

Reconfiguration Programme Expenditure

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Paper G

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)		
Executive Board	03/11/20	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 is the financial envelope for the Reconfiguration programme?
2. What was the total reconfiguration programme year to date capital expenditure for 2020/21?

Conclusion

1. As previously reported, £450m capital has been allocated as part of the New Hospitals Programme from the NHS. Additional sources of funding (charity and trust capital) have been committed to support the reconfiguration programme creating an overall funding envelope at £460m.
2. The following paper articulates expenditure to date, both for the reconfiguration programme and the live reconfiguration projects – the move of the Level 3 intensive care beds and associated services; and the move of the East Midlands Children's Cardiac Centre to the LRI. All projects are delivering within budget.

Input Sought

The Trust Board is asked to **NOTE** the Month 5 spend for the 2020/21 Financial Year and reconfiguration capital plan.

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: [Dec 2020]
6. Executive Summaries should not exceed **5 sides** [My paper does comply]

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: UHL RECONFIGURATION PROGRAMME TRUST BOARD

DATE: 5TH NOVEMBER 2020

REPORT FROM: DARRYN KERR, DIRECTOR OF ESTATES AND FACILITIES

SUBJECT: PROGRAMME EXPENDITURE

1. INTRODUCTION

- 1.1. The capital plan for 20/21 has now been finalised and signed off by the Trust Board which this report aligns with.
- 1.2. This report updates the Trust Board on the financial position of the programme together with 2020/21 spend against the agreed capital plan.

2. RECONFIGURATION CAPITAL PROGRAMME: OVERALL UPDATE

- 2.1. Public Consultation started the on 28th September, with the Decision Making Business Case due to be approved in spring 2021, along with the commencement of Outline Business Case (OBC) development.
- 2.2. As previously reported, in addition to the £450m capital allocated as part of the New Hospitals Programme, additional sources of funding have been committed to support the reconfiguration programme with the overall funding envelope at £460m.
- 2.3. To date, the Programme has received approval to drawdown £4.3 m in relation to Pre OBC development. It must be noted that this expenditure does not pre-determine the outcome of the consultation process, and is to resource the team and get ready for the design process. We are now in the process of agreeing and submitting a request for further drawdown in preparation for OBC development.
- 2.4. The Programme is also currently seeking approval to drawdown £1.5m in relation to a dedicated facility from which to run the programme. The Business Case has been approved by the Trust Board and submitted to NHSE/I and DHSC for their approval.

3. 2020/21 CAPITAL PLAN

- 3.1. In relation to the Reconfiguration Programme, the capital plan aligns with the Trust's capital plan with associated schemes totalling a budget of £56.2m as illustrated in the table below.

Table 2 – 2020/21 reconfiguration programme draft capital plan

Reconfiguration Programme Funding	Budget 20/21	Budget 20/21					
	Total £'000	EMCHC £'000	EMCHC Gynae £'000	EMCHC Infrastructure £'000	Interim ICU £'000	Renal Ward move £'000	Main Programme £'000
CDEL	18,128	4,172	343	2,004	10,059	300	1,250
PDC	31,734				622		31,112
Charitable Donations	6,300	6,300					
Total	56,162	10,472	343	2,004	10,681	300	32,362

4.3 The above capital plan includes public dividend capital (PDC) drawdown of £31.1m in relation to the main programme and £450m associated funding. This drawdown profile is in the process of being updated which will be completed in time for half year reporting acknowledging that PDC received and capital expenditure will align with each other. At present, approved drawdown for 2020/21 is £4.07m.

4. 2020/21 M5 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 August 2020:

- Year to date spend is £9.8m which is £2.9m underspent predominantly within the East Midland Congenital Heart Centre (EMCHC) schemes together with Interim ICU and Pre OBC Development costs
- Forecast spend of £54.3m which is £1.8m less than Plan driven by the Intensive Care Unit (ICU) Level 3 and associated surgical services move project following a detailed reconciliation; and the Main Programme due to the re-phasing of the £7m internal capital contribution to the Programme.

Table 3 – 2020/21 reconfiguration programme year to date capital expenditure

	Reconfiguration Programme Expenditure	Year to Date Month 5			Ful Year 20/21		
		Budget £'000	Actuals £'000	Variance £'000	Budget £'000	FOT £'000	Variance £'000
EMCHC Scheme	EMCHC	2,886	2127	759	10,472	11,011	(539)
	Gynae	278	402	(124)	343	576	(233)
	EMCHC Infrastructure	1,405	110	1,295	2,004	1,475	529
	EMCHC Total	4,569	2,639	1,930	12,819	13,062	(243)
ICU	Interim ICU	7,048	6,462	586	10,681	9,364	1,317
Renal	Renal Ward Move	66			300	300	0
Main programme	Main Programme				29,310	28,653	656
	Pre OBC Development	1,154	662	492	2,958	2,697	261
	Early projects			0			
	Decontamination		11	(11)		26	(26)
	Enabling Services and Education & Training	28	48	(20)	95	95	0
	Site Clearance					42	(42)
	LRI Car Park					40	(40)
	GH Car Park					60	(60)
	Main Programme Total	1,182	721	461	32,362	31,612	750
	Total Reconfiguration Programme	12,865	9,822	2,977	56,162	54,338	1,824

4.3. As described in paragraph 4.4, the drawdown of PDC in relation to the main programme is in the process of being refreshed. The sections below provide an update on the different projects in relation to M5 year to date and forecast spend.

5. PRE OBC DEVELOPMENT

- 5.1. Consultation started in September 2020 and will conclude on the 21st December. Therefore, the programme is currently in the pre OBC development phase. Funding of £3.2m has been approved of which £0.2m was drawn in 2019/20 and the remaining £3m will be drawn in 2020/21.
- 5.2. The pre-OBC development funding supports the recruitment of early posts in the structure and the appointment of advisors.
- 5.3. The 2020/21 budget in relation to pre OBC development is £3m which is summarised into the following categories:

Table 8: Pre OBC Development Costs

	2020/21 YTD: M5			Full Year		
	Budget	Actuals	Variance	Budget	FOT	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	565	481	84	1,429	1,255	174
Surveys & Investigations	232	0	232	696	696	0
Sustainability/BREEAM	18	0	18	110	110	0
RLB PM support	153	137	16	269	373	(104)
Health Planning	33	0	33	100	50	50
Legal	19	0	19	48	46	2
PwC	101	19	82	265	127	138
Business Case Writing	0	0	0	50	50	0
Business Case Writing CCG contribution	0	0	0	(25)	(25)	0
Visualisations BDP	15	24	(9)	15	15	0
Chadwick	0	3	(3)	0		0
Total spend forecast	1,154	662	492	2,958	2,697	261

- 5.4. Pre OBC spend as at August 2020 is at £662k which is £492k less than plan with underspend in most spend categories but most significantly in surveys and investigations. In addition, not all the staff costs are allocated to the project which is in the process of being resolved together with ensuring all costs in relation to external advisers are correctly captured.
- 5.5. The forecast spend is £2,697k which is £261k less than plan which is currently in the process of being validated. Any underspend will represent slippage in costs and will need to be re-invested in the Programme and represent a re-phasing of the required capital drawdown.
- 5.6. As described above, OBC development is due to start upon completion of consultation at which point, the Trust will need access additional PDC funding which is currently in the process of being valued.

6. EARLY PROJECTS

- 6.1. Within the overall programme are five projects which are not dependent upon the outcome of consultation but are part of the critical path need to be started ahead of the projects within the main programme and can be started early. These are shown in the table below:

Table 9: Early projects project value

		Project Value £'m
Early Projects	GH Decontamination Unit	8.9
	Education & Training and Enabling Services	14.0
	Site Clearance	4.5
	LRI Car Parks	7.0
	GH Car Parks	14.9
Total: Early Projects		49.3

- 6.2. The business case for the Decontamination Unit has been approved by the Trust Board and submitted to NHSE/I and DHSC for approval. This will be considered after planning permission has been granted at the end of November.
- 6.3. A summary of the Early Projects is provided in the table below:

Table 10: Early projects financial summary 2020/21

	2020/21 YTD: M5			Full Year			
	Budget	Actuals	Variance	Budget	FOT	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
Early Projects	GH Decontamination Unit	0	11	(11)	0	26	(26)
	Education & Training and Enabling Services	28	48	(20)	95	95	0
	Site Clearance	0	0	0	0	42	(42)
	LRI Car Parks	0	0	0	0	40	(40)
	GH Car Parks	0	0	0	0	60	(60)
Total: Early Projects		28	59	(31)	95	262	(167)

- 6.4. The forecast spend of £262k reflects the cost of professional fees in relation to Quantity Surveyors and Project Managers which is currently being funded through a combination of Pre OBC Development funding and CDEL in advance of the drawdown of the correct PDC in relation to these costs.
- 6.5. This represents a temporary situation as the Programme Team are in the process of completing a drawdown profile in order to submit the appropriate drawdown request to cover the OBC period including these costs.

9 CONCLUSION

The Trust Board is asked to **NOTE** the Month 5 spend for the 2020/21 Financial Year and reconfiguration capital plan.