

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**REPORT TO: TRUST BOARD****DATE: 31ST JULY 2014****REPORT FROM: SIMON SHEPPARD - ACTING DIRECTOR OF FINANCE & PROCUREMENT****SUBJECT: CAPITAL FUNDING FOR RE-PROVISION OF CLINICAL SPACE/
MODULAR WARDS**

1. PURPOSE

1.1 This paper seeks to update the Trust Board on:

- The replacement support accommodation required at the Leicester Royal Infirmary (LRI) site and the requirement for a new modular ward at the LRI to support additional bed capacity
- The financial support required from the National Trust Development Authority (NTDA) via Public Dividend Capital (PDC) funding to support the projects (£8.0m)

2. BACKGROUND**2.1 Strategic Need**

2.1.1 UHL is currently developing a Business Case for the re-development of the Emergency Department (ED), creating a new emergency floor at the LRI site of University Hospitals of Leicester NHS Trust. The LRI provides Leicestershire's only accident and emergency service (ED). An emergency floor concept will be developed that will address the demand challenges faced by both ED and assessment services, with the intention of developing a future proofed solution that will flexibly meet future demand over the next 10 years.

2.1.2 The existing facilities do not meet the current demands or the projected requirements over the next 5-10 years. The current ED is designed for approximately 100,000 attendances per year; there are currently 160,000 attendances per year, which is expected to grow at the rate of 3% per annum, taking into account a shift in activity to primary care.

2.1.3 Whilst process re-design has been undertaken within the existing footprint and built environment, it highlights that there is still an issue with the size of the emergency floor in its entirety and that it is deemed inadequate to cope with the demand. There is an urgent need for change to the physical estate to create an emergency floor in order to improve patient flows, staff efficiencies, capacity issues and adjacencies. This has been highlighted in two external reviews by ECIST and CQC.

2.1.4 This Business Case is aligned with the Trust's Integrated Business Plan and its long term Estate Strategy.

2.2 Business Case Development to date

2.2.1 The Strategic Outline Case was approved at the Midlands and East Capital Investment Group meeting on 14th January 2014.

2.2.2 The Outline Business Case was submitted to the NTDA for review in November 2013. An OBC Estates Annex has subsequently been submitted for consideration and the OBC will be re-submitted following submission to the NTDA on 20th June 2014 of the whole health economy long term financial plan, along with the Trust's Integrated Business Plan.

2.2.3 Design development for the Full Business Case is being progressed.

2.2.4 The Full Business Case will be ready for submission to the NTDA at the end of November 2014.

3. PROJECT TIMESCALES

3.1 In order for the project to be delivered as soon as practicably possible, there is a requirement for the delivery of two discrete phases:

- Phase 1 is the provision of 2 x 28 bed modular wards to create decant space for Victoria inpatient accommodation to be demolished in order to create development space for the emergency floor - £3.8m
- Phase 2 is the relocation of other functions in order to vacate buildings to be demolished as part of the development - £4.2m

Project	Cost £000s
Relocation of the Urgent Care Centre into Clinics 1 & 2	714
Relocation of Medical Physics into the old Victoria Linac	1,050
Relocation of Office Accommodation into Oliver, St Marks & St Lukes wards in Victoria	1,260
Relocation of Clinical Genetics into the diabetes outpatients department once they have relocated to ward 4, LGH	158
Relocation of the Chapel into an interim location and safe storage of the artefacts	415
Re-development of the Victoria Main Reception to open the front of the building	575
TOTAL	4,172

4. FINANCES

- 4.1 The two schemes are identified in the 2014/15 capital programme which was signed off by the Trust Board in March 2014, and were also part of the Emergency Floor Scheme (OBC) approved by the Trust Board. However, as the Trust Board is aware, the Capital Programme is over committed and, as such, every attempt needs to be made to mitigate risk to the Trust by obtaining external funding.
- 4.2 The Trust will be applying for longer term borrowing/permanent PDC funding of approximately £69.5m in August 2014. This is to cover our £40.7m deficit for the current year, £12.5m of backlog creditors brought forward at the prior year end and £16.3m of capital expenditure (inclusive of the two schemes described in this paper).
- 4.3 We will submit an application to the NTDA's Independent Trust Financing Facility (ITFF) by 22nd August 2014 and, following the review and approval process, we should receive this funding in mid-November 2014.
- 4.4 The Capital Monitoring & Investment Committee is formally reviewing the 2014/15 capital programme at its next meeting in August 2014 to identify potential schemes to mitigate the risk of an over-committed capital programme. This will then be reported to the Executive Team and Finance & Performance Committee.

5. RECOMMENDATIONS

- 5.1 The Trust Board is asked to:
- **Note** the application being made for PDC (£8m) via the ITFF
 - **Recognise** that, whilst funding is allocated in the capital scheme for these projects, the capital scheme is over committed so if additional PDC funding is not forthcoming from the NTDA, the pressure on the programme remains. Actions to mitigate this will be reported to Executive Team/Finance & Performance Committee in August 2014.

Simon Sheppard
Acting Director of Finance & Procurement

25 July 2014