

Reconfiguration Programme Expenditure

Sponsor: Darryn Kerr & Simon Lazarus

Paper H

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 | X |
| Noting | For noting without the need for discussion | |

Previous consideration:

| Meeting | Date | Please clarify the purpose of the paper to that meeting using the categories above |
|--------------------------------|------------|--|
| Reconfiguration Programme Cmte | 26/02/2021 | For discussion and noting |
| Executive Board - ESB | 02/03/2021 | For discussion 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 is the financial envelope for the delivery of the Reconfiguration Programme?
2. What was the total reconfiguration programme year to date capital expenditure for 2020/21?
3. What is the total reconfiguration programme forecast capital expenditure for 2020/21?

Conclusion

1. The approved financial envelope of the Reconfiguration Programme is £460m including Public Dividend Capital (PDC) of £450m, Donations of £3m and CDEL of £7m.

2. As at January 2021, year to date spend is £14.5m which is £29m underspent due to slippage in the Reconfiguration Programme where the plan assumed an August OBC start together with underspend within the EMCHC and Interim ICU schemes.
3. Forecast spend of £23.6m which is £30.4m less than Plan with £25.1m driven by the re-phasing of the PDC drawdown to reflect the current Reconfiguration Programme and slippage in ICU.

This requires £3.5m PDC drawdown in the year which has been approved.

Input Sought

The Trust Board is asked to **NOTE** the M10 spend for the 2020/21 Financial Year.

For Reference:

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

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 <i>Principal Risk</i> on the BAF? | X | PR 7 – Reconfiguration of estate |
| Organisational: Does this link to an <i>Operational/Corporate Risk</i> on Datix Register | | |
| New Risk identified in paper: What <i>type</i> and <i>description</i> ? | | |
| None | | |

5. Scheduled date for the **next paper** on this topic: [April 2021]

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

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: TRUST BOARD

DATE: 4TH MARCH 2021

REPORT FROM: SIMON LAZARUS – CHIEF FINANCE OFFICER

SUBJECT: PROGRAMME EXPENDITURE

1. INTRODUCTION

- 1.1. 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. As reported to the Board last month, the next stage of the process is completion of the Decision Making Business Case with a provision date of May for the approval.
- 2.2. Following the New Hospitals Programme (NHP) and the Department of Health and Social Care (DHSC) adopting a programme approach for all the hospital programmes and the resulting requirements of UHL, it is unlikely that OBC will commence before June 2021.
- 2.3. To date, the Programme has received approval to drawdown £3.2m in relation to Pre-OBC development , £1.07m design fees in relation to the early projects within the programme and £0.8m for fees up to the end of March 2021.
- 2.4. In addition to the approved drawdown described in paragraph 2.3, the Programme is seeking approval to drawdown the following additional funds:
- £1.5m in relation to a dedicated PMO facility. The Business Case has been approved by the Trust Board and is awaiting approval by NHSE/I following submission of further information;
 - £8.9m in relation to the Decontamination Business Case which has been approved by the Trust Board and is due to be considered at Joint Investment Committee upon receipt of planning approval.

3. 2020/21 CAPITAL PLAN

- 3.1. In relation to the Reconfiguration Programme, the capital plan for the associated schemes is £54.3m which included PDC drawdown of £31.1m in relation to the main programme. This drawdown profile has since been updated which requires £6m PDC for 2020/21 and £0.5m CDEL to fund early design for Car Parks.

3.2. As at the end of the January 2021:

- Year to date spend is £14.5m which is £29m underspent due to slippage in the Reconfiguration Programme where the plan assumed an August OBC start together with underspend within the EMCHC and Interim ICU schemes.
- Forecast spend of £23.6m which is £30.4m less than Plan with £25.1m driven by the re-phasing of the PDC drawdown to reflect the current Reconfiguration Programme and slippage in ICU.

Table 1 – 2020/21 reconfiguration programme year to date capital expenditure

| | Reconfiguration Programme Expenditure | Year to Date January | | | Ful Year 20/21 | | |
|-----------------------|--|----------------------|------------------|-------------------|-----------------|---------------|-------------------|
| | | Budget £'000 | Actuals £'000 | Variance £'000 | Budget £'000 | FOT £'000 | Variance £'000 |
| Main programme | Main Programme | 2,958 | 1,834 | 1,124 | 3,013 | 2,942 | 71 |
| | Main Projects OBC Development | 19,452 | | 19,452 | 27,784 | - | 27,784 |
| | Decontamination | | 24 | (24) | 23 | 39 | (17) |
| | Enabling Services and Education & Training | 0 | 112 | (112) | 219 | 402 | (183) |
| | Site Clearance & Early Infrastructure | | 36 | (36) | 74 | 148 | (74) |
| | Stroke Relocation | | | 0 | - | 2 | (2) |
| | LRI Car Park | 125 | 24 | 101 | 250 | 34 | 216 |
| | GH Car Park | 125 | 34 | 91 | 250 | 50 | 200 |
| | Main Programme Total | 22,660 | 2,064 | 20,596 | 31,612 | 3,617 | 27,995 |
| EMCHC Scheme | EMCHC | 9,611 | 3,912 | 5,699 | 11,011 | 10,618 | 393 |
| | Gynae | 576 | 532 | 44 | 576 | 532 | 44 |
| | EMCHC Infrastructure | 1,475 | 997 | 478 | 1,475 | 1,475 | 0 |
| | EMCHC Total | 11,662 | 5,441 | 6,221 | 13,062 | 12,625 | 437 |
| ICU | Interim ICU | 9,184 | 7,024 | 2,160 | 9,364 | 7,678 | 1,686 |
| Renal | Renal Ward Move | 231 | | | 300 | 35 | 265 |
| | Total Reconfiguration Programme | 43,737 | 14,529 | 28,977 | 54,338 | 23,955 | 30,383 |

3.3. The drawdown of PDC in relation to the main programme has been updated to reflect the current Programme. The CDEL funding will be used to progress car parks pending the resolution of funding through additional PDC. In the event of no additional funding, this would need to be absorbed by the programme capital envelope.

3.4. The forecast spend requires £3.5m PDC which has been approved. This is critical to ensure continued funding of existing costs of the programme e.g. UHL staff and professional advisers plus appointment to the design team

3.5. The sections below provide an update on the different projects in relation to M10 year to date and forecast spend.

4. PROGRAMME COSTS

4.1. 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, £2.4m in 2020/21 and the remaining £0.6m will be drawn in 2021/22. In addition, funding of £0.5m has been approved to support programme

costs for the remainder of the financial year which forms part of the £0.8m drawdown described in paragraph 2.3 above.

4.2. Programme costs include UHL staff and professional advisers that support at a programme level rather than an individual project level.

4.3. As at January 2021:

- Programme spend of £1,834k which is £1,124k less than plan with underspend in most spend categories but most significantly in staff costs, surveys and investigations and PWC. The drawdown has been re-profiled into 2021/22 to ensure funding is not lost.
- The forecast spend is £2,942k which is within the £450m envelope.

5. EARLY PROJECTS

5.1. Within the overall programme are projects which are not dependent upon the outcome of consultation but are part of the critical path and need to be started ahead of the projects within the main programme.

5.2. The business case for the Decontamination Unit has been approved by the Trust Board and submitted to NHSE/I and DHSC for review and is now pending planning permission approval. In March. Pending planning permission, the business case will then be considered at a subsequent Joint Investment Committee (date TBC).

Pending approval of the Decontamination Business case and release of funds, costs that are being incurred are currently being covered by the Pre OBC funding which will be recovered upon drawdown of the funding for Decontamination.

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

Table 2 Early projects financial summary 2020/21

| | Year to Date Month 10 | | | Ful Year 20/21 | | | |
|----------------|--|-----------|------------|----------------|------------|------------|------------------|
| | Reconfiguration Programme Expenditure | Budget | Actuals | Variance | Budget | FOT | Funding required |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Early Projects | Decontamination | 16 | 24 | (8) | 23 | 39 | (17) |
| | PMO | 0 | 0 | (0) | 0 | 0 | 0 |
| | Back Office and Education & Training | 0 | 112 | (112) | 219 | 402 | (183) |
| | Demolition & Infrastructure Early Prject | 0 | 36 | (36) | 74 | 148 | (74) |
| | Stroke Relocation | 0 | 0 | 0 | 0 | 2 | (2) |
| | Early Projects Total | 16 | 173 | (157) | 316 | 592 | (276) |

5.3. The forecast spend reflects fees in relation to business case development of which £316k is funded through drawdown of design fees. An additional drawdown of £276k is required which forms part of the £0.8m additional drawdown described in paragraph 2.3 above.

6 CONCLUSION

The Trust Board is asked to **NOTE** the M10 spend for the 2020/21 Financial Year and reconfiguration capital plan.