

Written Statement

Sorrel Cosens

Introduction

1. My name is Sorrel Cosens. I am currently employed as a Senior Programme Manager with NHS Lothian. I was involved in the project to plan, design, and construct the Royal Hospital for Children and Young People (RHCYP) and the Department of Clinical Neuroscience (DCN) (“the Project”). I have been asked to provide a written statement to the Scottish Hospitals Inquiry (SHI) in relation to my involvement in the Project from the commencement up to the start of the procurement exercise. I have been provided with a list of questions and a bundle of documents from the SHI. This statement seeks to answer the list of questions that are relevant to my role in the Project to the best of my recollection. Some of the events I’ve been asked about occurred twelve or so years ago and, given the passage of time, I cannot recall all of the events and documents.

Background

2. I graduated in 1999 with an MA Honours in English Literature and Language from the University of Edinburgh. I first joined NHS Lothian as a graduate in the role of Assistant Commissioning Manager (2001 – 2004), and then an Assistant Service Manager from 2004-2006. I then moved to the Scottish Government Health Directorate where I was a Deputy National Emergencies Planning Officer for NHSScotland (2006 – 2008). I moved back to NHS Lothian where I was the Project Manager for “Clinical Neurosciences: Vision 2012” (January 2008 – November 2010) where my focus was reviewing and consulting on the current DCN service and potential redesign and development of a future service model. In December 2010, following the Scottish Government announcement that DCN would be included in the RHCYP project, I then became a Project Manager for the re-provision of both RHCYP and DCN until November 2015. There were several other NHS Lothian Project Manager roles, for example for capital planning, equipment, facilities management, IT, and commissioning project managers for each of children’s services, neurosciences services, child and adolescent mental health services.

3. My role as Project Manager for the Project principally involved: development of the £250m Business Case to secure Scottish Government approval; co-ordination of the procurement processes for £150m contract to design, build and maintain the hospital for 25 years; stakeholder engagement to secure approval and funding commitments from other NHS Boards; patient involvement through the Young People's Advisory Group and the Neurosciences Reference Group; co-ordination of charity / third sector contributions to the Project (value c.£10m); project governance and risk management. I reported to the Project Director (Isabel McCallum until August 2009, then Brian Currie). The Project Director reported to the Senior Responsible Owner (Jackie Sansbury, as Director of Strategic Planning then Chief Operational Officer to June 2012; Susan Goldsmith, Director of Finance, from July 2012; then Jim Crombie, Chief Officer, from February 2015).

The Need for a New Hospital

4. I have been asked why a new hospital was required. The answer to that is set out in the business case but, in summary, the existing Royal Hospital for Sick Children (“RHSC”) (as it was called until 2020) and, separately, DCN, were not providing the best service possible due to a number of factors. Both RHSC and DCN provided safe and effective specialist clinical care, but the ongoing delivery and development of the services was limited by the challenges posed by geography, by limited space, and by outdated accommodation.
5. I have been asked to provide an overview of the strategic case for the Project. This is set out in detail in chapter 2 of the business case (The Strategic Case) (Bundle 3, Volume 2; Document number 61; Page 687) and describes the national and local context for the Project, the service model and scope of the Project, the objectives and benefits of the Project; and also highlights the constraints and dependencies of the Project. It is important to mention that one of the key drivers was to have one major trauma site in NHS Lothian and the addition of DCN meant that could be achieved.
6. I have been asked which individuals at NHS Lothian were involved in the development of the business cases for the Project. I would describe myself as the main editor of the

business cases for the RHSC and DCN in that I was collating, drafting, and editing the document but it was very much a collaborative effort, with input from various individuals and groups within NHS Lothian and externally. Within NHS Lothian, the individuals who were involved in the business cases for RHSC and DCN were: Jackie Sansbury (Senior Responsible Owner, “SRO” until June 2012, then Head of Commissioning and Service Redesign); Susan Goldsmith (SRO from July 2012); Brian Currie (Project Director); Janice MacKenzie (Project Clinical Director); Iain Graham (Commercial Lead); Carol Potter (Deputy Director of Finance); Moira Pringle (Head of Property and Asset Management Finance); Stuart Davidson (Contracts Manager); and Fiona Halcrow (Project Manager for DCN).

7. External organisations who were involved in the development of elements of the business case included: Ernst & Young provided financial models for the business case and financial advice on the procurement of the NPD contract; MacRoberts LLP acted as legal advisors with regards to securing the site from the RIE PFI provider, and the contract and procurement process for the NPD; Price Waterhouse Cooper (PWC) provided a review of the challenges and risks around the Project (appendix 4 of the outline business case (OBC)); Tribal Consulting provided bed modeling in 2008/2009 for RHSC; Capita Consulting provided bed modelling for DCN in 2010/2011 (appendix 8 of the OBC) (Bundle 3, Volume 2; Document number 61; Page 784); Davis Langdon provided project management support until 2011 when Mott MacDonald were appointed as technical advisors for the Project (for example, appendices 12,13, 19 & 21 of the OBC); and Thomson Gray were employed as cost consultants. This is a non-exhaustive list, there may well have been others.
8. Other external organisations were involved in the approval of the business case. These included: Scottish Futures Trust (SFT) through the Key Stage Review process, including their instructing of an independent design and cost review by WS Atkins (appendix 3 of the OBC); other Health Boards, namely Fife, Tayside and Borders who comprised the South East and Tayside Planning Group (SEAT) whom all had to be in agreement with the business case given that patients from their boards would use the service; plus NHS Dumfries and Galloway who referred to DCN but not RHSC; and the Scottish Government through the Directorate for Health and Social Care’s Capital Investment Group.

The Scottish Ministers

9. I have been asked about the role of the Scottish Ministers (as part of the Scottish Executive or Scottish Government) in the development of the business cases. The circumstances were unusual in that we already had Scottish Government approval of capital funding for the OBC submitted for RHSC in 2008 when it was announced in 2010 that the funding route would be changed to an NPD model and, as a result, the procurement process to date had been abortive.

10. In the meantime, from 2008 to 2009, I had prepared and NHS Lothian Board had approved a separate OBC for replacing the DCN. The preferred option had been to integrate a new DCN build into the same site and project as the RHSC. This had not been submitted to Scottish Government at the time of their announcement in November 2010 about the funding change for RHSC, which also included that DCN was to be incorporated into the revised RHSC project. Following this announcement, we had to prepare a revised joint business case for RHSC and DCN for approval.

11. Rather than write a new OBC from scratch, the Scottish Government invited NHS Lothian to submit an addendum which updated the 2008 RHSC OBC with appraisal of the options for now including DCN, and under the only funding model available. On approval of this by Scottish Ministers in June 2011, NHS Lothian were invited to submit an Outline Business Case for a combined RHSC and DCN (as detailed in the letter from Derek Feeley to James Barbour dated 21 June 2011). This was to meet the requirements of the Scottish Capital Investment Manual (SCIM) Business Case Guide updated in 2011 (Bundle 3, Volume 2; Document number 33; Page 120). The introduction to SCIM explains that it provides guidance in a NHS context on the processes and techniques to be applied in the development of all infrastructure and investment programmes and projects within NHSScotland. SCIM provides guidance on the cyclical process of project development from inception at the service planning stage, to post project evaluation of service benefits realised once a new building is occupied. The guidance not only covers issues around investment appraisal, financial (capital and revenue) affordability and procurement, but also the project management and governance arrangements required to support the development of such programmes and projects.

12. In my view it made sense to utilise the significant amount of work undertaken and costs incurred on the RHSC project to date, and that is why the approach taken with the new scheme was to use work already completed as a reference design for procuring design and construction partners in the NPD project. There was still a significant amount of work involved in resubmitting the OBC because we had to go back through all the finance and procurement requirements, effectively starting those again. I would say that the business case process was a robust process in terms of governance and was in line with SCIM Guidance, despite the unique circumstances with the change of direction.
13. Our main point of contact at the Scottish Government was Mike Baxter. He directed (at a high level) what he wanted from NHS Lothian in the business case. After the change to the funding model and addition of DCN was announced, there was communication and discussion with Mike Baxter and Norman Kinnear to try and establish the best way forward.
14. Prior to the introduction of the NPD model and Key Stage Reviews (KSRs) by Scottish Futures Trust (SFT) the audit process for capital investment had been via the Gateway Review process undertaken by the Scottish Government's Centre of Expertise for Programme and Project Management. The Gateway Reviews offered a structure for projects to be subject to a series of independent peer reviews carried out at key stages to verify that projects should be allowed to progress to the next stage; they were also described as project 'health checks' in SCIM. There are two reports of the same Gateway Review stage (Stage 2: Delivery) for this project in the bundle, firstly for the RHSC-only capital procurement in March 2010 (Bundle 3, Volume 1; Document number 20; Page 797), and then for the transition of RHCYP and DCN to a revenue-funded NPD project in September 2011 (Bundle 3, Volume 2; Document number 53; Page 470). The purpose of these reviews is included in Appendix 1 of both of these reports.

Scottish Futures Trust

15. I have been asked about the role of the SFT in the development and approval of the business cases. As set out in the OBC at paragraph 1.59 (Bundle 3, Volume 2; Document number 61; Page 684), SFT's role was to provide support and advice to NHS

Lothian and to the Scottish Government in the procurement of the NPD project. They led Key Stage Reviews (KSRs) for assurance and approval to proceed at critical points in the Project. They provided support to NHS Lothian in project governance, business case development and the procurement process. The purpose of a KSR was to evidence NHS Lothian readiness to go to the next stage, for example inviting bidders to competitive dialogue, or readiness to appoint a preferred bidder.

16. SFT had to sign off on a KSR to allow us to progress to the next stage. SFT appointed an independent consultant, WS Atkins, to carry out design and cost reviews in August - November 2011 (Bundle 3, Volume 2; Document number 57; Page 567). The action plan from this review was central to progressing the Project to OBC and is included as appendix 3 of the OBC. There were 5 further KSRs completed and reported by SFT through the NPD procurement: (i) Approval of the Project pre OJEU stage (2012); (ii) Pre ITPD stage (March 2013); (iii) Pre-close of dialogue (December 2013); (iv) Pre-preferred bidder appointment (February 2014); and (v) Pre-financial close (February 2015). SFT also had an involvement in the review of the business case stages. They acted as a gate-keeper between NHS Lothian and the Scottish Government in that sense.

17. SFT established a close working relationship with NHS Lothian. The organisation's role is described in paragraph 15 above, the approach was for them to work alongside us as 'critical friends' to the project team. Gordon Shirreff, who was employed by SFT, came in to NHS Lothian offices to work with us a few days a week around the time of the OBC addendum (Spring/Summer 2011). Following that we worked closely with Donna Stevenson from SFT, holding weekly or fortnightly meetings with her on the design and cost review in 2011 and key stage reviews after that. These were to keep SFT apprised of what was happening and in preparation for KSRs. I don't know what the formal reporting structure was in SFT, but think that Gordon and Donna reported to Peter Reekie, Director of Finance.

Mott MacDonald Ltd

18. I have been asked about the role of Mott MacDonald Ltd (Motts) in the development and approval of the business cases. Motts were appointed as NHS Lothian's technical

advisors for the Project and their role in the business case stages included support and advice to NHS Lothian on design, facilities management, project management and procurement. This included contributing to Gateway Reviews and KSRs. Motts did not write the business case, however the work they completed for NHS Lothian underpinned the Project and therefore the case made. As an example, working with NHS Lothian they produced the Reference Design report at appendix 12 of the OBC, the Procurement Strategy at appendix 19, and the Project Execution Plan, appendix 21.

Other comments

19. I have been asked if I would describe the development and approval of the business case as collaborative and I would say that it is both an iterative process and a collaboration. Writing a business case is done alongside the workstreams and milestones of the Project, providing assurance and evidence for approval and governance of public spending. It is a highly collaborative process in terms of all the internal and external organisations and bodies that have to contribute, review and ultimately approve the business case.
20. The NHS Lothian Board had ultimate ownership of the business cases, with the Chief Executive, as Accountable Officer, submitting them to Scottish Government. This was James Barbour at the time of submitting the 2008 OBC for RHSC, then the revised 2011 OBC for RHCYP and DCN. Tim Davison was Chief Executive at the time of the FBC in 2014 and FBC Addendum in 2015. Scottish Government had ultimate approval of the business cases at each stage.
21. The purpose of the OBC is to summarise the information needed to secure funding to take the Project to market, it is not intended to describe the detail of a fully functioning hospital. However, there is a huge amount of necessary and detailed work undertaken in the background, such as patient pathways, demographic projections, anticipated changes in treatment and technology, all of which influence the planned service model. The OBC assesses the benefits and risks and models the cost of options for delivering the preferred service.
22. The final business case (FBC) set out the final costs of the Project to seek approval to conclude a contract. The FBC is a refinement of the case made in the OBC,

including the costs of the building design, engineering, construction methodologies and planning solutions all confirmed. It includes the projected running costs, or annual service charge, of the NPD contract and a description (but not full detail) of that contract. It summarised at a high level more detailed work on other revenue costs such as staffing, energy, supplies and pharmacy. In this way, the business case is not simply the capital cost (or related NPD revenue cost) of providing a new building. For governance, the FBC is needed to justify the public spend, to confirm the budget and demonstrate that thorough planning and due diligence have been undertaken. The FBC approval then allowed NHS Lothian to work towards financial close of the contract with IHS Lothian.

23. Financial close of the NPD contract in February 2015 led to a final business case stage, the FBC Addendum, which reported on the actual funding costs of the contract.

24. In summary, the business case journey starts out with the Initial Agreement, which sets out the strategic overview. Then the OBC reviews the options to confirm what you will do, the FBC is the basis on which you are allowed to enter into a contract, and the FBC Addendum completes the story of procuring the RHCYP and DCN.

Governance and Decisions Making

25. I have been asked to explain my understanding of how the key decisions were made in relation to the Project in the period up to the commencement of the procurement exercise.

26. In relation to the decision to build a new hospital, this had been under discussion for many years. When I first joined NHS Lothian in 2001 I was part of the Project to move the Royal Infirmary of Edinburgh to Little France and everyone knew, or at least anticipated, that a future major build for the organisation would be a new children's hospital.

27. In 2005, before I was involved in the RHCYP and DCN Project, during a restructuring of senior management in NHS Lothian a Project Director and Project Manager were

appointed to start working on the new RHSC. However, the actual decision to build the new hospital can be dated to approval through the OBC for a new RHSC by NHS Lothian and Scottish Government in 2008.

28. In relation to the preferred site for the hospital, this was subject to an Options Appraisal process. Generally, the options for these types of Projects tend to be to (i) do nothing and stay in the current building; (ii) refurbish the existing facilities; or (iii) build a new hospital. Option (iii) for a new RHSC included two possible sites: (a) near the Royal Infirmary on the Little France Campus, or (b) at St John's Hospital in Livingston. The outcome of appraising the benefits of these options, as well as financial assessment, both favoured a new build RHSC at Little France. The formal decision on location was made by the approval of the option appraisal and recommendation in the 2008 OBC.
29. In terms of the funding model and procurement process, again these are all set out in the business case, with decision making being at the point of approval of a business case stage. The capital funding model was described in the 2008 OBC by NHS Lothian and approved by the Scottish Government. The funding model and procurement options available changing in 2010 were accordingly revised in the 2012 OBC.
30. In relation to governance and decision making the Board proposes a business case for Scottish Government to approve. This is not written in isolation, but following the Scottish Capital Investment Manual (the relevant version to most of this Project being the 2011 update, in Bundle 3, Volume 2; Document number 33; Page 120). Before submission to Scottish Government, within NHS Lothian the business case went through (i) the Project Board which included the Project Director, Clinical Director and clinical service representatives, the leads for Finance and Commercial (on 20 June 2014); the Board sub-committee for (ii) Finance and Resources (on 14 March 2011, 14 December 2011, 9 July 2014 and 11 March 2015) and then (iii) NHS Lothian Board (on 23 March 2011, 25 January 2012, 6 August 2014 and 1 April 2015).
31. As the business case for RHSC and DCN described services to patients from Borders, Fife, Dumfries and Galloway, Fife, Forth Valley and Tayside, these NHS Boards also had to approved the elements that described the impact on their population and finances.

32. Developing the project plans that informed the business case also involved many other stakeholders. These included the RHSC Family Council and DCN patient representative groups for input and feedback; multidisciplinary staff groups; representation from HR and staff partnership / unions; third sector and charities; local authorities and elected representatives. There was a lot of engagement with stakeholders and this list is not exhaustive.

STATEMENT OF TRUTH [to be signed by witness once statement is finalised]

I, Sorrel Cosens, confirm that:

- (i) The contents of this statement is the truth to the best of my knowledge and recollection;
- (ii) I am willing for this statement to form part of the evidence before the Scottish Hospitals Inquiry.
- (iii) I am willing for this statement to be published on the Scottish Hospitals Inquiry website.

Signature:

Date