

Trust Board Report

Meeting Date:	25 th November 2013
Title:	Business Case for the Refurbishment of Main Theatres 3 - 6
Executive Summary:	This Business Case outlines the need for refurbishment to four main theatres (theatres 3 – 6) which are used for general surgery and trauma and orthopaedic works. These theatres are over thirty years old and have had no major upgrading works during their life. The Trust identified the need to do essential backlog and environment works in these theatres and allocated funding in the five year capital programme. This work has now been scoped and is valued at £1,999,763. The intention is to do this work over two years 2013/14 and 2014/15 to fit in with service requirements.
Action Requested:	Approval
Report of:	Head of Estates Development
Author:	Mike Goodwin Tel 01902 695947
Contact Details:	Email: mikegoodwin@nhs.net
Resource Implications:	Capital funding of £1,999,763 is required over two years. Exact expenditure in each year to be determined by the clinical service ability to release the theatres for works to be carried out. There are no revenue costs (with the exception of capital charges) associated with this project.
Public or Private: (with reasons if private)	Public Session
References: (eg from/to other committees)	Capital Review Group 13 th November 2013. Trust Management Committee 22 nd November 2013.
Appendices/ References/ Background Reading	Attachment 1 –Business Case for Refurbishment of Main Theatres 3 - 6
NHS Constitution: (How it impacts on any decision-making)	In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: <ul style="list-style-type: none"> ✚ Equality of treatment and access to services ✚ High standards of excellence and professionalism ✚ Service user preferences ✚ Cross community working ✚ Best Value ✚ Accountability through local influence and scrutiny

Background Details

1	Attachment 1 – Business Case for the Refurbishment of Main Theatres 3 - 6
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TITLE OF PROPOSAL Refurbishment of Main Theatres 3 – 6

EXECUTIVE SUMMARY

Main theatres are in excess of thirty years old, they are the hub of surgical services and have not undergone any major upgrading and are now in need of an upgrade to ensure patient and staff safety.

The areas that require upgrade, as deemed necessary by the Trust Estates department are:-

- Upgrade of electrical services, including the introduction of an essential un-interrupted power supply and additional sockets in the theatres and anaesthetic rooms
- Replacement of surgeons operating lights
- Upgrade of general lighting in theatres and anaesthetic rooms
- Replacement doors, cupboards and work surfaces
- Wall and flooring attention/replacement
- Essential plant room works

This work would ensure safe service continuity for future years.

PROJECT LEAD (ACCOUNTABLE OFFICER)

Marion Washer: Group Manager, Theatres/ICCU Service Group

1. BACKGROUND INFORMATION

Theatre Stock

Main theatres 3-6 are the original theatres, they are 30 years old and accommodate the surgical services detailed in table 1.

Main	3	Colorectal and General Surgery
	4	24 hour emergency theatre for all specialties except Orthopaedic trauma
	5	Orthopaedic and Breast surgery
	6	Elective and Trauma Orthopaedics and Head and Neck

Table 1.

1.1 Main theatres conduct elective sessions between 09.00hrs and 17.30hrs. There is a long established culture of session overruns of which the vast majority are unplanned and therefore, the day time elective and trauma activity within these theatres runs to an average finish time of 19.00hrs

2. DRIVERS FOR ESSENTIAL UPRGRADE

2.1 ACTIVITY

There has been a year on year increase in surgical activity over the last five years and the vast majority of the activity is conducted in Main theatres. It is essential that these theatres are fit for purpose to ensure the future of surgical services and indeed the organisation.

2.2 SAFETY

- Surgeons operating lights (particularly in theatres 5 and 6) have in recent months failed.
- Monitoring of patients during surgery has been lost on a few occasions when main power supply has failed. Re-booting of monitors can take several minutes if no UPS supply is available.
- The lack of UPS in theatres 3-6 has been recorded on the directorate risk register for several years (Datix 1109)
- The current state of walls and flooring in some of the theatres, have potential to become an infection prevention risk.
- There have been a few occasions in recent years when plant room failure has resulted in theatres being closed whilst remedial repair work is carried out. This remains a service continuity risk.

3. CASE FOR IMPROVEMENT (where do we want to get to).

Urgent work is required to upgrade the condition of Theatres 3-6 to a safe and acceptable standard, in order to maintain safety to patients and staff and ensure service continuity.

4 OBJECTIVES

- a. Ensure a safe theatre environment for our patients to undergo surgery
- b. Ensure a safe theatre environment for our staff working in theatre
- c. Ensure business continuity
- d. Comply with the Trusts' infection prevention standards

5. OPTIONS

Option 1. Do nothing :

This would not ensure a safe theatre environment for the future and would only partially comply with the objectives of this business case proposal.

Option 2. Upgrade Main theatres 3-6 as per the actions deemed necessary by the Trust Estates Department

6 PREFERRED OPTION

Due to the current electrical, mechanical and infection risks identified in Main theatres, **Option 2** is the preferred option.

7. NON-FINANCIAL OPTION APPRAISAL

(In case of significant capital schemes i.e. between £250K & £8million, completion of the Non-financial evaluation process template will be necessary). For Capital schemes above £8m refer to Director of Estates Development as an SHA process will need to be followed.

KEY: 0=objective will not be achieved 1=objective will be partially achieved
 2=objective will be mostly achieved 3=objective will be fully achieved

	Option1	Option2
Objective 1	1	3
Objective 2	1	3
Objective 3	1	3
Objective 4	2	3
TOTAL	5	12

8. ESTATES SCOPE OF WORKS

Please see Attachment

9. FINANCIAL SUMMARY

Please see Attachment

10. PUBLIC CONSULTATION–
N/A

11. EQUALITY IMPACT ASSESSMENT
N/A

12. BENEFITS (of the preferred option) - *The benefits must have a means by which their achievement can be measured. No benefit should be included that can not be quantified i.e. where there is no data that can be presented to demonstrate that the benefit (objective) has been achieved.*

<i>Benefit</i>	<i>Measure and approach</i>	<i>Date benefit will be realised</i>	<i>Responsible for Review</i>
<i>Safe environment for patients undergoing surgery</i>	<i>Estates review of services and general maintenance</i>	<i>Upon completion of upgrade works</i>	<i>Estates management Theatre Managers</i>
<i>Safe working environment for staff</i>	<i>Estates review of services and general maintenance</i>	<i>Upon completion of upgrade works</i>	<i>Estates management Theatre Managers</i>
<i>Ensured business continuity for now and the future</i>	<i>Theatre utilisation reports COO report</i>	<i>Upon completion of upgrade works</i>	<i>Estates management Directorate Manager</i>



13. RISK MANAGEMENT APPROACH

Risk	Mitigation	RAG Rating
<i>Loss of service continuity during upgrade works</i>	<i>Group Manager to plan activity around works – potentially converting to 3 session days and Saturday working</i>	<i>Green</i>
<i>Delays with project completion date</i>	<i>Group Manager to prepare contingency plan</i>	<i>Yellow</i>

14. DETAILED IMPLEMENTATION PLAN –

Key Actions	Person responsible	Timescale
Approval at Divisional Business Forum	Group Manager	October '13
Approval at Capital Review Group	Estates Manager	October '13
Appointment of Contractors	Estates Manager	Oct/Nov '13
Planning to ensure business continuity whilst work is being conducted	Group Manager	November '13
Commencement of upgrade works	Estates Manager	Nov/Dec '13

APPROVED BY:

Divisional Director..... Divisional Manager  4/11/13
 Divisional Accountant  4/11/13 Head of Nursing

APPROVED BY:



Contracting & CommissioningName.....Date.....

APPROVED BY

Trust Management TeamName.....Date.....

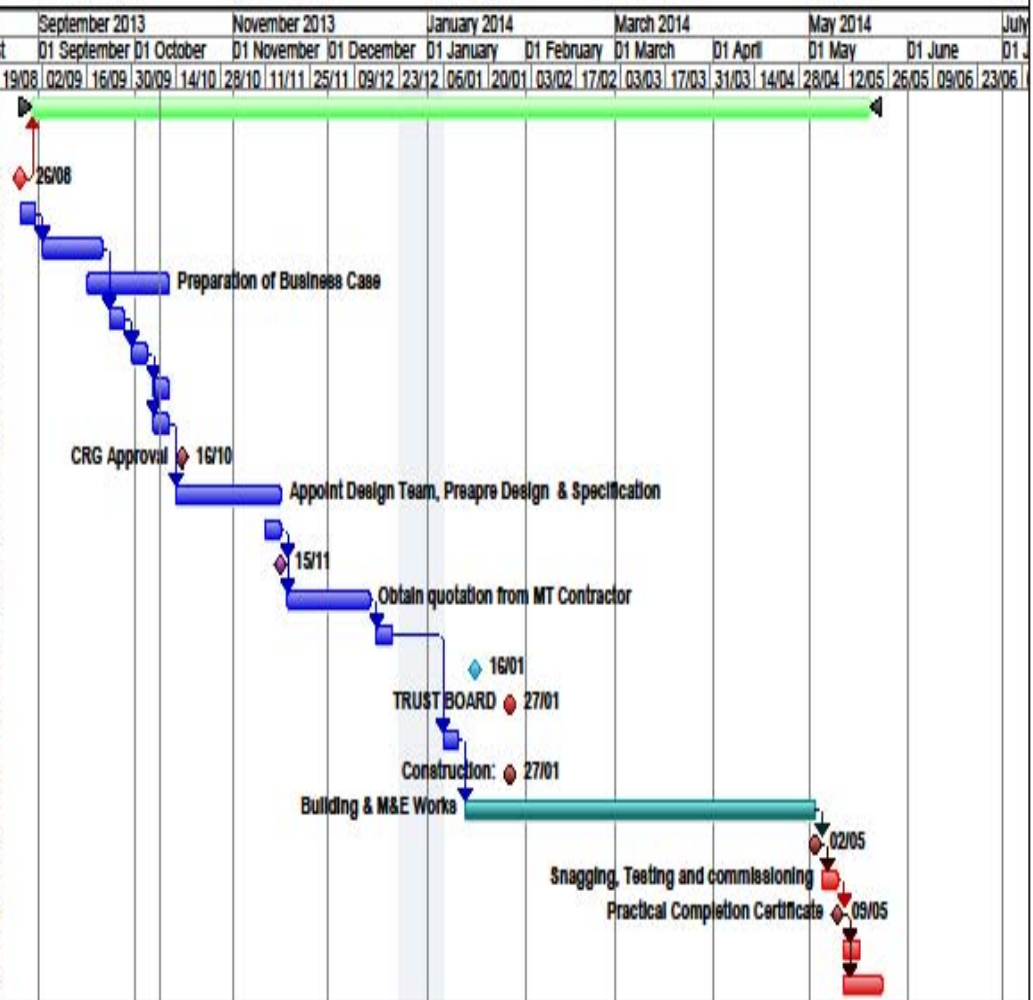
APPROVED BY

Trust BoardName.....Date.....

Business Case: 43413 - Main Theatre refurbishment (Theatres 3,4,5, and 6)		The Royal Wolverhampton NHS				NHS Trust		
Version: 1		Ref: 910						
CAPITAL COST:-								
	Capital £	Life Years	Capital £	Life Years	Capital £			
	Year 1		Year 2		Total			
Building Costs	1,763,963	20	0		1,763,963			
Professional Fees and Charges	195,000	20	0		195,000			
Equipment (FF&E)	40,800	7	0		40,800			
TOTAL CAPITAL	1,999,763		0		1,999,763			
ACTIVITY & OTHER INCOME:-								
	Activity		Tariff		Income			
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2		
	FYE		FYE		Recurring			
Description			£	£	£	£		
Activity Income must be entered by Point of Delivery								
TOTAL INCOME					0			
REVENUE COST:-								
<i>Note: All entered as minus values (-£)</i>								
Pay Costs								
Description	Department	Date wef	Pay Band	PAs/ Other	Cost per WTE £	WTE	Spend Year 1 £	Year 2 Recurring £
Pay - Direct Clinical						0	0	0
Pay - Clinical Support						0	0	0
Total Pay Costs						0	0	0
Non Pay Costs								
Non Pay - Direct Clinical						0	0	0
Non Pay - Clinical Support						0	0	0
Total Non Pay Costs						0	0	0
TOTAL CLINICAL AND CLINICAL SUPPORT COSTS								
TOTAL CONTRIBUTION TO TRUST OVERHEADS								
AS PERCENTAGE (Should be 20% or above)								
OVERHEAD COSTS:-								
TOTAL OVERHEAD COSTS								
TOTAL EBITDA								
MARGIN AS PERCENTAGE (Should be 10% or above)								
CAPITAL CHARGES:-								
<i>Note: All entered as minus values (-£)</i>								
Impairment						0	(103,777)	
Depreciation						(34,996)	(68,176)	
Rate of Return						(34,996)	(171,952)	
TOTAL COST OF CAPITAL								
NET SURPLUS								
MARGIN AS PERCENTAGE (Should be 3% or above)								
Divisional Accountant		Divisional Manager / Director						
Name: 		Name: 						
Date: 4/11/13		Date: 4/11/13						


**43413 MAIN THEATRES REFURB
INITIAL OUTLINE PROGRAMME-Issue 2
3 October 2013**

ID	Task Name	Duration	Start	Finish	September 2013		November 2013		January 2014		March 2014		May 2014		July													
					01 September	01 October	01 November	01 December	01 January	01 February	01 March	01 April	01 May	01 June	01 July													
1	OUTLINE PROGRAMME	185 days	Mon 26/08/13	Fri 23/05/14	19/08	02/09	16/09	30/09	14/10	28/10	11/11	25/11	09/12	23/12	06/01	20/01	03/02	17/02	03/03	17/03	31/03	14/04	28/04	12/05	26/05	09/06	23/06	
2																												
3	Business Case:	0 days	Mon 26/08/13	Mon 26/08/13																								
4	Appoint M&E consultant	5 days	Mon 26/08/13	Fri 30/08/13																								
5	Initial Assessment and detailed Scope	15 days	Mon 02/09/13	Fri 20/09/13																								
6	Preparation of Business Case	20 days	Mon 16/09/13	Fri 11/10/13																								
7	Final Report with cost estimates	5 days	Mon 23/09/13	Fri 27/09/13																								
8	Agree Scope of work (prioritise)	5 days	Mon 30/09/13	Fri 04/10/13																								
9	Prepare Indication of Cost and Initial Programme	5 days	Mon 07/10/13	Fri 11/10/13																								
10	Obtain Design team Quotes	5 days	Mon 07/10/13	Fri 11/10/13																								
11	CRG Approval	0 days	Wed 16/10/13	Wed 16/10/13																								
12	Appoint Design Team, Preapre Design & Specification	25 days	Mon 14/10/13	Fri 15/11/13																								
13	Comments from EM & quote information	5 days	Mon 11/11/13	Fri 15/11/13																								
14	Procurement:	0 days	Fri 15/11/13	Fri 15/11/13																								
15	Obtain quotation from MT Contractor	20 days	Mon 18/11/13	Fri 13/12/13																								
16	Clarifications	5 days	Mon 18/12/13	Fri 20/12/13																								
17	Report to Trust Board	0 days	Thu 16/01/14	Thu 16/01/14																								
18	TRUST BOARD	0 days	Mon 27/01/14	Mon 27/01/14																								
19	Place Order ans mobilisation	5 days	Mon 08/01/14	Fri 10/01/14																								
20	Construction:	0 days	Mon 27/01/14	Mon 27/01/14																								
21	Building & M&E Works	80 days	Mon 13/01/14	Fri 02/05/14																								
22	Handover:	0 days	Fri 02/05/14	Fri 02/05/14																								
23	Snagging, Testing and commissioning	5 days	Mon 05/05/14	Fri 09/05/14																								
24	Practical Completion Certificate	0 days	Fri 09/05/14	Fri 09/05/14																								
25	Handover to Enduser and Training	5 days	Mon 12/05/14	Fri 16/05/14																								
26	H&S File and O&MM	10 days	Mon 12/05/14	Fri 23/05/14																								



<PROJECT NAME, NUMBER> New Cross Hospital Capital Estates Development	Date: 14/10/2013
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Pre business case APPROVAL STATUS

The Royal Wolverhampton Hospitals 
NHS TRUST

Indication of Cost
For
Proposed New Facilities at
RWH NHS Trust New Cross Hospital

08.10.2013

MAIN THEATRES REFURBISHMENT

43459

Prepared by :	Tariq Hakim	
Approved and authorised for issue by :	Ed Callaghan	
Issue	Rev 0	

		Area M2	Total Brought Forward	Total	£/m2
	Construction Costs				
1	Building (inc VAT)			£ 1,620,000.00	#DIV/0!
2	Supplementary Costs			£ 10,200.00	
3	Project Contingency Allowance			£ 121,500.00	
	Construction Section Total			£ 1,751,700.00	inc VAT
1	Equipment (FF&E) (inc Vat)			£ 40,800.00	
	Equipment Section Total			£ 40,800.00	inc VAT
	Construction & Equipment Total			£ 1,792,500.00	inc VAT
3	Professional Fees and Charges (nil VAT)		£ 150,000.00		
4	Trust PM Fees (Nil VAT)		£ 45,000.00		
4	Prior expenditure		£ 12,263.18		
	Charges Section Total			£207,263	
	Total Project Cost			£ 1,999,763.18	
	Capital Programme - Original allocation, incldg vat and fees				
	RWH NHS Trust New Cross Hospital				
	Equipment Cost				
	;;mk ;;;'				
	Capital Programme - Original allocation, incldg vat and fees				
	Variance to Capital Programme - Original allocation, incldg vat and fees				

Assumptions & Exclusions

Information used for costing purposes

- BDP FeasibilityStudy dated 16 September 2013 ref P2005938

Exclusions (add/delete as appropriate)

- Asbestos removal.
- No allowance for out of hours working.
- See page 33 of BDP FeasibilityStudy dated 16 September 2013 ref P2005938

Assumptions

- See page 34 of BDP FeasibilityStudy dated 16 September 2013 ref P2005938
- Project will be procured through MTC
- Equipment costs are a budget allowance pending feedback from the end users
- Existing incoming and local supplies are of adequate capacity.
- Costs assume start on site in January 2014
- No structural alterations required

Elemental Summary		Total Brought Forward
Contract Works*(exc VAT)		£
1	Insert assumed contract works value here	£ 1,350,000.00
2		
3		
	Subtotal	£ 1,350,000.00
	Preliminaries @	
	12.5%	£ -
	VAT @20%	£ 270,000.00
	Total Contract Sum (ex VAT) carried forward	£ 1,620,000.00
Supplementary Works *(NCLUDING VAT)		£
1	Weekend Working	6,000
2		
3		
	Subtotal	£ 6,000.00
	VAT @20%	£ 1,200.00
	Total Contract Sum (ex VAT) carried forward	£ 7,200.00
Supplementary Works *(Exc VAT)		£
1	Dworks	3,000
2		
3		
	Total Supplementary costs (ex VAT) carried forward	£ 3,000.00
FF&E Build up Estimate		£
1	Specialist equipment	-
2	Clinical equipment	30,000
3	IT Equipment	4,000
	Total Supplementary costs (inc VAT) carried forward	£ 34,000.00
	VAT	£ 6,800.00
	subtotal	£ 40,800.00
Project TRUST Contingency @ 7.5%		£ 121,500.00 Includes VAT