

Reconfiguration Programme Expenditure

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PAPER D

Purpose of report:

This paper is for:	Description	Select (X)
Decision	To formally receive a report and approve its recommendations OR a particular course of action	
Discussion	To discuss, in depth, a report noting its implications without formally approving a recommendation or action	
Assurance	To assure the Board that systems and processes are in place, or to advise a gap along with treatment plan	
Noting	For noting without the need for discussion	X

Previous consideration:

Meeting	Date	Please clarify the purpose of the paper to that meeting using the categories above
CMG Board (specify which CMG) Reconfiguration Programme Cmte	23/04/2021	Decision and Noting
Executive Board - ESB	04/05/2021	Decision and Noting
Trust Board Committee		
Trust Board		

Executive Summary

Context

The report updates the Trust Board on the financial position in relation to the Reconfiguration Programme together with an update on 2020/21 Reconfiguration Capital Spend against the Trust's annual Capital Plan.

Questions

1. What was the total reconfiguration programme year to date capital expenditure for 2020/21?

Conclusion

1. As at the end of the March 2021, year to date spend is £22.8m which is £0.5m underspent to forecast (FOT) due to:

- Main programme overspend of £0.5m which is predominantly in relation to PMO costs which have been temporarily funded from CDEL pending NHSE/I approval of the business case; and
- Underspend in EMCHC of £1m relating to equipment which has been funded through the charity together with missing retentions which should be adjusted for in the final accounts process.

The values reported represent the value on the ledger on the time of writing and are subject to accounts finalisation and audit and will be updated accordingly.

Input Sought

The Trust Board is asked to **NOTE** the M12 spend for the 2020/21 Financial Year

For Reference:

This report relates to the following UHL quality and supporting priorities:

Equality Impact As

1. Quality priorities

Safe, surgery and procedures	[Yes]
Improved Cancer pathways	[Yes]
Streamlined emergency care	[Yes]
Better care pathways	[Yes]
Ward accreditation	[Yes]

2. Supporting priorities:

People strategy implementation	[Yes]
Investment in sustainable Estate and reconfiguration	[Yes]
e-Hospital	[Yes]
Embedded research, training and education	[Yes]
Embed innovation in recovery and renewal	[Yes]
Sustainable finances	[Yes]

3. Assessment and Patient and Public Involvement considerations:

- What was the outcome of your Equality Impact Assessment (EIA)? N/A
- Briefly describe the Patient and Public Involvement (PPI) activities undertaken in relation to this report, or confirm that none were required. Part of individual projects.
- How did the outcome of the EIA influence your Patient and Public Involvement? Part of individual projects.
- If an EIA was not carried out, what was the rationale for this decision? N/A at this stage

4. Risk and Assurance

Risk Reference:

Does this paper reference a risk event?	Select (X)	Risk Description:
Strategic: Does this link to a Principal Risk on the BAF?	X	PR 7 – Reconfiguration of estate
Organisational: Does this link to an Operational/Corporate Risk on Datix Register		
New Risk identified in paper: What type and description ?		
None		

5. Scheduled date for the **next paper** on this topic: [June 2021]
6. Executive Summaries should not exceed **5 sides** [My paper does comply]

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**REPORT TO: RECONFIGURATION PUBLIC TRUST BOARD****DATE: 06 May 2021****REPORT FROM: SIMON LAZARUS – CHIEF FINANCE OFFICER****SUBJECT: PROGRAMME EXPENDITURE**

1. INTRODUCTION

This report updates the Trust Board on the financial position of the programme.

2. FINANCIAL REPORTING

2.1. Financial reporting includes a review of spend on the projects together a variance analysis of actual spend compared to expected spend (plan/budget). Variances to plan are predominantly driven by:

- **Timing** whereby the total cost is unchanged but is incurred in a different time period than planned at budget setting – usually slippage in projects; or
- **Value** whereby variations have been instructed which changes the total value of the project cost driving an identification of a change in funding.

2.2. The Reconfiguration Programme is currently in the design phase and about to start OBC development which will result in more detailed design and costings. Representing the current stage and following the recent options appraisal, the programme is working to a discrete financial envelope. Whilst this will evolve over OBC development and result in changes both across projects and cost types it will remain within the agreed outturn cost.

2.3. Taking into account the early stages of the programme and the fixed financial envelope, at present variance to budget in the financial year will be as a result of a change in timing of activities rather than a change in scope which will impact the total outturn.

2.4. Following business case approval and the start of construction, this may result in variations which exceed planning contingencies and impact the approved cost of the individual scheme and reconfiguration programme. Once the programme is in the construction phase, Finance will work with the cost advisers to report variances in terms of those driven by value and those driven by timing.

3. 2020/21 CAPITAL PLAN

3.1. In relation to the Reconfiguration Programme, the capital plan for the associated schemes is £54.3m as illustrated in the table below.

Table 1 – 2020/21 reconfiguration programme capital plan

Reconfiguration Programme Funding	Budget 20/21						
	Total £'000	EMCHC £'000	EMCHC Gynae £'000	EMCHC Infrastructur £'000	Interim ICU £'000	Renal Ward move £'000	Main Programme £'000
CDEL	16,304	4,711	576	1,475	8,742	300	500
PDC	31,734				622		31,112
Charitable Donations	6,300	6,300					
Total	54,338	11,011	576	1,475	9,364	300	31,612

3.2 The above capital plan includes PDC drawdown of £31.1m in relation to the main programme and £450m associated funding. This drawdown profile has since been updated which requires £3.5m PDC for 2020/21 and £0.1m CDEL to fund early design for Car Parks.

4. 2020/21 M12 CAPITAL SPEND

4.1. The capital spend is based on certified valuations from contractors on the big schemes together with purchase orders and accruals.

4.2. As at the end of the March 2021, year to date spend is £22.8m which is £0.5m underspent to forecast (FOT) due to:

- Main programme overspend of £0.5m which is predominantly in relation to PMO costs which have been temporarily funded from CDEL pending NHSE/I approval of the business case; and
- Underspend in EMCHC of £1m relating to equipment which has been funded through the charity together with missing retentions which should be adjusted for in the final accounts process.

Table 2 – 2020/21 reconfiguration programme year to date capital expenditure

Reconfiguration Programme Expenditure		Year to Date March				
		Budget £'000	M11 FOT £'000	Actuals £'000	Vs Budget £'000	Vs FOT £'000
Main programme	Main Programme	3,013	2,942	2,978	35	(36)
	Main Projects OBC Development	27,508	0	0	27,508	0
	Decontamination	39	39	62	(23)	(23)
	PMO Office	0	0	327	(327)	(327)
	Enabling Services and Education & Training	402	402	462	(60)	(60)
	Site Clearance & Early Infrastructure	148	148	155	(7)	(7)
	Stroke Relocation	2	2	0	2	2
	LRI Car Park	250	33	29	221	4
	GH Car Park	250	48	73	177	(25)
Main Programme Total		31,612	3,614	4,086	27,526	(471)
EMCHC Scheme	EMCHC	11,011	9,752	8,728	2,283	1,025
	Gynae	576	542	564	12	(22)
	EMCHC Infrastructure	1,475	1,475	1,446	29	29
	EMCHC Total	13,062	11,770	10,738	2,324	1,032
ICU	Interim ICU	9,364	7,893	7,927	1,257	(34)
Renal	Renal Ward Move	300	11	27	237	(16)
Total Reconfiguration Programme		54,338	23,289	22,779	31,343	510

4.3. The values reported in table two represent the value on the ledger on the time of writing and are subject to accounts finalisation and audit and will be updated accordingly.

4.4. The sections below provide an update on the different projects in relation to M12 year to date and variance to plan and forecast (FOT).

5. PROGRAMME COSTS

5.1. The programme is currently in the pre OBC development phase including UHL staff and professional advisers that support at a programme level rather than an individual project level.

5.2. As at March 2021, programme spend of £2,978k which is £35k more than forecast summarised in the table below. The year-end position includes VAT costs which need to be recovered in 2021/22.

Table 3: Pre OBC Development Costs

	2020/21 YTD: M12				
	Budget	M11 FOT	Actuals	Vs Budget	Vs FOT
	£'000	£'000	£'000	£'000	£'000
UHL Staff Costs	1,429	1,513	1,405	25	108
Digital PMO	0	86	104	(104)	(18)
Surveys & Investigations	696	200	137	560	63
RLB:Sustainability/BREEAM	55	39	56	(1)	(17)
RLB:Social Values	55	28	21	34	7
RLB PM & Cost Adviser Support	269	404	389	(120)	15
RLB Programming	0	40	40		(0)
RLB Consultancy (MP)	0	93	102	(102)	(10)
KDHealth Planning	100	140	136	(36)	4
Capsticks:Legal	48	26	38	10	(13)
PwC	265	165	154	111	11
Business Case Writing	50	50	25	25	25
Business Case Writing CCG contribution	(25)	(25)	0	(25)	(25)
BDP Visualisations and Design	15	184	369	(354)	(185)
Other	55	0	2	53	(2)
Total Spend forecast	3,013	2,942	2,978	75	(35)

6. EARLY PROJECTS

6.1. The business case for the Decontamination Unit has been approved by the Trust Board and has been submitted to NHSE/I and DHSC for review and approval.

6.2. A summary of the Early Projects is provided in the table below:

Table 4: Early projects financial summary 2020/21

	Year to Date March 2021					
	Reconfiguration Programme Expenditure	Budget £'000	M11 FOT £'000	Actuals £'000	Vs Budget £'000	Vs FOT
Early Projects	Decontamination	39	39	62	(23)	(23)
	PMO	0	0	327	(327)	(327)
	Back Office and Education & Training	402	402	462	(60)	(60)
	Demolition & Infrastructure Early Prjec	148	148	155	(7)	(7)
	Stroke Relocation	2	2	0	2	2
	Early Projects Total	592	592	1,006	(415)	(415)

6.3. The total spend of £1m is £0.4m more than forecast due to:

- PMO of £327k which was approved by CMIC to be temporarily funded internally pending approval of the business case which is expected imminently. Once received, the PDC will be drawn down and the 20/21 cost refunded to the Trust.
- Back office and Education and Training of £60k which is due to design fees. The total cost remains in line with budget with more design costs incurred in 20/21 than forecast.

7. EMCHC PROJECTS

7.1. Including approved change controls, the EMCHC and Gynaecology projects have an overall budget of £14,464k and £981k respectively.

7.2. EMCHC Infrastructure has an overall budget of £2,700k with £1,475k being the 2020/21 budget and forecast capital cost which is in line with business case. This project deals with capital costs relating to site wide enabling costs.

7.3. As at the end of March 2021, spend is £10.7m which is £1m less than forecast. The underspend reflects equipment which has been accounted for through the charity and IT underspend. In addition, a review of the ledger has highlighted additional works costs in relation to retentions of £0.3m which need to be accrued.

A financial summary of the three EMCHC projects is provided in the table below:

Table 5 – EMCHC projects capital spend

Project Description	Budget £'000	M11 FOT £'000	Actuals £'000	Vs	
				Budget £'000	Vs FOT £'000
EMCHC Relocation			14		
EMCHC - Design & Construction			4,140		
EMCHC - Equipment			147		
EMCHC - Internal Trust Fees			146		
EMCHC - Kensington L5			17		
EMCHC - IT			182		
EMCHC - PICU			2,686		
EMCHC - Cardiac Ward			970		
EMCHC - On Cost Works			4		
EMCHC - Cardiac Outpatients			419		
Total EMCHC	11,011	9,752	8,728	2,283	1,025
Gybae/SCBU Enabling Works			-		
Gynae / SCBU Enabling Works			564		
Total Gynae	576	542	564	12	(22)
Infrastructure			16		
EMCHC Infrastructure			1,430		
Total EMCHC Infrastructure	1,475	1,475	1,446	29	29
EMCHC	13,062	11,770	10,738	2,324	1,032

8. INTERIM ICU

- 8.1.** The Interim ICU project will deliver preparation of facilities and buildings to accommodate the move of level 3 ICU and associated clinical services service from Leicester General Hospital to Leicester Royal Infirmary and Glenfield Hospital.
- 8.2.** At the end of March 2021, year to date spend of £7.9m which is in line with forecast.
- 8.3.** Final accounts have been agreed with the main contractor which leaves equipment and fees together with completion of the approved change controls relating to additional works as remaining spend to be incurred.

9 CONCLUSION

The Trust Board is asked to **NOTE** the M12 spend for the 2020/21 Financial Year