

OGC Gateway™ Review 5: Operations review & benefits realisation

Project Title: Children's Hospital for Wales

OGC Gateway™ ID: AH/16/29

Privacy Marking: UNCLASSIFIED



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OGC Gateway™ Process

Review 5: Operations review & benefits realisation

Version number: v1.0 FINAL

Date of issue to SRO: 05/03/2017

SRO: Abigail Harris

Department: University Hospital of Wales

OGC Gateway™ Review dates: 13/02/2017 to 15/02/2017

OGC Gateway™ Review Team Leader:

David Wilkin

OGC Gateway™ Review Team Members:

Claire McDonald

Michael Williams

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OGC Gateway Delivery Confidence Assessment

<u>Delivery Confidence Assessment</u>	Green/Amber
<p>The Review Team finds that the Children's Hospital has been delivered to a high quality. The capital build element of the project is complete. Notwithstanding a dispute around cold water that is likely to lead to legal action, the build contract has been well managed and the environment is regarded by all to be of a high standard.</p> <p>The Delivery Confidence Assessment is rooted in the <u>Outcomes</u> sought, not just the building. As such, there are some residual risks around the adequacy of revenue funding to support optimum service delivery and value for money. The strategic direction of the Children's Hospital for Wales will be influenced by the commissioning model into the future. This requires proactive leadership to drive up utilisation and is largely subject to external influences.</p> <p>Good innovation is evident and the 'user experience' is an exemplar. As a building project, it could be considered as 'Green'. As a business change project, enabled through building, it is on a very positive trajectory and constant management of risks (e.g. resources, funding, governance) should lead to the project being regarded as a flagship for Wales.</p>	

The Delivery Confidence assessment RAG status should use the definitions below.

<u>RAG</u>	<u>Criteria Description</u>
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Amber/Green Green/Amber	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
Amber/Red Red/Amber	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, and whether resolution is feasible
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

Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritized using the definitions below.

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Ref. No.	Recommendation	Critical/ Essential/ Recommended
1.	Establish of a Whole of Life Cost (WoLC) model for the Children's Hospital and ensure adoption of realistic WoLC in future Business Cases.	Recommended
2.	Develop the Benefits Profiles for the Children's Hospital, quantify achievements and celebrate success, and put in place the means to ensure realisation and measurement. Benefits Management should be embedded more rigorously in future Projects.	Recommended
3.	Plan to optimise the use of the Hospital capacity though focusing on the commissioning mechanisms and consequent resourcing.	Essential – Do By end 2017
4.	Understand the PPM relationship between a Project Board and the Clinical Board to optimise communications mechanisms for future projects.	Essential – Do By commencement of next major project

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

Recommended – The programme/project should benefit from the uptake of this recommendation.

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Background

The aims of the project:

The Strategic Outline Case (October 2007) states that:

“The development of the second and final phase of the Children's Hospital for Wales has five key objectives:

- **Quality** – to provide a model of care within an environment that delivers quality care in line with the Children's NSF and core standards being set out through the Children's and Young Peoples Specialised Services Project. This will be evidenced through the provision of dedicated and appropriately designed hospital facilities for children up to the age of 16.
- **Efficiency** – to provide a model of care within an environment that enables improved efficiency in the provision of high quality care for children and their families. This will be evidenced through the ability to improve service efficiency e.g. through the expansion of ambulatory care services, co-location and seamless working reducing delays, development of shared care approaches with local clinical teams across Wales.
- **Effectiveness** – to provide a model of care within an environment that supports the provision of evidence based care in line with best practice. This will be evidenced through the achievement of minimum standards including National Service Framework and CYPSSP.
- **Economy** – to provide a model of care within an environment that maximises the use of available resources in the interests of Wales. This will be evidenced by the ability to provide more services in Wales for the children of Wales and demonstrate value for money through benchmarking with similar services.
- **Sustainability** – to provide a model of care within an environment that is sustainable, with particular reference to critical mass, workforce changes and technology. This will be evidenced by the ability to recruit and retain high quality clinical staff not just in Cardiff, but across Wales as a whole.”

The driving force for the project:

The Strategic Outline Case (October 2007) states that:

“The need for investment in the second phase is required to address the following issues:

- surgical and critical care services are currently provided in environments that are not capable of providing optimal child focused care

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- care is currently provided to children in many different areas across a large hospital site, often alongside adult services, making access for children and their families complex and confusing and compromising our ability to meet acceptable standards in terms of providing a dedicated child focused environment
- the current position is limiting the potential for effective multi-disciplinary working between health care professionals to maximise health outcomes for children and young people. “

The procurement/delivery status:

The Capital build element of the Project has been led by Capital, Estates & Facilities Department, delivered by contracting with Interserve under the 'Design for Life' framework. A Clinical Service Project Lead has led the change aspect of the Project.

Current position regarding OGC Gateway™ Reviews:

This is the first Gateway Review of the Project.

Purposes and conduct of the OGC Gateway™ Review

Purposes of the OGC Gateway™ Review

The primary purposes of an OGC Gateway Review 5: Operations review & benefits realisation, are to assess whether the anticipated benefits are being delivered and that the ongoing contractual arrangements meet the business need.

Appendix A gives the full purposes statement for an OGC Gateway Review 5.

Conduct of the OGC Gateway™ Review

This OGC Gateway Review 5 was carried out from 13/02/2017 to 15/02/2017 at University Hospital of Wales. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank all participants for their contributions to the Review. Support received from Emma Thomas and Tina Neale was much appreciated.

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Findings and recommendations

1: Review of operating phase

Children's Hospital Phase 2 opened in March 2015 and has been operating successfully for nearly 2 years.

This period of time has enabled the discovery of unintended design features and the instigation of rectification measures. Examples cited to the Review Team included: central location of the medication facility, which has meant excessive nursing foot traffic - this is being redesigned; inadequate turning space for trolleys and beds in corridors; centre door trims being knocked off by rough traffic.

The time period between initial design and the hospital opening was reasonably long. Although clinicians had been involved in the initial design, which is good practice, the Review Team was told that, upon opening, some clinicians were critical of design features, which they had requested. This tends to suggest that there may have been a level of sub optimal communication during this period, together with a noted degree of churn.

Despite these minor issues, the hospital building is universally praised by all and indeed, has received design awards. There remains one long-standing issue of significance related to the temperature of cold water in the system. The Hospital has been in negotiation with the delivery partner, Interserve, in an attempt to resolve the problem. After nearly two years, it would appear that the legal route for dispute resolution is likely. This is unfortunate, as Interserve feature on the 'Design for Life' framework and has maintained an excellent relationship with the Hospital throughout the relationship. The Review Team believes that the Hospital needs to take a hard stance to resolve this matter without conceding to proposals that do not comply with the 'green agenda'.

The clinical personnel are getting a feel for the space and how to best use it. There is a reported positive feeling about the environment amongst staff and there has been significantly success in recruitment of quality staff. This indicates a desire of people to come and work at the Children's Hospital for Wales. There appears to have been not enough rigour in the workforce planning ahead of the move and a lack of recognition on the impact on nursing staff in the new hospital. In essence this means there are not enough nurses, for 'a like for like model' and is unrealistic in a larger footprint with a greater proportion of single rooms. However, they have found a way around this issue utilising different working practices.

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2: Business Case and benefits management

The Strategic Outline Case (SOC) was developed in 2007 leading, over time, to a Full Business Case (FBC) in 2011.

In the absence of a Target Operating Model (TOM) for the new hospital, a 'like for like' revenue profile was used with transferable costs of £2.3m per annum and capital costs of £59.7m. This has proven to be a flawed approach and the hospital now finds itself short of revenue funding and in an overspend situation. The Review Team was told that this is being addressed. Some interviewees stated that the Business Case was presented with a focus on capital cost in order to achieve approval. The Review Team cannot substantiate this claim but encourages the use of Whole of Life Costing (WoLC) as has become standard practice in the presentation of business cases in Wales.

Recommendation 1: Establish of a Whole of Life Cost (WoLC) model for the Children's Hospital and ensure adoption of realistic WoLC in future Business Cases. (Recommended)

The Business Case included a number of stated intended benefits. Their descriptions utilise words such as "reduced", "improved" and "more". These are unhelpful as their lack of specificity means that they are difficult to measure and realise. The Review Team heard much praise for the Children's Hospital and the benefits that have flowed for the new build, some of which do not feature in the list of benefits included in the Business Case.

Benefits profiling, mapping and management are fairly esoteric disciplines in Programme and Project Management (PPM). Nonetheless, it is reasonable to expect that any project should put in place the means by which it can demonstrate that it delivers the outcomes for which the investment was authorised. This being the case, it would be prudent for the Project to revisit the benefits to illustrate, quantitatively, the achievements of the project and celebrate success. Furthermore, by undertaking benefit management activity, will set this discipline as common practice for future projects.

Recommendation 2: Develop the Benefits Profiles for the Children's Hospital, quantify achievements and celebrate success, and put in place the means to ensure realisation and measurement. Benefits Management should be embedded more rigorously in future Projects. (Recommended)

The Children's Hospital has been proactive in establishing a 'patient experience framework' capturing information through surveys and staff feedback. Anecdotally, patients and parents have such a good experience of the hospital that they are reluctant to return to their District General Hospital.

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The Hospital has been purpose built for children, as apposed to being a children's unit in the adult hospital. This has brought specific features such as a dedicated school room, playrooms and courtyard. The Review Team had the privilege of visiting the Hospital and speaking with numerous parents and children. Without exception, there was high degree of praise for the Hospital and the staff. The ability for parents to stay overnight with their children is valued and the Review Team understands that this facility will be further enhanced by the building of a bespoke accommodation block for families. In short, the patient experience is exemplary.

3: Plans for on-going improvements in value for money

The building of the Children's Hospital has been supported by a number of charities, the most prominent of which is Noah's Ark. The good work of the charities continues and the facilities within the Hospital are growing with donations and purchase of specialist equipment, which is invaluable and much appreciated. The Hospital leadership continues proactively with the charities to ensure that greater utility and value for money is achieved on an on-going basis.

The 'Design for Life' Framework facilitated a contract that included a 'gain share' arrangement. The Capital, Estates and Facilities Department has managed the contract in a judicious manner and secured funding from the 'gain share', sufficient enough to pay for the courtyard. This indicates a desire to optimise value for money and should be commended.

The Review Team notes that the size of the Hospital and format (increased number of single rooms) has lead to a requirement to carry greater stocks of certain items (e.g. toilet rolls), which has lead to financial re-profiling. Of greater significance is the need to make more use of the building: theatres, outpatients and out of hours care and to make use the extra capacity (potential for more beds).

The Review Team understands that the commissioning of services is the limiting factor that constrains the resources available to staff and operate the Hospital to an increased or full capacity. Specialist services are commissioned via Welsh Health Specialised Services Committee (WHSSC) and through a number of bi-lateral agreements with other LHBs. The Review Team was told that the commissioning (and therefore funding) model is somewhat 'broad brush'. A greater understanding of the future commissioning demands is required in order to put in place the funding mechanism that would support greater utilisation of the Hospital's capacity. Greater utilisation of the capacity would not only increase the level of service but also optimise the already-sunk fixed costs.

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Recommendation 3: Plan to optimise the use of the Hospital capacity though focusing on the commissioning mechanisms and consequent resourcing. (Essential – Do By end 2017)

4: Plans for ongoing improvements in performance and innovation

Workforce planning has already been discussed and the impact of theatre disaggregation has had a knock-on effect with the allocation of staff. Specialists come to the child (in one place) as opposed to families taking the child around site to see different specialists. This is seen as a good thing. It does, however, pose problems with staff availability and location. The most frequently cited example was emergency theatre (CEPOD). In addition to CEPOD, neuro-surgery is not yet part of the Hospital. Despite these teething troubles and issues that are being worked through, the performance level the Hospital is regarded as being high.

Innovation appears to be prominent in the ethos of the Hospital leadership. The Review Team was told of:

- Children's research trials;
- Patient booking in system for outpatients;
- Neuro rehabilitation, hoists, hydro-therapy pool, etc;
- Day surgery;
- Community teams working with 'hospital at home' to reduce inpatients;
- New X-ray machines, lightening, music, etc. leading to reduction in anaesthetic and sedation.

The Review Team is impressed by the level of innovation being demonstrated, and encourages the wider communication of these innovation activities to further underpin the momentum and positive energy that surrounds the Hospital.

5: Review of organisational learning and maturity targets

Phase 1 of the Hospital lead to a number of lessons (e.g. fitting beds safely into lifts) that were taken forward into Phase 2. The Review Team notes that a post-project review has been conducted (mainly focusing on the build) and that formal lessons learned report would be collated. During conversations with stakeholders, it was noted that a Clinical Lead is essential for all projects. Whilst early engagement was secured, it was observed that the issues have simply moved from one location to another without being addressed in the context of new ways of working. This reinforces the need for a TOM at the outset.

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The project is now at a close. It would be good practice to document a formal project closure report including a lessons learned report that can be utilised for the benefit for future projects.

The Review Team observed PPM disciplines (e.g. risk register, contract management, planning etc.) for the build aspect, though the use of stage-based planning and control would merit further attention on future projects. PPM competence is to be expected in the area of construction, but perhaps less so in other professions. Unsurprisingly, clinicians are experts in their field but not in structured approaches to PPM including governance. There appears to be an appetite for PPM coaching and mentoring for Clinical staff undertaking PPM roles, particularly if they have accountability as part of a project board. For future projects it might be worth considering the engagement of a PPM expert as a 'critical friend' to assist at project initiation and to guide the project board in its operation.

6: Readiness for the future – Plans for future service provision

Throughout this Gateway Review, the Clinical board was a prominent topic. The Review Team notes that there have been a number of changes in personnel in both the clinical leadership and the directorate management team. The Review Team received a significant amount of criticism regarding the Clinical Board's engagement with the project board, particularly with non-attendance, late-coming and unpreparedness. In addition, the Clinical Board is reputed to have been difficult to communicate with and to get timely decisions from. Some opinion went so far as to state "the Clinical Board doesn't work". At the opposite end of the opinion spectrum, there is a view that it works perfectly and in a collegiate manner.

Whether this reflects a lack of Clinical Board commitment to the project or it is symptomatic of the staff changes and reputed personality clashes, is unclear. More likely, it reflects the need for greater PPM appreciation among clinical leadership. This is recognised by the appetite for the PPM coaching discussed above. There appears to be a variance between the effectiveness of communication 'on the Clinical Board' and 'to and from the Clinical Board'. It would be prudent to resolve whatever communication issue exists and to make sure that the connectivity between the Clinical Board and any subsequent project board is established in a robust manner.

Recommendation 4: Understand the PPM relationship between a Project Board and the Clinical Board to optimise communications mechanisms for future projects. (Essential – Do By commencement of next major project)

The Review Team is aware that the 'South Wales Plan' is developing. Some interviewees are of the view that its publication is holding up the strategic intent for the Hospital. It is not clear whether the Hospital will endeavour to deliver a full range of services or whether it will focus on being world class in specific areas. Some

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interviewees are unclear about the role of WHSSC going forward and the way in which the relationship with other LHBs will evolve. All of these factors underpin a fundamental position of strategic direction for the Children's Hospital for Wales and the ability to maximise benefit through healthcare excellence and optimum value for money.

The next OGC Gateway™ Review is optional but a further Gateway 5 Review, potentially in around 12 months time, focusing on benefits realisation and the extent to which business as usual has changed to sustain those benefits into the future. The SRO may find this of particular value given the lessons learned from this excellent project that can be carried forward into future projects currently in initiation.

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APPENDIX A

Purposes of OGC Gateway™ Review 5: Operations review & benefits realisation

- Assess whether the Business Case justification for the project at OGC Gateway Review 3: Investment decision was realistic.
- Confirm that there is still a business need for the investment
- Assess whether the benefits anticipated at this stage are actually being delivered.
- Assess the effectiveness of the ongoing contract management processes.
- Confirm that the client side continues to have the necessary resources to manage the contract successfully.
- Confirm continuity of key personnel involved in contract management/'intelligent customer' roles.
- Where changes have been agreed, check that they do not compromise the original delivery strategy.
- Assess the ongoing requirement for the contract to meet business need. Ensure that if circumstances have changed, the service delivery and contract are adapting to the new situation. Changing circumstances could affect: partner management; relationship management; service management; change management; contract management; benefits management; performance management.
- Check that there is ongoing contract development to improve value for money.
- Confirm that there are plans to manage the contract to its conclusion.
- Where applicable, confirm the validity of exit strategy and arrangements for re-competition.

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APPENDIX B

Interviewees

Name	Role
Alison Oliver	Clinical Service Project Lead
Allan Wardhaugh	Consultant Lead
Abigail Harris	Executive Director of Planning, SRO
Diane Rogers	Interim Head of Operations and Delivery for Acute Child Health
Cath Heath	Director of Nursing
Jenny Thomas	Clinical Board Director
Jeremy Holifield	Head of Capital Planning
Geoff Walsh	Director of Capital, Estates & Facilities
Lorraine Coultis	Anaesthetic Practitioner, Children's Theatre Suite
Jonathan Brickley	Capital Planning Officer
Rachel Burton	Director of Operations
Becci Ingram	Head of Finance
Avril Gowman	Deputy Lead Nurse, Children's Services
Suzanne Mainwaring	Noah's Ark
Children & Parents	Organised by Alison Oliver