The Whittington Hospital NHS
NHS Trust

ITEM: 4

MEETING:	Trust Board 21 November 2007

TITLE:	Redevelopment update

SUMMARY: The attached briefing paper describes progress that has been made on the identification and evaluation of options for the redevelopment of those clinical facilities which are currently provided in old or inadequate accommodation. The clinical service model has been discussed at both the Hospital Management Board (HMB) and at the Medical Committee.

In order to demonstrate in the trust's Integrated Business Plan (IBP) that the inadequacies in the estate have been addressed, one of the options has been modelled financially and is shown to be affordable. A comprehensive option appraisal will be carried out over the next few months to ensure that the most economically advantageous option is selected to form the subject of a business case for completion by September 2008.

ACTION:	For information and discussion

REPORT FROM:	Susan Sorensen Director of Strategy and Performance

SPONSORED BY:	David Sloman Chief Executive

Financial Validation Lead: Director of Finance	N/a

Compliance with statute, directions, policy, guidance Lead: All directors	**N/a**

Compliance with Healthcare Commission Core/Developmental Standards Lead: Director of Nursing & Clinical Development	**Reference:** N/a

Compliance with Auditors' Local Evaluation standards (ALE) Lead: Director of Finance	**Reference:** N/a

Compliance with requirements of FT application and monitoring regime Lead: Director of Strategy & Performance	**Reference:** N/a

The Whittington Hospital NHS Trust
Redevelopment

Trust Board Briefing Paper

1.0 Background

The Trust's project to prepare proposals for redevelopment was launched in September 2006 to complement the hospital's foundation trust application, through the identification of an affordable investment solution to address the inadequate elements of its physical stock. In the months that followed, a substantial amount of work has been undertaken by the project team and clinical groups to develop a coherent future service model for the Trust, that is consistent with its strategic direction, is affordable within Trust resources, and can be delivered in an appropriate location. The Hospital Management Board was updated in April 2007 on the work of the clinical groups, and other key project deliverables. This paper follows up on the work completed to date, and the activities required to bring the project to a successful conclusion.

2.0 Project deliverables

Since the last update, a number of elements of the project have been progressed, most significantly the following:

- Translating the clinical service model into activity levels
- Initial affordability analyses;
- Refining the project's objectives;
- Appraisal of long list of Development Options.

Each of these elements is looked at in greater detail below.

2.1 Clinical service model / activity modelling

2.1.1 The clinical service model was developed through the work of three clinical user groups focussing on scheduled, unscheduled, and women's and children's services. This described areas of clinical delivery both as we currently recognise them, and as they may emerge in future years. Each area of provision is contained in the summary of service components in the table below.

Service Components		
Urgent Care Centre	*Emergency Care Centre*	*Assessment & Advice Service*
Non-acute Inpatient Care	*Acute Inpatient Care*	*Neonates*
Maternity & Women's Services	*Training & Education Service*	*Paediatrics*
	Non-acute Day Care	*Admission Avoidance*
Acute Day Care	*Community/Primary Care based Assessment & Treatment Services*	*Direct Access Diagnostics*

2.1.3 This summary underlines a commitment to provide a comprehensive range of general acute services, complemented by active collaboration with primary and community based providers to ensure patients receive the appropriate care in the right setting. Areas of growth will include maternity, NICU and day surgery, which recognises population demographics and good clinical practice. The team has also analysed the model in the context of *Healthcare for London: A*

framework for action, and has concluded that it fits well with the model of care proposed for the capital, as well as local PCT aspirations.

2.1.4 The clinical model was taken to the Trust's medical committee on 23 May 2007, where it was approved as the basis for more detailed service and activity modelling.

2.1.5 Significant work has now taken place to translate the service model into an activity model that can be used within the Trust's FT application and the proposed redevelopment plans. A number of assumptions have been made within the current model, and are listed below:

Category	Assumption
Population demographics	▪ Applied to all points of delivery (PODs) (main exception elective IP)
Emergency Department	▪ Impact of demand management, London review and community matrons applied ▪ Increase in Paediatric attendances
Emergency Admissions	▪ Reduction in major trauma and cardiology/stroke admissions, as a result of '*Healthcare for London*'; impact of community matrons
Maternity	▪ Increase of 10% over 5 years and then application of population demographics
NICU	▪ Increased to reflect level 2 status, increased availability of cots and increase in delivery activity levels
Adult intensive care	▪ Increased to reflect opening of 15 beds from 2008/9
Excess bed days	▪ Reduction in levels (10% in 2008/9, 5% in 2009/10 and 2010/2011.) Population growth not applied.
First OP	▪ Adjusted for 2007/8 risk adjusted demand management schemes
Follow-up OP	▪ No adjustments apart from demographics
Day Cases	▪ Adjusted for additional DTC activity
Elective IP	▪ Adjustments for bariatrics and breast cancer
Direct Access	▪ Additional 5% over 10 years in addition to population growth
18 weeks	▪ No adjustments
Disease specific	▪ No additional adjustments
Technology changes	▪ No adjustments
Shifts between models of care	▪ No adjustments

2.1.6 Further refinement of the model is currently underway to address issues of PCT demand management, an increase in maternity market share – specifically, deliveries over and above the Whittington expected increase assumed by the London Maternity Review (possibly to 6,000 births), and the implications of the Trust's marketing strategy. These elements will be looked at in greater detail as part of the service modelling process.

2.1.7 Bed modelling work undertaken alongside this analysis has enabled the team to identify further improvements to be gained from reducing length of stay at the hospital. This would result in all medical and surgical wards (excluding maternity and neonates) being accommodated within the Trust's most modern accommodation by 2010.

2.1.8 Progress in developing the service and activity model has enabled the team to undertake high level analyses of the affordability of a large scale investment in new accommodation, which is considered below.

2.2 Affordability

2.2.1 The affordability analysis has been informed through ongoing work to update the Trust's development control plan (DCP). An initial high level test indicated an investment range of between £87m and £123m (with VAT) for a new build solution with varying levels of content.

This prompted the Project Board to recommend a detailed review of the content, to improve the affordability profile whilst still delivering the key project objectives. To achieve this, the team has limited its attention to addressing the accommodation needs of those areas still housed in Victorian stock, and co-locating all clinical activities within a single zone.

2.2.2 These changes result in a smaller, more flexible building which fully capitalises on the opportunities for land disposal as an additional source of funding. Revisions to the project objectives and a long list of options that reflect these changes are described in more detail below.

2.2.3 In order to finance the investment, the Trust has commissioned a land disposal report and undertaken high level income modelling based on the activity assumptions outlined above. An initial appraisal on land disposals suggests a range of receipts totalling £24m for the sale of virtually all blocks outside the consolidated clinical area. Two plots of particular interest are the Waterlow/Nurses Home and the Dartmouth Park Hill frontage, which both potentially produce receipts of £9-10m. For the purposes of the affordability test, £20m has been assumed in receipts resulting from the scheme. The income derived from 6,000 births has been provisionally assessed at £2.2m. Sensitivity analysis has shown that the higher birth model (if realised) will aid affordability, as the marginal construction cost is within the additional funding resource. Using the crude 10% rule, 6,000 births results in income sufficient to underwrite £21m of construction.

2.2.4 There still remains a significant shortfall which the Trust must tackle if the redevelopment is to progress to a successful conclusion. Full financial modelling work has been taken forward within Trust's Integrated Business Plan (IBP), in support of its foundation Trust application.

2.3 Refining the project's objectives

2.3.1 As noted earlier, to achieve an affordable investment the Project Board has approved changes to the objectives previously agreed in the project initiation document (PID). This originally called for the re-provision of *all* remaining services, including women's and children's health, currently housed in outdated Victorian stock. The project objective is now summarised as:

"The purpose of the Whittington Hospital redevelopment is to deliver the modernisation of elements of the Whittington's estate and facilities, to ensure that future planned projections for core clinical services can be more efficiently delivered in accommodation that is fit-for-purpose, and which meets patients' expectations for health service provision in the 21st century."

2.3.2 Following the significant site developments completed in 2 phases in 2006 and 2007, this project relates specifically to the following clinical services:

- Maternity (including expansion to provide for up to 6,000 births);
- NICU (current NICU level 2 and expansion to meet consequences of provision for 6,000 births);
- Rehabilitation (therapies).

2.3.3 This redevelopment solution will not therefore resolve the accommodation needs of paediatrics based in block L, or the mortuary service located in block W. These areas will be the subjects of separate accommodation projects looking at how the Trust can respond to their specific requirements outside of the core redevelopment plan.

2.4 Non-financial evaluation of development options

2.4.1 As required by the DoH guidance, a long list of development options was identified by the project team for evaluation by the Project Board, against an agreed set of non-financial evaluation criteria. These were as follows:

Criteria	Ref	Description	Weight
Access to services/Patient acceptability	AA	The degree to which each of the options improve patient access to and pleasantness of, the services offered by the Trust. This includes the contribution of each option towards the principles of patient privacy and dignity	15
Clinical quality of care; ability to minimise waits	CQ	The impact of each of the options on the clinical performance of the hospital, in terms of improving clinical outcomes, and reducing waiting times	15
Future flexibility and sustainability of estate	FS	The extent to which the different options allow the Trust to re-profile its services in the future, and to address issues of backlog maintenance, reducing the burden of estate costs over time	10
Training & accreditation	TA	The impact of each option on the Trust's continuing role in the provision of training and education	4
Recruitment & retention	RR	The impact of each option on the Trust's ability to recruit and retain staff with the right skills and numbers	10
Congruence with the recommendations of *Healthcare for London: A Framework for action*	HE	The extent to which each option advances the strategic objectives of the local health economy	15
Ease of implementation	EI	The deliverability and achievability of each option, in respect of disruption and difficulties during their execution	4
Effective use of estate	EE	The degree to which each option achieves optimal utilisation of the Trust's physical capacity	6
Infection control	IC	The degree to which each of the options contribute towards the control of infection, and the reduction in MRSA/C-difficile cases	15
Environmental sustainability	ES	The degree to which each option contributes towards reducing the negative impact of healthcare facilities on the environment, as measured using the NHS environmental assessment tool (NEAT)	6
			100

2.4.2 The evaluation was undertaken on 13 September 2007, and scoring was agreed by consensus. The outcomes of the exercise are contained in the table below.

Non-Financial analysis of Long list of development options

	Option	Description	Rank
1	Do Nothing	▪ Maintenance of existing accommodation. No further expansion of facilities.	6
2	Do minimum – upgrade existing buildings	▪ Refurbish level 2, D and E Blocks (MAU/McCarthy and Mercers) for expanded NICU unit ▪ New build on S block site (1000 sq m) for Antenatal services ▪ Theatre pod (2 theatres) outside E block south (on car park site) at level 3 ▪ Refurbish remaining space in D and E blocks for maternity day assessment, delivery areas and IP beds ▪ Rehabilitation remains in Nurses Home	5
3	New integrated build on Whittington site	▪ New integrated build on C and D blocks site for Maternity, NICU and Rehabilitation. ▪ Also accommodates support services displaced from C block at basement level.	1
4	Part stand alone new build /part refurbishment on Whittington site	▪ Stand alone build for Maternity and NICU on site of Waterlow unit and Nurses Home ▪ Refurbish D block for Rehabilitation and some on-site residential accommodation displaced from Nurses Home	2

	Option	Description	Rank
5	Part do-minimum, part new build	▪ New build on site of D block to integrate with refurbished E block to provide expanded maternity and NICU services. Refurb of existing Maternity in E block. ▪ Rehabilitation to remain in Nurses Home	3
6	Greenfield site	▪ Maternity and NICU new build on greenfield site (unidentified) ▪ Rehabilitation services remain in Nurses Home	4

2.4.3 The project board recommended that options 2-5 be taken forward for more detailed activity and financial modelling as part of the redevelopment plan and IBP submission. Options 1 and 6 were excluded, as the Do Nothing approach failed to meet any of the project objectives, and no realistic location for the Greenfield site had been identified.

2.4.4 The non-financial analysis forms one aspect of the overall evaluation process, whereby each redevelopment option must also be considered for its financial and economic (cost benefit) robustness. In terms of the Trust's IBP, at this stage sufficient data has only been available to test the affordability of the refurbishment plan described in the Do Minimum option.

2.4.5 In order to demonstrate that the Trust has realistic plans in place to address the inadequacies of its older Victorian stock, it has therefore been agreed to include plans within the IBP that expand capacity and modernises facilities *within the existing accommodation*. This enables the Trust to meet the requirements of the FT application in the short term, whilst retaining the flexibility to test each of the shortlisted options further, and explore the full range of investment opportunities that are available, and which may result in the identification of an alternative affordable solution in the future.

3.0 Programme

3.1 As a consequence of the changes highlighted above, the programme has been revised to focus on a selection of key milestones. This recognises the Trust's commitment towards achieving foundation trust status during this time, and the intense activity relating to the application process. The team will therefore concentrate on developing the detailed service models for the clinical areas identified within the project objectives, to inform our assumptions on income and activity, and shape the financial analysis.

Date (complete by)	Milestone
December 2007	Activity projections, and translate into accommodation requirements
January 2008	Established workstreams for services not covered by redevelopment objectives (paediatrics, mortuary, administration)
Feb 2008	Decanting strategy
March 2008	Service model for each of the short listed options
May 2008	Disposals strategy, including liaison with LBI
May 2008	Construction costs for the short listed options
June 2008	Financial analysis of the short listed options
July 2008	Economic and financial evaluation of short listed options
September 2008	Business case for investment

3.2 On successful submission of the business case, it is likely that the physical works would commence no earlier than 2010/11, with preliminary enabling works taking place from 2009/10.