

Trust Board Report

Meeting Date:	17 th January 2011
Title:	Integrated Pathology Full Business Case
Executive Summary:	The Executive Summary of the Full Business Case is attached for Trust Board approval. The Full Business Case is available upon request. This request for approval precedes the requirement for SHA approval.
Action Requested:	Approval
Report of:	Acting Director of Estates Development
Author: Contact Details:	Brian Midgelow-Marsden Tel 01902 695947 Email brian.midgelow-marsden@nhs.net
Resource Implications:	Capital Costs £15,443,271 (represents a £1.7million reduction on capital value stated at Outline Business Case stage) Workforce savings £745,000 Contribution before Capital Charges £563,000 Position after Capital Charges (£435,000)
Public or Private: (with reasons if private)	Public Session
References: (eg from/to other committees)	From: Contracting and Commissioning Forum 6 th January 2011 Trust Management Team 14 th January 2011
Appendices/ References/ Background Reading	Attachment 1 – FBC Executive Summary
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	The Outline Business Case for the New Integrated Pathology Building was approved by the Trust Board in March 2010 and subsequently approved by the Strategic Health Authority in July 2010.
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This Full Business Case is presented for final approval by the Trust Board in advance of external approval. Final approval of this case will allow the construction of the project to proceed. Construction is programmed to commence in late April 2011.

External approval of this FBC is required as the capital value of the project exceeds the Trust's delegated limits for approval although the project will be funded by the Trust's Capital Programme.

The capital and revenue implications of the project are included within the Trust's LTFM.

ROYAL WOLVERHAMPTON HOSPITALS NHS TRUST



Full Business Case for the Integrated Pathology Unit at New Cross Hospital

EXECUTIVE SUMMARY

DRAFT 2.3 6th January 2011

Version Control Table

Version Number	Issue Date	Issued to	Purpose
1.0 Sections 2-4 only	8/11/10	FBC Delivery Group and Workstream Attendees	Initial review & comment
1.1 Sections 2-4 amended and Sections 5, 8, 10 and 11 added	15/11/10	FBC Delivery Group and Workstream Attendees	Initial review & comment on added sections
1.2 Sections 1 & 7 (part added), Section 12 added. General updates	22/11/10	FBC Delivery Group and Workstream Attendees	Initial review & comment on added sections
1.3 Sections 1 & 7 updated; Section 6 added. Appendices issued	7/12/10	FBC Delivery Group and Workstream Attendees	Initial review & comment on added sections & Appendices
1.4	10/12/10	Trust for circulation to the Steering Group	Approval in principle
1.5	16/12/10	Carolyn Robinson for Capital Review Group	For approval
2.0	24/12/10	Carolyn Robinson	For final review
2.1 Exec Summary Only	31/12/10	Carolyn Robinson	For issue to Exec Team
2.3	06/01/11	Carolyn Robinson	For circulation

1 Executive Summary

1.1 Introduction

New Cross Hospital is operated by The Royal Wolverhampton Hospitals NHS Trust and is located in the Heath Town area of the city of Wolverhampton.

The Trust provides a full range of clinical services at both secondary and tertiary levels. The hospital site comprises a range of clinical and support facilities which vary significantly in terms of age and functional suitability. In order to achieve the organisation's key objective of delivering high quality, effective and efficient patient care the Trust has established a strategic vision for the reconfiguration of a number of core clinical services plus the redevelopment of the New Cross Hospital site to provide modern facilities which are fit for purpose. To this end a Planning Application for the redevelopment of the New Cross site has been submitted to and approved by Wolverhampton City Council.

The Royal Wolverhampton Hospitals NHS Trust was established in 1994 and is a major acute Trust providing a comprehensive range of services for the people of Wolverhampton, the wider Black Country, South Staffordshire, North Worcestershire and Shropshire.

The Trust is one of the largest in the West Midlands and the largest teaching hospital in the Black Country providing teaching and training for over 130 medical students on rotation from the University of Birmingham Medical School. It also provides training for nurses, midwives and allied health professionals through well established links with the Universities of Wolverhampton, Aston and Keele.

The Trust operates circa 720 beds including 29 intensive care beds and 14 neonatal intensive care cots and employs approximately 5000 staff. The operating budget for the Trust in 2010/11 is £290m.

During 2009/10 the Trust treated almost 55,000 inpatients, over 430,000 outpatients and managed 100,000 A&E attendances and based on activity to date in 2010/11 these activity levels continue as demonstrated in Table 1.

Table 1: Trust Activity Summary¹

Activity	2009/10 Actual	2010/11 Plan	2010/11 Forecast out turn at Month 7
Elective Inpatient	9894	9952	9890
Non Elective Inpatient	44140	43876	44696
Total IP Spells	54803	53709	53594
Day Case	40036	38019	38890
Regular Day Attenders	21770	71883 ²	72072
New Outpatient	125993	119336	121870
Review Outpatient	308507	332162 ³	343926
Total Outpatient	434500	451499	465796

¹ Extracted from Trust Performance Report

² Increase reflects inclusion of all sites and sessions

³ Increase reflects inclusion of OP procedures

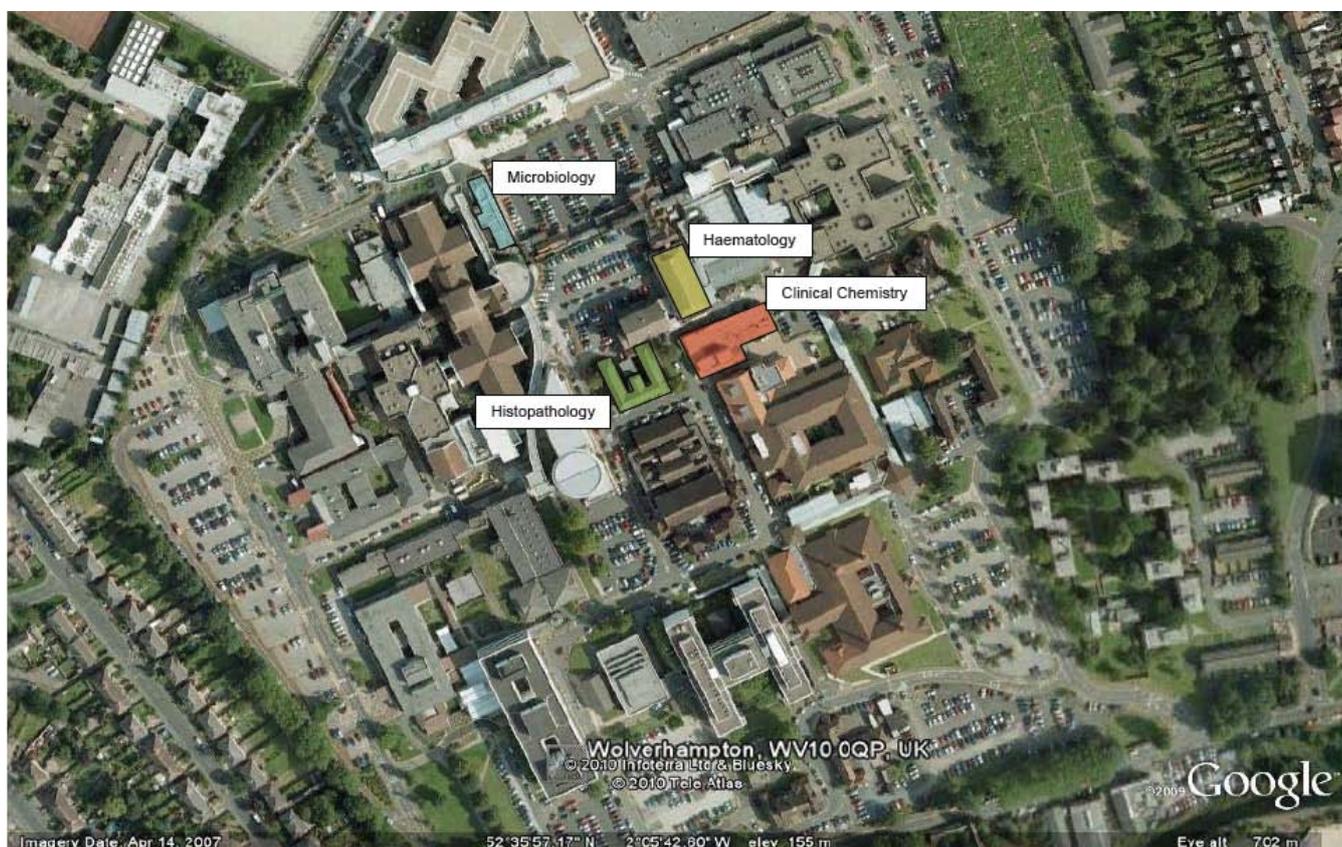
The Trust is supported in the delivery of its clinical priorities by the Pathology Directorate which provides an essential diagnostic service. This business case proposes viable changes to this service which will improve the efficiency, quality and affordability thus ensuring improved delivery and fitness for purpose to meet the challenges for the future.

The Royal Wolverhampton Hospitals NHS Trust Pathology Directorate has an expenditure budget for 2010/11 in excess of £11 million and it is projected that in the current year its services will generate more than £3 million in Direct Access income for the Trust. The Directorate comprises the following Services:

- Microbiology Department (incorporating molecular biology);
- Haematology Department (incorporating Immunology and Blood Transfusion Medicine);
- Clinical Chemistry Department;
- Histopathology Department (incorporating Cytology Service);
- Phlebotomy Service; and,
- Mortuary (Body Store provision).

The current laboratory services are provided in four different buildings/locations on the hospital site (see Figure 1), using facilities and technologies of differing age and standards. There is little or no further scope for integration of services at an analytical or organisational level apart from the establishment in the current configuration of a joint specimen reception for routine haematology and clinical chemistry samples.

Figure 1: Department Locations across the New Cross Hospital Site



As a result of the disparate locations of the services there is some duplication of work, particularly with regard to the pre-analytical processes that could be better provided centrally. The laboratory buildings are also of varying condition and suitability ranging in age from 15 to 48 years. The buildings all have severe limitations in terms of flexibility in addition to significant operational and backlog maintenance issues.

Overall the Pathology Directorate's activity has been increasing at an average rate generally in line with the "Report of the Review of NHS Pathology Services in England" (Carter). The rise in activity for the Trust is summarised in Table 2:

Table 2: Pathology Services Activity (Requests):

	Clinical Chemistry	Microbiology	Haematology Blood Bank Immunology	Histopathology (Histology plus Cytology)
2002/3	363,592	163,390	300,191	43,825
2003/4	388,670	170,460	326,789	43,679
2004/5	419,935	172,722	333,266	45,424
2005/6	458,755	193,161	357,985	42,568
2006/7	450,078	198,969	346,771	40,844
2007/8	459,915	214,556	357,121	39,190
2008/9	492,891	271,554	385,860	40,548
2009/10	541,435	314,370	402,414	40,692

1.2 Local and National Context

This Full Business Case has been prepared in the context of a complex national and local policy agenda considered by the Trust and health economy to be critical to the planning process which is summarised in Table 3 below.

Table 3: National and Local Policy Initiatives and fit to this FBC

Policy	Scheme Strategic Fit
Report of the Review of NHS Pathology Services in England 2006 and 2008	The Carter Reviews are one of the key national drivers for change in Pathology Services and implementation of the changes recommended is a DH priority. The proposals in this Business Case address a number of the recommendations in terms of improved efficiency; end to end connectivity and rationalisation of laboratories.
Liberating the NHS and GP Commissioning	The fundamental restructuring of the NHS outlined in the White Paper will impact significantly on services commissioned directly by GPs. The structure of the local consortia are yet to be confirmed but the drive for increased efficiency and improved quality and outcome management will need to be addressed locally and the development of a Pathology Service which is fit for purpose is vital for the Trust and the local health economy

Policy	Scheme Strategic Fit
Quality Innovation Productivity and Prevention	The delivery of the QIPP programme is a key priority with a focus on improved efficiency, cost reduction and improvements in a range of functions. These can be addressed through the rationalisation of the Pathology Services and the introduction of LEAN working; improved staffing skill mix and introduction of electronic requesting and maximised automation thus ensuring the services demonstrate value for money and cost reductions for users/commissioners
Foundation Trust	Pathology Services are a vital clinical support function which contributes to the efficient diagnosis and treatment of patients across all specialties. In terms of the priority to ensure every Trust is or is part of a Foundation organisation this development underpins the position of the Trust in the delivery of robust, viable clinical services in a manner which is fit for the future
Site Masterplan	A key vision for the Trust is the establishment of an integrated hospital. This is achieved by reducing the quantity of peripheral buildings on the site, and concentrating clinical services at the core, maximising the use of the better quality existing buildings, refurbishing where appropriate and cost effective, and providing new buildings linked to the existing facilities to achieve the required clinical adjacencies and design to be fit for purpose into the future. This development is part of Stage 1 of this 4 Stage Masterplan
Connecting For Health	The achievement of direct links between primary and secondary care to support better patient management, outcomes and experience remains a key priority. The provision of upgraded IT infrastructure and the roll out of eRequesting for internal and external users will provide a vital component of the full visibility of patient care to the whole clinical team
Transforming Community Services	The vision for this initiative launched in 2008 includes improved productivity through greater integration of service pathways with clinicians encouraged to focus on quality and take an innovative approach to the provision of care and is vital to the delivery of "Equity and Excellence". The Trust has been selected as the preferred host for 5 identified pathways and with effect from April 2011 the Trust will take responsibility for the community Phlebotomy service

1.2.1 Trust Integrated Business Plan

The Pathology Service is a fundamental component of the Trust's clinical structure. The external clinical service assessment completed by Ernst & Young in 2008 reaffirmed the importance of an on site Pathology service to underpin the long term clinical strategy, support the key clinical accreditation standards relating to Cancer, Cardiothoracic & Lung and the other tertiary services.

In its Integrated Business Plan (IBP) the Trust has articulated 10 strategic goals to support delivery of the Trust vision and values. The establishment of an Integrated Pathology Building will ensure that in terms of the Pathology Service these goals are achieved and will also contribute significantly to the ability of the core and specialist clinical services to individually and collectively deliver improvements in patient care and overall performance.

1.3 Drivers for Change, Project Objectives and Benefits

The Pathology Service has sought to pursue this radical change in its structure and service pattern as a consequence of a number of physical, technological and organisational drivers for change:

- Physical facilities;
- Changes in the Service Model ;
- Impact of LEAN methodologies;
- Introduction of GP Commissioning;
- QIPP and Partnership Working;
- Workforce Planning;
- Equipment and Analytical Technology; and,
- Changes in ICT.

Following extensive analysis of the current position and impact of internal and external changes, the following key objectives were adopted in developing the future vision of the service and the Trust as a whole:

- Integration of the four pathology disciplines within a single building;
- Establishment of a single specimen reception and sample preparation area;
- Maximisation of integrated automation;
- Re-profiling of workforce to reflect skills required for the future;
- Establishment of services/facilities which can respond flexibly to internal and external changes;
- Maximise use and availability of technology to support internal service model and interface with internal and external stakeholders/users;
- Maximise contribution/benefit of the services to the patient experience/pathway;
- Improved operating environment for staff and equipment;
- Site Rationalisation resulting in elimination of a number of buildings in poor state of repair;
- Preparation of the Trust for the future phased development of the site; and,
- Development of energy efficient and low carbon buildings.

In agreeing these objectives the Pathology team has also identified measurable benefits which will be achieved for patients, the Pathology Service and the organisation as a whole and these can be summarised as follows:

- Improved Clinical Quality;
- Improved patient and customer care;
- Improved Staff Resourcing;
- Improved patient flow and throughput;
- Support for the Trust Strategic Direction;
- Improved quality and flexibility of accommodation;
- Improved ability to respond to Commissioning strategies and intentions; and,
- Reduced service costs.

1.4 Activity & Capacity

The Trust has developed a Long Term Financial Model (LTFM) in conjunction with its prime commissioners which reflects the agreed projected changes (increases and decreases) in activity in the period from the base line of 2010/11 to 2015/16.

The LTFM provides an activity assessment and the financial impact of those changes. Table 4 provides a summary of the projected activity for the Trust, based on Spells.

Table 4: LTFM Activity Summary

	Currency	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Elective	Spells	50,183	54,116	54,603	55,299	55,610	55,921
Non-Elective	Spells	44,658	46,002	44,097	42,526	42,807	43,088
Outpatient	Attendances	478,272	438,955	437,871	443,460	445,890	448,319
A&E	Attendances	100,095	103,762	103,762	103,762	103,762	103,762
Other	Various	680,311	622,440	622,440	622,440	622,440	622,440

Note: For detail refer to Trust LTFM version 8.1

1.4.1 Summary of Planning Assumptions Underpinning this Development

In planning for this development and specifically its functional content and capacity the following assumptions have been identified and quantified to underpin the proposed solution.

1.4.1.1 Growth Assumptions

A key issue for this case is that the rate of growth within Pathology has historically been significantly higher than for the wider clinical services within the Trust as a consequence of:

- Direct access activity;
- New tests/technology;
- Surgery programmes;
- Implementation of the Quality Outcome Framework; and,
- Developments in screening.

This assertion is in line with the national view point as published in “Report of the Review of NHS Pathology Services in England 2006 and 2008” (Carter). It has been assumed that this pattern of general growth and its relative position to the wider Trust activity will continue into the future.

It is acknowledged that proactive Demand Management will play an increasing role both within the Trust and with external users (particularly GPs), although this is not anticipated to have the impact of ceasing or reversing this trend. However as part of the risk and affordability assessments undertaken a scenario of zero growth has been completed and still displays a positive affordability position for the project.

1.4.1.2 Service Reorganisation

In response to the issues facing the Trust in terms of the wider operating environment the following key planning assumptions have been made:

- Centralisation and use of third party contractors- the Trust considered this at the development of the original list of options for appraisal. The Trust at that stage rejected a centralised approach and provision of hot laboratory services on site in view of the potential impact on delivery of the other clinical services on the site and the impact of centralisation on the lack of control of the service and its integration with the wider Trust services. This position was reassessed during the preparation of this FBC and was again rejected as an appropriate way forward;
- Service reconfiguration- the configuration of Pathology services across a wider geographic area will be driven by decisions regarding the distribution/configuration of the core clinical services provided by hospitals, as the provision of such support services must reflect the

demand and activity distribution not vice versa. The Trust is currently in discussion with two Trusts in relation to the transfer to the New Cross Hospital site of their respective cytology services. These are at a sensitive stage but clarity of direction will be in place prior to commencement of construction on site and can therefore be accommodated at minimal cost. The potential for this and other changes has therefore been assessed through the development of activity and capacity scenarios, linked to mitigation proposals which are detailed in Section 4.4. and,

- Transforming Community Services (TCS)- although the delivery of the community based Phlebotomy service will transfer to the Trust from the PCT in April 2011 it is not anticipated that this or any other local TCS initiative will impact significantly on the activity/throughput of the Pathology service.

1.4.1.3 Market Testing and Commissioning

The drive for efficiency and service improvement is key for all clinical and support services. In advancing Pathology Services for the Trust the Project Steering Group is looking to ensure that the services are configured in the most effective and cost efficient way in readiness for potential market testing by GP commissioners and local hospital providers in the future. It is not proposed to market test the Pathology services of this Trust; however, the team does acknowledge that the local GP commissioning consortia will wish to test the service in terms of effectiveness and value for money. The proposals within this case underpin the achievement of further significant cost reductions in the future which will be reflected in improved service performance in terms of throughput and cost per test. These future additional benefits will be advantageous to both the Trust and service commissioners.

In order to ensure market readiness for such a test of Value for Money the team has proactively researched the full range of issues and concerns facing local users in primary and secondary care areas and will ensure that quality, processes and costs are reviewed so that the services offered match the market needs. A comprehensive mitigation and marketing plan is being prepared, however, the potential impact of changes as a consequence of market forces/commissioning changes have also been assessed based on the following scenarios and impact assessment.

- a) Gaining the Cytology activity of one other local Trust (24,000 additional samples);
- b) Loss of the Trust's Cytology Service;
- c) Gaining the Cytology activity of two other local Trusts (circa 54,000 additional samples);
and,
- d) Loss/Gain of GP Consortia activity based on
 - i. Gain of GP activity of 20% and 50% based on market testing;
 - ii. Loss of all Wolverhampton City PCT GPs (assuming single consortium).

The service, staffing, financial and physical design consequences of each of these scenarios is summarised in Table 5.

Table 5: Summary of Activity Scenarios

Activity Scenario Impact Summary								
New staff costs based on April 2010 pay rates (top of scale, inclusive of on costs) - existing staff costs based on budget								
Workload	Baseline	Annual Activity – gain/loss	Total Cumulative Activity	Impact on income £	Impact on staffing numbers	Additional staff requirements	Cost of staff changes £	Impact on building design
New Cross - continue with current workload	21,000	0	21,000	none	Currently have: 5 screeners, 2 checkers, 1 Adv.practitioner, (2 students)	None - current budget £340,725	None	None
New Cross - Gain Cytology work from Trust A	21,000	24,000	45,000	Cost neutral - income to cover pay & non pay	Will require: 11 screeners, (2 x full time, 9 x 5hrs each), 4 checkers, 1 Adv.practitioner, (2 students)	6 x B4 x 0.67wte + 2 x B7 (1 wte + 0.67 wte)	187314	None
New Cross - Lose current Cytology workload to Trust A	21,000	-21,000	0	Loss of service will result in cost pressure of £144,340	Potentially lose: 4/5 screeners, 2 checkers, 1 Adv. Practitioner. (1 checker = Deputy Head BMS) Retain 1.5 wte B6 (non gynae prep & primary diagnostic screening)	Loss of staff - TUPE to Trust A. Retain 1.5 wte B6 for non gynae work	-278412	Minimal. Office space available to support other Trust services and site rationalisation.
New Cross - Gain Cytology work from Trust A & Trust B	21,000	54,000	75,000	cost neutral - income to cover pay & non pay	Will require: 18 screeners, 5 checkers, 2 Adv. Practitioners (2 students)	13 x B4 x 0.67wte + 2 x B7 (1 wte + 2 x 0.67 wte) + 1 x B8b	412260	Additional cytology screening space required. This can be accommodated by expanding into part of adjacent block store and finding alternative space or limiting on site storage.
New Cross – Gain up to 20% additional activity	464,925 ⁴¹	92,985	557,910	£299,320	Additional staff minimal due to automation	Additional staff minimal due to automation	Nil	Additional analyser units required but no space impact. Additional equipment will be sourced through separate business case or MSC contract.
New Cross - Gain up to 50% additional activity	464,925	232,463	697,388	£1,421,576	Additional staff minimal due to automation	Additional staff minimal due to automation	Nil	Additional analyser units required but no space impact. Additional equipment will be sourced through separate business case or MSC contract.

⁴ Activity relates to all GP activity and not just WCPCT

Activity Scenario Impact Summary								
New staff costs based on April 2010 pay rates (top of scale, inclusive of on costs) - existing staff costs based on budget								
Workload	Baseline	Annual Activity – gain/loss	Total Cumulative Activity	Impact on income £	Impact on staffing numbers	Additional staff requirements	Cost of staff changes £	Impact on building design
New Cross - Lose WCPCT GP activity	464,925	-394,093	71,838	-£2,406,817	Reduction across all levels	-24	-£906,286	Nil

1.4.2 Pathology Services Activity Projections

The number of requests received and analysed by the Pathology disciplines has demonstrated a consistent rise and, in assessing the projected activity, the teams have taken into account:

- The known changes in contractual activity (e.g. the Pathology Directorate has recently taken on Immunology work on behalf of the Birmingham Children’s Hospital NHS Foundation Trust and some of the Royal Shrewsbury Hospitals NHS Trust activity);
- Changes in clinical activity within the Trust as a whole;
- Potential impact of the adoption of Point of Care Testing (POCT) within the local health community, though this is largely assumed to be via slowing of growth rather than overall reduction; and,
- Projected level of Direct Access Services, as reflected in the LTFM.

Table 6 provides a summary of the projected activity levels within the Pathology department based on anticipated changes in workload and technology. In line with the capital planning guidance the projections have been taken to the planning horizon and then plus 5 years and plus 10 years.

Table 6: Projected Pathology Activity (including Direct Access) 2008/09-2020/21:

Year	Blood Sciences	Microbiology	Histopathology (Histology plus Cytology)
2008/9 (Baseline)	878,751	271,554	40,548
2009/10 (Current)	943,849	314,370	40,692
2012/13 (Planning Horizon)	1,154,155	371,801	42,725
2015/16 (+5 on current)	1,419,695	439,910	44,986
2020/21 (+10 on current)	2,039,376	582,812	49,355

In terms of the Direct Access activity undertaken by the Pathology Service the LTFM planning projections are summarised by specialty in Table 7. These projections are based on a growth rate agreed with the PCT.

Table 7: LTFM Projected Direct Access Activity 2009/10-2015/16:

	Plan 2009/10	Outturn 2009/10	Plan 2010/11	Forecast Out turn 2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Clinical Chemistry	226,937	260,209	250,272	278,694	275,719	283,329	291,463	299,860	299,860
Non cervical Cytology	81	70	108	73	119	122	126	129	129
Haematology	111,657	117,827	116,978	129,859	128,872	132,429	136,231	140,156	140,156
Histology	2,418	2,377	2,358	3,261	2,598	2,669	2,746	2,825	2,825
Immunology	7,511	8,056	8,386	9,355	9,239	9,494	9,766	10,048	10,048
Microbiology	64,203	72,958	72,420	79,536	79,784	81,985	84,339	86,769	86,769
Total	412,807	461,497	450,522	500,778	496,330	510,028	524,671	539,786	539,786

These figures include in 2011/12 recently agreed activity with two additional GP practices which are not yet accounted for in the LTFM.

It is important to note when assessing the volume of Pathology Test requests, where activity suggests significant rises, that this will not generally translate into a significant change in space requirements as this will be accommodated by provision of capacity within the analyser configuration and improvements in technology, together with effective capacity planning and work distribution.

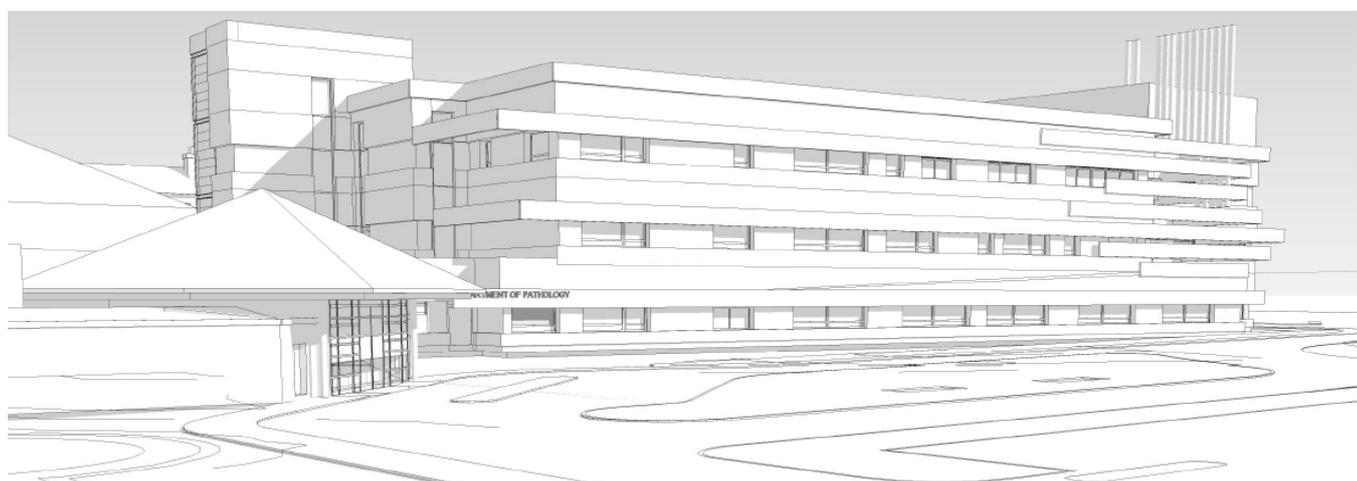
1.5 The Proposed Pathology Scheme (including Equipment and eRequesting)

1.5.1 Functional Content and Design Solution

The proposed solution provides an Integrated Pathology Building including shared automation platforms, specialised clinical laboratories, and departmental administration together with accommodation for the Infection Prevention Department.

The facility sized at 4178m² has been designed over three floors- with the shared specimen reception and automated analysis provided on Level 0 (Ground) alongside the specialised Blood Sciences areas; Level 1 is designed to accommodate the Microbiology Department with Histopathology located on Level 2.

Figure 2: An Artist's Impression of the Buildings External Façade



1.5.2 Equipment

The approach to the provision of the equipment (technical/clinical and furniture) for the new development has sought to utilise appropriate funding streams including:

- Extended scope of consumables based Managed Service Contracts (MSC);
- Use of the Trust's existing Equipment Replacement Programme; and,
- Equipment allocation within the capital costs.

The vision for the future provision for major (automated) equipment is a Managed Service Contract whilst establishing a basis for an ongoing equipment replacement/technology refresh programme which reflects changes in technology and efficiency and the purchase as many of its consumables as possible through a single (or small number) contractor. This will provide the following financial, operational and risk benefits:

- Suppliers' contractual obligations are well defined and subject to regular performance monitoring and are linked to prescribed penalties for non-conformance or compliance;
- Aspects of the service provided, including equipment purchase, installation, training, maintenance, upgrading/refresh, administration and other value added services are covered and transferred to the supplier;
- Avoidance of capital outlay, improvement of financial flows and provision of opportunities for cost avoidance and savings;
- Operational benefits from the 'future proofing' service provision by allowing technology refreshes during the duration of the contract;
- Cost and risk of ownership remains with the contractor, thereby reducing significantly those risks and liabilities traditionally borne by the pathology service. While not exclusive, the following risks can be mitigated:
 - initial capital investment and unanticipated future requirements to meet service changes and rising demand;
 - unforeseen maintenance and spare part costs;
 - new staff training costs ;
 - costs (financial and operational) associated with equipment downtime;
 - provision of services, reagents and consumables; and,
 - failure to realise the maximum potential of the equipment offered in terms of utilisation, productivity and functionality.

The full MSC tender exercise will be completed during 2011 to ensure that the equipment solution is designed, and commissioned in readiness for the commencement of operational services in October 2012.

In terms of the equipment outside the scope of the MSC the Project Team has completed a full reconciliation of the equipment requirements identified through the design process and the existing equipment with regards to suitability for transfer. From this a detailed schedule of new clinical, IT equipment and furniture has been agreed and costed and included in the capital costs for this project. A procurement programme for this equipment has been developed to coincide with the construction programme.

1.5.3 eRequesting

A key vision for the future configuration and operation of Pathology Services is the streamlining of the test requesting process to improve efficiency, avoid duplication and minimise waste.

There is still significant reliance on paper rather than electronic communication at critical stages in the pathology process. Although there is a universal IT link for the transmission of results to clinicians these users cannot electronically transmit test requests to the laboratory. The current paper based system requires the requesting officer/clinician to complete a request card and when the sample has been taken the patient information is transcribed to the specimen container. With the current activity levels the Pathology Service receives in the order of 2 million containers per annum, each of which on receipt requires the patient information to be checked against the request card, to be sorted, labelled and then entered manually onto the laboratory computer system.

In order to address these inefficiencies the Trust is proposing as part of the transformation of its Pathology Services to roll out an eRequesting System to all internal users and to local GP Surgeries, to reduce the need for data entry staff and support delivery of the internal and primary care QIPP agenda.

The implementation of the eRequesting system across the Trust and throughout the GP practices is being managed as a formal project running in parallel to the construction programme for the new facilities in order to ensure that at the time of occupation in October 2012 the roll out across all users is 100% complete and therefore the ability to maximise efficiencies, avoid errors and reduce staff can be fully realised.

Additional hardware is required both within the Trust and in GP surgeries and the costs relating to the Trust have been accounted for within the capital costs of this project. The project costs also include the procurement of the relevant licences and interfaces between the Trust Pathology system and the local GP information systems and the appointment of a full time Project Manager to support both the Trust and Primary Care implementation and ensure 100% compliance.

1.5.4 Key Milestones of Proposed Solution

The delivery of the proposed solution for the Integrated Pathology Building embraces a wider range of activities than just the completion of construction on site. The milestones to delivery include those for the related projects of equipment procurement and award of an extended Managed Service Contract plus the roll out of eRequesting.

The key milestones identified in the Table 8 below therefore reflect the full programme being managed by the Pathology Steering Group.

Table 8: Key Project Milestones

Activity	Milestone Date
Planning Approval	January 2011
Trust Board Approval	January 2011
Demolitions/site clearance for Pathology	February 2011
SHA Approval	March 2011
Construction Contract Award	March 2011
Enabling works for Pathology	April 2011
Staff consultations completed	April 2011
Start of construction on site	April 2011
eRequesting roll out to Primary Care completed	June 2011
Managed Service Contract award	January 2012
eRequesting roll out internally completed	June 2012
Building Handover	July 2012
Trust Commissioning and Equipment Installation complete	September 2012
Service Decant complete	October 2012
Decommissioning of existing buildings complete	December 2012

1.5.5 Match to Project Objectives and Benefits

The Project Team identified at an early stage the objectives and key benefits which this project would be required to deliver. Table 9 provides an assessment of the fit of the proposed solution to those objectives and benefits.

Table 9: Key Project Objectives and Benefits

Objective	Key Benefits	Fit achieved by the Proposed Solution
Integration of the four pathology disciplines within a single building	<ul style="list-style-type: none"> • Economies of scale • Increased Capacity • Improved layout and workflows • Demonstration of improved productivity • Improved accreditation compliance • VFM • Reduced duplication including multiple handling • Reduction in errors/reworks/incidents • Reduced wastage • Value added tasks maximised • Introduce new service models • Ability to future proof the directorate • Improved Quality 	<ul style="list-style-type: none"> • Single location and design solution provides combined automated blood sciences area • Provision of automation on Level 0 allows all disciplines to benefit from maximum automation in preparation of specimens • Provides maximum access to joint analytical platforms • Co-location will allow maximum benefit from staff skill mix adjustments and overall utilisation • Use of combined platforms will maximise process redesign benefits • Space within the automated laboratory area provides capacity for future expansion if additional capacity is needed. • Co location of office accommodation with laboratories provides soft space for expansion or opportunities for conversion to alternative clinical or office accommodation in the event of a contraction in pathology services or a single discipline • eRequesting development will reduce input errors
Establishment of a single specimen reception and preparation function	<ul style="list-style-type: none"> • Improved job flow • Elimination of delays • Faster processing of urgent work • Achievement of the revised workforce plan 	<ul style="list-style-type: none"> • Provision of automation on level 0 allows all disciplines to benefit from maximum automation in preparation of specimens • Use of combined platforms will maximise process redesign benefits • Provision of an Air Tube

Objective	Key Benefits	Fit achieved by the Proposed Solution
		<p>System will ensure early access to specimens</p> <ul style="list-style-type: none"> • Roll out of eRequesting will reduce specimen reception tasks and therefore time • Greater shared automation will improve all round turn round times from specimen to result • Integrated analysers will avoid the need for additional specimens from the patient and related delays.
Maximisation of integrated automation	<ul style="list-style-type: none"> • Reduced variation • Improved turnaround times • Improved batching • Reduced handling • Increased productivity • Improved delivery of results • Application of system rules to optimise appropriateness of testing regimes 	<ul style="list-style-type: none"> • Use of the integrated platforms and process design flow will eliminate batching • Maximised automation and availability of technology across all disciplines will improve throughput and productivity for all sections • Use of integrated analysers will eliminate significant elements of handling of specimens and the preparation for investigation
Re-profiling of workforce to reflect skills required for the future	<ul style="list-style-type: none"> • Overall improved quality of the patient experience • Value added tasks maximised • Introduce new service models • Ability to future proof the department 	<ul style="list-style-type: none"> • Revised processes, reduction in errors and increased speed of results will reduce patient waiting/length of stay • Reduced errors will reduce patient duplicate/additional samples • Process redesign and co-location of services/staff will reduce duplication and eliminate non value added tasks • Co-location will support appropriate skill mix to ensure appropriate supervision whilst ensuring staff of the correct grade are allocated to appropriate tasks throughout 24/7 • The workforce reprofiling will be supported by staff redevelopment programmes including succession planning linked to the co-location and improved technology
Establishment of services/facilities which can	<ul style="list-style-type: none"> • Agile supply and demand management 	<ul style="list-style-type: none"> • Use of integrated analysers/ platforms enables optimal use

Objective	Key Benefits	Fit achieved by the Proposed Solution
respond flexibly to internal and external changes	<ul style="list-style-type: none"> • Introduce new service models • Ability to future proof the department 	<p>of the equipment, whilst allowing capacity for increased volumes if needed</p> <ul style="list-style-type: none"> • All areas of the new build design have soft space areas suitable for either accommodation of expanded pathology functions or the accommodation of alternative clinical or office functions without disruption to the Pathology Service • New service model can be introduced allowing for full integration/ extended operating hours/ improved response times/ maximised value added at all stages for the Pathology Service, patients and clinical service users
Maximise the use and availability of technology to support internal service model and interface with internal and external stakeholders/users	<ul style="list-style-type: none"> • Quicker clinical decisions can be made • Enhanced patient care • Improved patient flows • Reduced Length of stay • Early management of care in primary care • Rapid transport of specimens to the laboratory 	<ul style="list-style-type: none"> • Provision of new Pneumatic Tube with dedicated link to Emergency Centre when built • New service model can be introduced allowing for full integration/ extended operating hours/ improved response times/ maximised value added at all stages for the Pathology Service, patients and clinical service users • Process redesign and co-location of services/staff will reduce duplication and eliminate non value added tasks • Revised processes reduction in errors and increased speed of results will reduce patient waiting/length of stay • Roll out of eRequesting will provide end to end connectivity with real time information available to support diagnosis and treatment decisions to users.
Maximise contribution/benefit of the services to the patient experience/pathway	<ul style="list-style-type: none"> • Improved flow through the system • Enhanced patient care • Improved patient flows • Reduced Length of stay • Early management of care in 	<ul style="list-style-type: none"> • Provision of new Pneumatic Tube with dedicated link to Emergency Centre when built • New service model can be introduced allowing for full integration/ extended

Objective	Key Benefits	Fit achieved by the Proposed Solution
	primary care <ul style="list-style-type: none"> • Rapid transport 	operating hours/ improved response times/ maximised value added at all stages for the Pathology Service, patients and clinical service users <ul style="list-style-type: none"> • Process redesign and co-location of services/staff will reduce duplication and eliminate non value added tasks • Revised processes reduction in errors and increased speed of results will reduce patient waiting/length of stay • Roll out of eRequesting will provide end to end connectivity with real time information available to support diagnosis and treatment decisions to users.
Improved operating environment for staff and equipment	<ul style="list-style-type: none"> • Greater productivity of staff • Greater productivity of equipment due to reduced downtime • Staff turnover/recruitment improvement • Ensure value added tasks maximised • Provision of a safe/secure working environment 	<ul style="list-style-type: none"> • Process redesign and co-location of services/staff will reduce duplication and eliminate non value added tasks • Co-location will support appropriate skill mix to ensure appropriate supervision whilst ensuring staff of the correct grade are allocated to appropriate tasks throughout 24/7 • The workforce reprofiling will be supported by staff redevelopment programmes including succession planning linked to the co-location and improved technology • The facilities provided will be within a purpose designed building to current standards thus providing a much improved physical environment accounting for security, training and development and general welfare
Development of energy efficient buildings	<ul style="list-style-type: none"> • Contribution to reduction in overall carbon footprint • Contribution to achievement of the DH Estates energy targets 	<ul style="list-style-type: none"> • Achievement of 55g joules energy rating • Adoption of sustainable design and construction methodologies • Achievement of BREEAM

Objective	Key Benefits	Fit achieved by the Proposed Solution
		'Excellent'
Site rationalisation	<ul style="list-style-type: none"> • Elimination of buildings in poor state of repair 	<ul style="list-style-type: none"> • Removal of buildings below condition B and require major investment to achieve condition B • Reduction in backlog maintenance • Improved energy efficiency/carbon reduction • Improved functional suitability • Improved environment
Achievement of site Masterplan	<ul style="list-style-type: none"> • Flexibility for phased site redevelopment 	<ul style="list-style-type: none"> • Clearance of site for Emergency Portal and Stage 2 redevelopment

1.6 Workforce Reprofiting Project

In addition to the provision of an Integrated Pathology Building the Pathology Project will also deliver a significantly altered workforce profile for the four major disciplines. These are as a consequence of the integration of the four disciplines into one new building and other skill mix and operating rota adjustments.

The Outline Business Case included changes in the workforce profile from a baseline of March 2009, however in parallel to the planned reductions in overall WTE and skill mix adjustments, the Trust has been highly successful in negotiating increased income to support the appointment of new posts to deliver extended contracted activity. Table 10 therefore summarises the changes in the workforce profile from the March 2009 baseline to an amended profile for 2012/13.

The implementation of the revised workforce profile will be managed in three phases. Phase 1 incorporates changes which can be implemented without the provision of new facilities and have already been delivered.

The remaining 2 phases are underpinned by formal consultation exercises programmed for Spring 2011 to ensure that implementation can be completed and any transitional cost implications managed in advance of the transfer to the new facilities thus aligning the savings with the occupation date.

Table 10 identifies the implications of the three phases and confirms the Workforce Profile (after other changes e.g.CIP) on completion of the new build in September 2012.

Table 10: Summary of Workforce changes delivered by 2012/13

Agenda for Change Bands	B1	B2	B3	B4	B5	B6	B7	B8a	B8b	B8c	Total
Source of Change	wte										
March '09 Position	1.20	20.60	13.83	7.10	9.00	40.88	18.21	7.00	4.00	1.00	122.82
Adjustments	0.00	-1.69	-0.34	2.00	0.51	-2.34	-0.61	0.00	0.00	0.00	-2.47
Posts created by New Funding 09-11	0.00	2.70	7.70	1.53	0.00	0.47	0.32	1.00	0.00	1.00	14.72
Impact of Role re-design	0.00	-1.95	6.43	-0.63	0.60	0.38	-2.32	1.00	1.00	-1.00	3.51
New Posts for Integrated Building	0.00	1.30	0.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.82
Phase 1, 2 & 3 Workforce Reductions	-1.20	-4.27	2.97	0.00	-1.05	-2.25	-1.00	-3.00	-1.00	0.00	-10.80
CIP 09-11	0.00	-2.39	-2.00	0.00	-0.22	-0.30	0.00	0.00	0.00	0.00	-4.91
Revised 2012 Profile	0.00	14.30	29.11	10.00	8.84	36.84	14.60	6.00	4.00	1.00	124.69

NOTE: Numbers exclude medical and pseudo-medical staff.

In addition to the reduction in WTE shown in Table 10 (Phase 1, 2 and 3 reductions), there are also significant savings released through changes in the out of hours service and in overall terms the workforce reprofiling associated with this project will generate a revenue saving of £745,000 per annum. These are shown in Table 13.

1.7 Financial Aspects of the Proposal and Affordability

The completion of the formal tendering exercise for the construction contract has provided clarity and certainty in terms of the capital costs of the proposal and these are summarised in Table 11. This represents a £1.7 million reduction in capital costs since the OBC.

Table 11: Summary of Capital Costs

Cost Element	£'000
Works cost	10,816
Location adjustment	(649)
Non Works cost	432
Fees	1,109
Equipment	1,003
Contingency	520
Optimism bias	340
VAT	2,509
Total cost @ MIPS FP480	16,080
Inflation	(637)
Outturn Cost	15,443

Capital Costs shown at MIPS 480 for SHA reporting and benchmarking purposes.

A reconciliation between OBC and FBC is shown in Table 12

Table 12: Reconciliation of OBC and FBC Capital Costs

Cost Element	OBC	FBC	Reason for cost change
Works Cost	9,621,902	9,764,774	Fully tendered at FBC scheme opposed to cost based on Dcag's at OBC
Professional Fees	1,057,648	1,065,436	Order values or Quotations now obtained for all services
Non Works	43,500	415,057	Addition of IT Services and costs of eRequesting (Trust and GP's) not included at OBC
Equipment	1,524,061	962,848	Requirements reviewed with detailed design and repriced
Contingencies	1,273,699	498,984	Project Specific risk register priced
Optimism Bias	1,200,648	326,571	Optimism Bias recalculated based on FBC position
Net Total	14,721,458	13,033,670	
VAT	2,391,167	2,409,601	Increase in VAT to 20%. 17.5% included at OBC.
Total	17,112,625	15,443,271	

Capital Costs shown at MIPs 461 – 'real term costs'

The main reason for the reduction in costs is that the Works cost has only marginally increased whereas planning contingencies and optimism bias have reduced significantly. The lower level of contingency and optimism bias is expected to reduce at FBC stage and the Trust has managed to contain any costs resulting from risks at OBC stage broadly in the works cost envelope.

Table 13 provides a summary of the revenue consequences of the proposals. Including cost savings relating to workforce changes and increased commitments as a result of the net increase in equipment, eRequesting, FM costs and capital charges.

Table 13: Summary of Revenue costs and savings

Area of Savings	Amount of Recurrent Annual Savings/ (Additional costs) £'000s
Skill Mix	522
eRequesting	166
Efficiencies	57
Sub Total Pay Savings	745
Consumables/ Equipment Maintenance	(46)
Costs of supporting eRequesting	(30)
FM costs	(106)
Sub Total	563
Capital Charges	(998)
Total	(435)

The scheme is currently assuming to deliver a contribution to Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA) of £563,000 (before capital charges). The position after capital charges is an overall increase in costs of £435,000. This also needs to be considered in the context of the many non financial benefits resulting from this investment as detailed in Table 9. The scheme will also allow the Trust to manage additional activity more efficiently than it could currently deliver, reducing the overall additional cost to the Trust.

On this basis the overall affordability of the proposed development is therefore summarised in Table 14.

Table 14 compares the projected financial position in future years. The 2011/12 position has been adjusted to reflect the department's position before any impact of this business case for comparative purposes. The analysis shows the impact of:

- Savings and additional costs discussed earlier in this section;
- Income and expenditure of additional direct access activity from 2011/12; and,
- The impairment of current pathology buildings;

Table 14: Year on Year Affordability Statement at Current Prices

Royal Wolverhampton Hospitals NHS Trust
FBC for the consolidation of Pathology Services
Affordability Statement

	2009/10	2010/11 Forecast Outturn	2011/12 Baseline	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£	£	£	£	£	£	£	£	£	£	£	£	£
Income													
Direct Access Income	2,902,090	3,210,681	3,152,301	3,152,301	3,239,301	3,332,301	3,428,301	3,428,301	3,428,301	3,428,301	3,428,301	3,428,301	3,428,301
Miscellaneous Income	664,112	768,825	1,037,565	1,037,565	1,037,565	1,037,565	1,037,565	1,037,565	1,037,565	1,037,565	1,037,565	1,037,565	1,037,565
Direct Access Income	3,566,202	3,979,506	4,189,866	4,189,866	4,276,866	4,369,866	4,465,866						
Expenditure													
Direct Pay*	6,755,159	7,207,862	7,679,025	7,679,025	7,699,337	7,740,838	7,801,760	7,801,760	7,801,760	7,801,760	7,801,760	7,801,760	7,801,760
Direct Non Pay*	4,060,507	4,644,000	4,690,279	4,690,279	4,709,419	4,729,879	4,750,999	4,750,999	4,750,999	4,750,999	4,750,999	4,750,999	4,750,999
Estates and Facilities	304,348	304,348	304,348	304,348	304,348	304,348	304,348	304,348	304,348	304,348	304,348	304,348	304,348
<i>Sub Total</i>	<i>11,120,014</i>	<i>12,156,210</i>	<i>12,673,652</i>	<i>12,673,652</i>	<i>12,713,104</i>	<i>12,775,066</i>	<i>12,857,107</i>						
Business Case Savings				(141,964)	(289,999)	(745,000)	(745,000)	(745,000)	(745,000)	(745,000)	(745,000)	(745,000)	(745,000)
Additional equipment maintenance costs				6,000	16,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
E requesting maintenance costs				29,978	29,978	29,978	29,978	29,978	29,978	29,978	29,978	29,978	29,978
Additional Estates and Facilities Costs					62,012	106,307	106,307	106,307	106,307	106,307	106,307	106,307	106,307
<i>Sub total Business Case Savings before Capital Charges</i>				<i>(105,986)</i>	<i>(182,009)</i>	<i>(562,715)</i>							
Sub total Expenditure	11,120,014	12,156,210	12,673,652	12,567,666	12,531,096	12,212,351	12,294,392						
Direct Income Less Expenditure	(7,553,812)	(8,176,704)	(8,483,786)	(8,377,800)	(8,254,230)	(7,842,485)	(7,828,527)	(7,828,527)	(7,828,527)	(7,828,527)	(7,828,527)	(7,828,527)	(7,828,527)
Change in Position from 2011/12 Baseline (before Capital Charges)				105,986	229,557	641,301	655,260						
Capital Charges on New Building				208,839	668,708	1,028,477	1,010,833	993,188	975,543	957,898	940,253	943,662	947,071
Reduction in Capital Charges on Old Buildings					(12,757)	(30,618)	(30,618)	(30,618)	(30,618)	(30,618)	(30,618)	(30,618)	(30,618)
Change in Position from 2011/12 (after capital charges)		0		(102,853)	(426,394)	(356,558)	(324,955)	(307,310)	(289,665)	(272,020)	(254,375)	(257,784)	(261,193)
Early Retirement Costs					183,000								
On call protection costs					196,844	196,844							
Project Management costs				43,980	21,990								
Change in Position from 2011/12 including Transitional costs		0		(146,833)	(448,384)	(356,558)	(324,955)	(307,310)	(289,665)	(272,020)	(254,375)	(257,784)	(261,193)
Impairment of Existing Buildings					212,639								

Figures exclude inflation and price tariff change

Both the revenue and capital implications of the proposed investment have been considered and reflected in the Trust's Long Term Financial Model Version 8.1 with a small adjustment for additional Direct Access activity agreed but not yet included in the LTFM. The overall LTFM delivers the required financial objectives for the Trust and the scheme is therefore considered affordable in the Trust's long term strategic plans as reflected in the LTM.

1.8 Response to Equity and Excellence - Liberating the NHS

In preparing this FBC the details of the GP Consortia in the catchment area have yet to be formally confirmed but it is anticipated that mapping to local PCTs is the likely outcome for the Wolverhampton population. Analysis of the breakdown of requests by practice/location has been undertaken and considerable work has been undertaken by the Pathology management team and clinical leads to work with GPs to understand their clinical and operational needs. This is reflected in the drive for the implementation of the eRequesting system to provide immediate end to end connectivity, timely access to results and access to full patient management history within the Trust. The proposals outlined in this case will also place the Trust/service in good stead to respond positively to demonstration of value for money in response to formal market tests through the adoption of integrated working, maximum automation and workforce changes.

The team has already commenced a positive market assessment exercise to ensure that there is a clear understanding of the GPs' future expectations and that the design of the service, its outputs, response times and quality standards are aligned to these requirements and that Value for Money can be assured in the long term. This work will form the basis of a detailed marketing plan and programme being developed in parallel to the approval of this Business Case.

1.9 Key Risks and Approach to Risk Management

Risks to the Trust from the development can be categorised based on the standard categories for a major construction project:

- Design;
- Construction and development;
- Operating cost;
- Variability of revenue;
- Termination;
- Technology and obsolescence;
- Control;
- Residual value; and,
- Other project risks.

In view of the level of scheme development which has been achieved at the stage of completion of this FBC the Trust has been in a position to separately identify and cost the risks directly related to the capital investment, and the revenue risks of both the physical redevelopment and delivery of the wider scheme e.g. savings generated by workforce reprofiling.

An assessment of the revenue risks and appropriate mitigations are identified as part of the financial assessment and are summarised in Table 15.

Table 15: Summary of Revenue Risks and Mitigation Strategies

Risk	Quantification	Comment	Strategy
Unable to make planned savings	Quantified at nil, as there is certainty that these savings can be made and earlier than that assumed in the OBC.	However these savings, whilst achievable may have an impact on the department's ability to deliver CIPs	Review of further potential savings resulting on consolidation at time of identifying further CIPs
Reduced income from price reductions as a result of GP commissioners market Testing	12 to 15% of Direct Access income based on 2011/12 plan = £340,000 to £430,000 per annum	Based on national target of a 20% reduction on average of Pathology Tariffs.	The Trust has historically priced below national tariff and believes that its current prices are significantly lower than at least one of its competitors. It therefore may be in a position where it loses income as a result of price cuts, but potentially gains activity and corresponding income, albeit at additional cost. A 15 to 19% increase in activity would cover the loss of income assumed. The Trust is therefore developing a strategy for marketing its services to neighbouring GP consortia.
Lower Activity than planned in the baseline	Loss of income of £144,000 based on 20% chance of losing current South Staffs work and 80% chance of losing Walsall work. This would be partially offset by a reduction in non pay of circa £32,000 giving a net impact on the Directorate financial position of £112,000	Will Potentially lose work from individual GPs as a result of consortia placing contracts with one provider. This is mitigated by the level of growth assumed in the affordability analysis being significantly less than current growth rates. Activity is assumed to increase at 3% after rebasing downwards next year's plan as opposed to circa 11% currently being experienced.	The Trust is developing a marketing strategy to put itself in a strong position to maintain and grow its Direct Access business base. Potential requirement for further staff efficiencies if additional activity not forthcoming
Technical Obsolescence cost of equipment replacement/	Low level of risk	Market testing has concluded that the level of cost of an	

Risk	Quantification	Comment	Strategy
consumables		MSC is revenue neutral and will provide protection against technical obsolescence (i.e. contractor will take the risk)	

1.9.1 Risk Register

In line with Project Management Principles and Trust governance protocols a live risk register has been and will continue to be maintained for the Proposed Solution which includes all risks identified to date. The methodology used is in accordance with the Trust's governance structure for managing risk. This risk register identifies the following:

- Risk reference, description and category;
- Mitigation measures and current position;
- Risk rating in accordance with the Trust's Risk Categorisation Matrix (Probability and Impact leading to a red, amber, yellow and green rating); and,
- Risk lead/owner who has responsibility for monitoring, actively managing and mitigating the risk.

The risk register will be reviewed on a monthly basis throughout the life of the project by the Project Steering Group. Where risks potentially have an impact on the costs or delivery programme (time) for the Project, these have been assessed and informed the contingencies included within the capital costs.

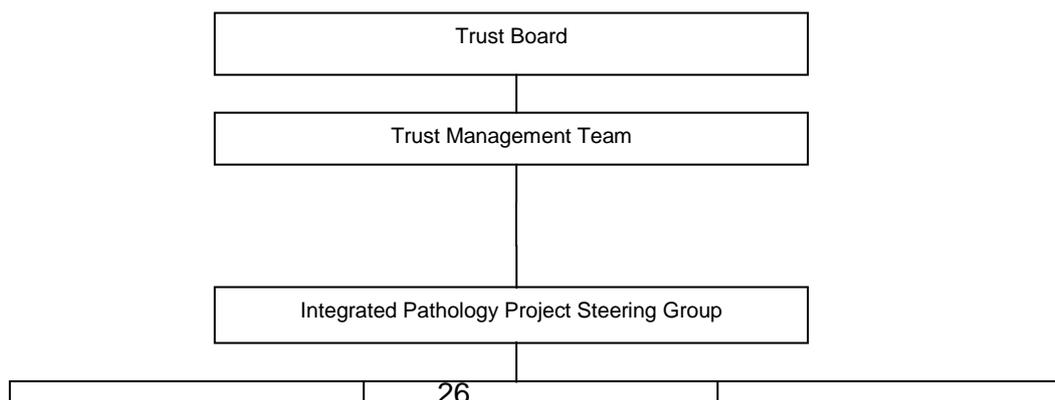
In terms of the current and future stages there are no areas of High Risk once mitigation measures are taken into account.

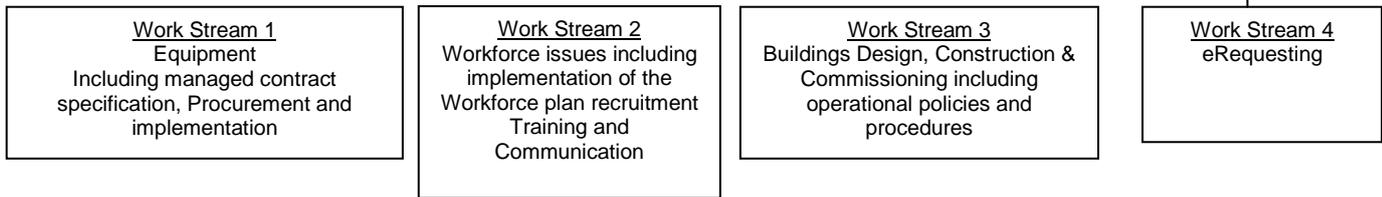
1.10 Project Management and Benefits Realisation

The Trust has a successful history in the management and implementation of key projects and will ensure that appropriate project methodologies continue to underpin the management of the project.

The proposed project structure is outlined in Figure 3 and has been updated from the OBC to reflect the changing activities and outputs.

Figure 3: Pathology Project Management Structure Construction and Commissioning





A benefits realisation plan was developed for the OBC and has been reviewed and updated to reflect changes in the operating environment of the NHS which have occurred since submission in March 2010.

The plan identifies, against each benefit:

- Who will have lead responsibility for ensuring the delivery of the benefit;
- Action to be taken to ensure the benefit is realised;
- The projected timescale for realisation of the benefit; and,
- How the realisation of the benefit will be monitored and measured.

Overall responsibility for ensuring that the benefits of the Project are achieved lies with the Trust Board, through the Project Steering Group.

1.11 Request for Approval

This FBC has outlined the strong clinical case for change and for the transformational investment in facilities for the delivery of Pathology services for this Trust. The investment will act as a catalyst for the delivery of fundamental improvements in the way that the services across all disciplines are delivered and this will bring major benefits to service users and their patients.

In completing this FBC the Trust has completed a robust planning and procurement exercise to establish a solution that provides all of the benefits identified whilst remaining affordable.

The business case has been supported by the WCPCT PEC and is fully supported by the Trust, by its staff and was approved by The Royal Wolverhampton Hospitals NHS Trust Board on 17th January 2011.

The Department of Health's FBC Checklist has also been completed and will be attached as an Appendix.

We commend this Full Business Case to you.
