

REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 25 February 2016

BY: Chief Officer

SUBJECT: East Lothian Community Hospital

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1 PURPOSE

- 1.1 This report updates the Integration Joint Board (IJB) on progress with the business case for the Community Hospital and asks the IJB to consider key issues.

2 RECOMMENDATIONS

- 2.1 That the IJB consider the bed numbers in the hospital.
- 2.2 That the IJB consider the issue of surgical services.
- 2.3 That the IJB consider the revenue gap.

3 BACKGROUND

- 3.1 The business case is now nearly finished the next stage – the Outline Business Case (OBC). This is due to be submitted in May or June 2016.
- 3.2 Appendix 1 summarises the key issues that have to be resolved before the OBC can be submitted.
- 3.3 These are: bed numbers, surgery and the revenue gap.
- 3.4 The IJB is invited to debate the issues relating to bed numbers. These are set out at the back of the appendix. The issue boils down to whether it is preferable to build 132 beds and to be sure of meeting future demand or to save capital costs by not building them.
- 3.5 The secondary issue is what purpose the beds should serve in the short to medium term or whether they should be mothballed. To use the beds would require approximately £1m of revenue investment from 2019/20 which the IJB and its partners would need to find.

- 3.6 A related issue is to be sure that if the beds were to be used from 2019/20, the use would be consistent with the strategic plan and not simply driven by the existence of empty beds.
- 3.7 The IJB is invited to discuss the surgical issue. It should be noted that surgical services are not a delegated function and ultimately the IJB does not have the authority to decide the shape of surgical services for the East Lothian population. Therefore this paragraph does not include a statement of the issues for discussion. However, it is recognised that it is an important issue for the East Lothian population.
- 3.8 The IJB is invited to discuss the revenue gap of £1.7m. Whilst the gap relates to functions that are not delegated i.e. the non clinical costs of the facility, the size of the facility relates directly to the services provided, most of which are delegated functions.
- 3.9 The issue is whether the IJB would consider funding any of the revenue gap by moving resources from delegated functions budgets or by prioritising any new investment away from delegated functions.
- 3.10 It is not necessary at this stage to make decisions on these issues. The views of the IJB will be taken into the next stage of discussions on the OBC with a view to reaching an agreed set of proposals for presentation in May or June 2016.

4 POLICY IMPLICATIONS

- 4.1 There are potential policy implications of this paper in that the IJB should ensure that decisions on the OBC are consistent with the strategic plan. It should be noted that the IJB does not have the delegated authority to reach decisions on non-delegated functions.

5 EQUALITIES IMPLICATIONS

- 5.1 There are no equalities implications of this paper.

6 RESOURCE IMPLICATIONS

- 6.1 There are no resource implications arising immediately from this paper, but the views of the IJB will be taken into the next stage of discussions. The presentation of the OBC will clarify and seek agreement to any resource issues.

7 BACKGROUND PAPERS

7.1 None.

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DATE	23 February 2016

East Lothian Community Hospital
Integration Joint Board
24th February 2016

1 Purpose of the Report

1.1 The purpose of this report is to update on progress with East Lothian Community Hospital to enable the IJB to discuss key issues to support the progress of the Outline Business Case (OBC) through the NHS Lothian (NHSL) Governance process.

2 Recommendation

2.1 The IJB discuss key issues and agree that the OBC is submitted to the IJB in May or June 2015 and then to the Finance and Resources Committee for consideration.

3 Summary of Key Issues

3.1 Business Case Update

NHSL wishes to review services and provide improved facilities within East Lothian. An Initial Agreement (IA) was supported by Scottish Government and approval given to proceed to OBC.

Short listed options including a preferred way forward, will be tested within the outline business case:

Less Ambitious	This option would require the space to redevelop the existing services from Roodlands and Herdmanflat sites and additional space identified to repatriate existing services from Edinburgh locations	22,466m ² £68.3M - £78.5M
Preferred way forward	This option would require the same space as less ambitious plus space for the new services – Orthopedic and Stroke rehab & social care day unit	24,494m ² £74.5M - £85.7M
More Ambitious	This option would require the same space as the preferred way forward plus space for enhanced imaging services, the 3 GP surgeries and 3 rd sector partners	27,053m ² £83.1M – £95.5M

In all cases the options provided will comply with the NHS Lothian Strategic Plan and these ambitions include:

- Alignment with NHS Lothian Strategic Plan
- Unscheduled Care – Repatriation of post acute rehabilitation, freeing capacity
- Scheduled Care – Day surgery, Endoscopy, Outpatients
- Primary Care – GP premises

- Integration
- Day Services
- Co-location of joint teams
- Reducing delayed discharges
- Quality and Safety
- Direct re-provision to achieve modern standards i.e. single rooms, en-suite etc.

Site option appraisals and initial space planning exercises suggest the preferred option for location of the new facility would be the site of the current Roodlands Hospital. Opportunities may arise for an asset disposal of the Herdmanflat site accordingly.

An OBC has been drafted which continues the strategic direction as signed off by the Board of NHSL. A tracker has been prepared (Appendix 1) showing movement from original clinical brief.

3.2 Briefed Services

A number of pieces of work were commissioned to support the development of the Project planning including:

- Capacity Planning Report by Capita
- Clinical Brief by Capita

These reports were appended to the approved IA and formed the platform for the accommodation exercise to begin. The schedule of accommodation relating to the IA and subsequent NPR was based on circa 24000m² of Gross Internal Floor Area (GIFA). The accommodation has been reduced within the design process to 22,000m² GIFA

3.2.1 Outpatient Services

The current facilities at Roodlands Hospital are handling circa 40,000 outpatient appointments per annum.

3.2.2 Bed Numbers

Capita recently completed further bed modeling and forecasting models suggested 132 beds would be appropriate to cope with current demand and anticipated population growth within the East Lothian area. This suggests the facility may cope with **112** beds for the short to medium term for the current service mix. This incorporates recent data from the Hospital @ Home data and makes some assumptions around its sustainability. This means that in 2019 when the hospital opens the bed base would be **112**, leaving a second floor ward moth-balled.

Consideration has been given to removing this part of the building rather than mothball the ward to the to remove this, however on investigation the work and planning for the redesign of the building would result in significant additional design fees and a delay to the programme, the costs incurred to both of these would outweigh any financial benefits in both capital and revenue terms. In addition East Lothian would lose the future capacity of 20 beds.

Therefore retaining the bed capacity of 132 could bring longer term opportunities in respect of respite care, step up care, social or care home. It would also give capacity to Lothian for further NHS beds in the future.

3.3 Project Development

The Project has accommodated three major changes requiring significant redesign:

- 3.3.1 Catering:** Kitchen areas have been redesigned to accommodate a production kitchen on site.
- 3.3.2 Day Surgery:** General anesthetic activities have been taken out of current designs, requiring a redesign of areas of the surgical department. Throughout the development and design of the building there has been continual review of capacity and demand. It became evident that the number of GA sessions were minimal (3 sessions on average per week over two theatres) and this decline in use had been going on over a long period of time. The project team engaged with the Surgical Services and they confirmed via capacity projections that in the future the demand for theatres equipped for general anaesthetic outside the acute sites was declining. They supported the need for surgical space and a dedicated endoscopy suite.
- 3.3.3** Based on this and the direction of travel by NHS the project team decided to rescope a change to the department layout that would not require general anaesthetic and would support a wider range of both minor surgery and endoscopy.
- 3.3.4** However, there is currently a full review of surgical services at Roodlands ongoing being led by the Director of Acute Services. A report is expected in early May 2015.
- 3.3.5** Should the decision be made to reintroduce theatres for general anaesthetic there will be significant capital and revenue implications.
- 3.3.6 Day Centre:** Haddington Day Centre has advised that they are not relocating to the building. The space of 400m² is within the central front of the building with a dedicated entrance. To redesign this small area out at this stage again would result in delay to programme and redesign fees. These costs outweigh any benefit.

This space is being retained and will be good self contained space for both community and social care use for groups or, events,. This area has a large multi-function hall with a servery and storage, interview rooms, meeting space and also has the potential to be leased or hired in the future.

3.4 Projected OBC position

The projected costs for OBC include:

- Capital Expenditure (Capex) - £69.5m - £70m – 100% formal confirmation of funding by Scottish Government awaited following verbal support at meeting of 20th January 2016

- Decant Costs £3m – 100% formal confirmation of funding by Scottish Government awaited following verbal support at meeting of 20th January 2016
- Revenue gap £1.7m – NHSL revenue support required

It is anticipated the Scottish Government will support the Capital cost of the Project and will meet decant costs through the sale of the Hopetoun Unit at Herdmanflat if the preferred and agreed decant option is temporary accommodation at Herdmanflat. An email has been sent to the Scottish Government seeking formal confirmation of funding support following a meeting on 20th January 2016 between NHSL, SFT and Scottish Government.

Revenue gap currently stands at Circa £700k for rates, circa £700k for increased FM costs and approx £300k for NHSL contribution to Lifecycle elements of the Unitary Charge. This is anticipated to be a worst case scenario with relief for rates likely due to the patient groups in the hospital. Work continues to progress to reduce the revenue gap further.

Overall the financial position has improved since IA with revenue gap and floor area (GIFA) reductions.

The projected timelines for the project as follows:-

- Full business case – To Scottish Government in Summer 2016
- Decision on planning – Expected in Spring 2016
- Construction starting - Late 2016
- First phase operational – Early 2018
- Completion of entire site – Late 2019/early 2020

4 Key Risks

4.1 The Project Team will control the risk management plan which will be developed with hub partners. Risk workshops are held regularly to identify and evaluate risk. A risk register will be populated from these sessions and risks identified within the OBC.

4.2 Current and immediate risks being considered include:

- Affordability – A revenue gap of approx £1.7m has been identified comprising of rates, FM costs and contribution to Unitary Charge
- Decant – Alternative accommodation is required for 20 patient beds currently located within East Fortune House. If the project is to commence on programme the decant facilities should be in place for August 2016, requiring instruction to hub to be issued in Feb 2016. Alternative options are being explored to determine if other sites or care home options would provide better value.

4.3 The project is currently progressing towards a Summer 2016 Financial Close. Should the project require to be reprogrammed a 6 month delay is anticipated to carry an indexation risk of £1.5 million based on independent figures from Thomson Gray.

4.4 Design development continues towards a Stage 2 submission from hub in March 2016. Cost commitment to date is £2,238,147 (table 1)

Table 1: Costs to completion of Stage 2	Total Committed
	£
NHSL Professional Fees	250,000
Building Warrant & Planning	130,976
Strategic Support Services & IA	216,546
Stage 1 Fee	950,625
Stage 2 Fee	690,000
Total	2,238,147

5 Risk Register

5.1 There is nothing further to be added to the risk register at this stage.

6 Health and Other Inequalities

6.1 A Rapid Impact Assessment has been carried out. At this time no significant actions are required. A further assessment will be carried out when design development has progressed.

7 Involving People

7.1 Partnership forums have been engaged. There have been frequent meetings with staff during the development of the clinical brief. Local communities and elected members have been engaged through stakeholder and community council meetings.

8 Resource Implications

8.1 The capital expenditure required for preferred way forward is estimated to be in the region of £69.5m - £70m.

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22nd February 2016
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The new East Lothian Community Hospital will provide 22000 sq m of space devoted to the following facilities:

		Current Bed Provision	Future Bed Provision
Inpatient Continuing Care	– 24 beds	19	24
Planned Day Care	– General Outpatient Department – Social Care Third Sector facility – Day Surgery Unit (14 places) – Diagnostics – Hospital to Home – Hospital at Home Care		
Mental Health	– Mental Health Outpatient Department – Mental Health Inpatients (20 beds)	16	20
Medicine of the Elderly (Sub-Acute Beds)	– Medicine of the Elderly – Future Capacity	43 0	44 20
Sub-Acute Beds	– Orthopaedic/Stroke Rehabilitation (24 beds)	0	24
Shared Therapy	– Gym* – Therapy Kitchen* – Multifunctional Rooms* *Separate provision for Inpatients and Outpatients		
Support Areas	– MH Tribunal Suite – Pharmacy – Spiritual Services – Third Sector Services – Offices (which facilitate closer working for health and social care staff) – Meeting Rooms – Staff Changing Rooms – On-call Rooms – Health Records – Laundry – Catering – Estates		
		78	132
Total bed provision change			+56