fully funded. Furthermore, the outcome of a detailed review completed by the NHP (October 2023 -January 2024) has confirmed the Trust's plans are robust, value for money, and have addressed many of the government and NHP aspirations and plans.</p> <p>4. Members of the Trust Board are requested to note the following key risks and issues in the delivery of the Trust's plans:</p> <ul style="list-style-type: none"> <li>▪ Delays to the Trust's programme and sequencing have resulted in additional costs (driven by a range of factors) estimated to now be in</li> </ul>	Information

the region of £250m-£300m. These costs will continue to increase as delays continue.

- The Trust is continuing to await the release of the full NHP Hospital 2.0 (H2.0) Model and clear confirmation as to its application to the Leeds Scheme noting its advanced state. An assessment of the current known indicative H2.0 Model principles likely to be issued by the NHP has indicated that the changes required by the Trust are unlikely to deliver any material patient benefit or financial savings compared to the current design but are estimated to lead to further scheme cost increases estimated to be in excess of £25m (based on current known information).
- The Trust's Outline Planning Consent, secured in June 2020 through the issue of a formal Planning Decision Notice (ref.19/01242/OT) and following two years of detailed work will shortly expire. If the Trust is not permitted to actively start to progress to the next NHP Stage from June 2024, supporting it to prepare and submit a Reserved Matters Application, the Planning Consent will expire resulting in further costs/delays and a new application requiring to be prepared, submitted, and approved.
- The on-going delays are necessitating the need to consider different delivery strategies to support the implementation of the Trust's plans. Additional capital will also need to be invested in existing buildings, planned for demolition, to prolong and extend their operational life further.
- Without the Trust being able to actively progress the delivery of its scheme there is an ever-growing risk that its Delivery Team (internal and external design specialists) will be stood down and/or reallocated. Whilst solutions can be implemented to mitigate the impact of this, the replacement of key roles will result in additional costs and further programme delays.

## 1.0 Summary

- 1.1 This Building the Leeds Way (“BtLW”) Programme Report presents an update to the Trust Board regarding delivery of the Trust’s investment plans and specifically progress to deliver the programme plan.

## 2.0 Background

- 2.1 The Trust’s BtLW Investment Programme defines a robust set of plans that will support the implementation of service transformation and enhance its ability to deliver safe, high-quality services and ultimately long-term financial sustainability. The Programme comprises three strategic investment Projects including:

- the Trust’s **Hospitals of the Future Project** which reflects plans to invest in new healthcare facilities at the Leeds General Infirmary (“LGI”) site through a vision of building a new state-of-the art digital and net zero hospital that will expand the Trust’s world-class adult healthcare services and provide a fantastic new home for the Leeds Children’s Hospital, whilst also delivering a new Education and Training facility commensurate with a major teaching hospital alongside a new Multi-Storey Car Park (“MSCP”) to improve accessibility;
- a new centralised **Pathology Facility** to be constructed at the St James’s University Hospital (“SJUH”) site that will centralise specialist services and be established as one of the new hubs for the West Yorkshire & Harrogate (“WY&H”) Pathology network alongside the establishment of a new Acute Hospitals Lab (AHL) at the LGI site; and
- the **LGI Development Site Project (LDS)** will regenerate 5ha of land at the Leeds General Infirmary site focussed upon creating a world-class hub for innovation in sectors including health research, medical technologies and digital health.

- 2.2 In accordance with the programme governance arrangements, the BtLW Programme Board has oversight management responsibility for all Projects within the Programme, however, Trust Board Committee assurance responsibilities are as follows:

- Building Development Committee - Hospitals of the Future Project & Pathology Project
- Innovation District Committee – LGI Development Site Project

- 2.3 This report presents an update of progress to deliver the Hospitals of the Future Project and the Pathology Project.

## 3.0 Summary of Project Progress

### 3.1 *Hospitals of the Future Project*

- 3.1.1 The Trust has made significant progress to deliver its Hospitals of the Future Project that will contribute to the delivery of City-wide and regionally supported plans to establish an Innovation Village in the heart of Leeds boosting economic growth. The Trust continues to have one of the most advanced, developed and *ready to go* hospital schemes within the New Hospital Programme (NHP) and remains ready to progress to the next NHP Stage<sup>1</sup> having secured key approvals back in June 2020 and following the Secretary of State for

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<sup>1</sup> The Trust has previously set out its plans to procure a building contractor prior to actively progressing to the next RIBA Design Stage (for LTHT the next RIBA Design Stage would be RIBA Stage 3). However, the Trust understands that it is required to follow the NHP contracting model where it is understood that RIBA Stage 3 will be commenced prior to OBC approval and the appointment of a building contractor. The Trust has highlighted the risks that it considers to be inherent in this approach based upon information currently made available to the Trust.

Health and Social Care, Steve Barclay, reconfirming that the Trust's scheme will be fully funded in May 2023. To date the Trust has:

- secured Outline Planning Consent in June 2020;
- secured, in July 2020, formal approval to the outcome of statutory public consultation;
- not changed the principles of its proposals, save for where this has been directly requested by NHP, the Department Health & Social Care (DHSC) or as a result of ongoing delays since June 2020;
- developed a robust and detailed technical design solution and in doing so, demonstrated a strong level of detail and alignment with the emerging principles of the NHP H2.0 Model;
- been highly commended for its hospital design solution at the 2023 European Healthcare Design Awards in the *Best Future Healthcare Design* category;
- prepared the main construction site securing a regional award for the way in which it managed the complex demolition works; and
- undertaken formal engagement with the market regarding digital technologies and build solutions.

3.1.2 Despite the significant progress made by the Trust since first being announced as a funded hospital project by the then Prime Minister in September 2019 and securing formal approval of its Outline Business Case (OBC) by the Department of Health & Social Care (DHSC) Investment Committee in June 2020; progress to deliver the Trust's plans continues to be delayed. The forecast cost of the Trust's plans will continue to rise because of the ongoing delays despite the SoS announcement of May 2023 confirming that the Trust's proposals will be fully funded, and the Trust's plans being assessed by the NHP as robust. Members of the Trust Board are requested to specifically note the following key matters relating to the delivery of its new hospital plans:

- 3.1.2.1 The Trust continues to be delayed from actively progressing its plans beyond the current stage. Overall, delays to the Trust's programme and sequencing since June 2020 have resulted in additional costs (driven by a range of factors outside of the Trust's direct control) estimated to now be in the region of £250m-£300m. The ongoing delays will result in these estimated delay and resequencing costs continuing to increase with no certainty that these costs will be funded without material changes to the Trust's plans.
- 3.1.2.2 As previously reported to the Trust Board, the outcome of a recent scheme review completed by the NHP (completed between October 2023 – January 2024) resulted in the Trust's proposals receiving positive feedback surrounding the strength and developed state of the plans indicating that they are robust, value for money, and have addressed many of the government and NHP aspirations and plans. However, the Trust has been informed that it must continue to await the release of the full NHP H2.0 Model and apply this to the Trust's design. Based upon the current known indicative H2.0 Model principles as indicated by the NHP, the changes required to be made by the Trust are unlikely to deliver a material functional benefit or financial savings but are estimated to lead to further scheme cost increases to be in excess of £25m (excluding any delay costs and the work necessary to apply the H2.0 Model). This presents a further time and cost risk to the delivery of the Trust's plans and no confirmation has been provided by the NHP as to whether these additional costs will be funded by the NHP or whether the Trust will have to reduce the scope of its plans.
- 3.1.2.3 The Trust Board is requested to note that the ongoing delays and restrictions being placed on the Trust to progress to the next NHP Stage have resulted in a key risk materialising as a 'live' issue. The Trust's Outline Planning Consent, secured in June 2020 through the issue of a formal Planning Decision Notice (ref.19/01242/OT) and following two years of detailed work will shortly expire. If the Trust is not

permitted to actively progress to the next NHP Stage from June 2024, supporting it to prepare and submit a Reserved Matters Application, the Planning Consent will expire. This will result in further delays and costs with a new application requiring to be prepared, submitted and approved.

3.1.2.4 The on-going delays that have perpetuated since June 2020 have and will continue to result in the need to consider different delivery strategies to support the implementation of the Trust's plans as well as additional investment in poor quality buildings to temporarily prolong and extend operational use. The implications of new strategies and temporary investment will result in additional costs to the Trust's overall programme and no confirmation has been provided by the NHP as to whether these additional costs will be formally met by the NHP or whether the Trust will have to reduce the scope of its plans.

3.1.2.5 There continues to be an increasing risk that without NHP support for the Trust being able to actively progress the delivery of its scheme, the Trust's Delivery Team (internal and external design specialists) will be stood down and/or reallocated. Whilst solutions can be implemented to mitigate the impact of this risk, the replacement of key roles will result in additional costs and programme delays.

3.1.3 Members of the Trust Board are requested to note that the BtLW Programme Team is continuing to progress the development of feasibility studies as part of revised delivery strategies to advance key works in supporting the delivery of the new healthcare facilities and mitigate current and ongoing delays. Plans are continuing to be developed to bring forwards a further phase of demolition, infrastructure and site enabling works to further ready the Trust's site for the commencement of the main contractor works and to reflect refreshed delivery strategies.

## 3.2 *Pathology Project*

3.2.1 Good progress continues to be made to deliver the Trust's Pathology Transformation Programme and, in particular, the New Pathology Lab (NPL) known now as the Centre for Laboratory Medicine (CfLM) at the St James University Hospital (SJUH) site and the Acute Hospital Lab (AHL) at the Leeds General Infirmary (LGI) site. Work continues to implement the plans to operationalise both labs through several phases in parallel with the installation, commissioning and testing of new equipment as well as the establishment of new business processes and other changes as part of the wider Pathology Transformation Programme including a new Laboratory Information Management System (LIMS). During the reporting period, the first Pathology Teams have transferred their working operations to the new CfLM and plans continue to focus on the full operationalisation of both labs in this financial year.

## 4.0 **Key Delivery Risks & Issues**

4.1 The BtLW Programme Team is continuing to support the NHP to develop the H2.0 Model and specifically standard delivery processes and technical standards/requirements. There remains a high risk that the Trust's forecast programme and delivery of the new healthcare facilities continues to be delayed beyond 2030/31, material changes are required to the existing design and/or forecast costs significantly increase because of ongoing delays and new delivery strategies. Continuing delays to the delivery of the programme will present a significant financial and operating risk.

4.2 Inflation and (delay related inflation) continues to be a significant risk and issue for the Programme and specifically the Hospitals of the Future Project.

4.3 The Project Risk Registers and delivery controls continue to be reviewed by the established Project Boards monthly and a Programme Risk Report continues to be presented to the BtLW Programme Board and Building Development Committee monthly. The Corporate Risk Register entries for the two core projects within the Programme were reviewed,

updated and approved by the Corporate Risk Management Committee at its meeting held in May 2024. Regular updates are now being presented to the Corporate Risk Committee in connection with the operationalisation of the new Pathology Labs.

## **5.0 Financial Implications**

- 5.1 The key financial implications of this report relate to the risks and issues associated with the on-going management and delivery of the capital investment described in the BtLW Programme Plan and specifically for the Hospitals of the Future Project relating to cost increases because of continued national delays, nationally driven scheme changes and/or rising inflation.
- 5.2 Provisional NHP funding to support delivery in the 2024/25 financial year has been allocated with further funding to be confirmed following confirmation by NHP as to the route forwards for the Trust.

## **6.0 Communications & Involvement**

- 6.1 The BtLW Programme Team are continuing to identify and maximise opportunities to communicate with key stakeholders, promote the Programme and its benefits and involve staff, patients and other stakeholders in its on-going development and delivery. Stakeholder Communication & Engagement Plans for the 2024/25 year for both the Pathology and Hospitals of the Future Projects have been established and progress is being reported against their implementation. On-going NHP delays continue to restrict the Trust in positively moving forwards its development plans for the Hospitals of the Future Project in accordance with the Secretary of State approval in May 2023. This will significantly impact the nature and content of the communications and engagement work planned and undertaken.

## **7.0 Equality Analysis**

- 7.1 Equality assessments are being considered within each project relevant to their business case planning and delivery stage.

## **8.0 Publication Under the Freedom of Information Act**

- 8.1 This paper has been made available under the Freedom of Information Act 2000.

## **9.0 Recommendations**

- 9.1 Members of the Trust Board are requested to note this BtLW Programme Progress Report.

## **10.0 Supporting Information**

- 10.1 There are no supporting documents included with this report.

**Mike Bacon**  
**BtLW Programme Director**  
 May 2024