Shropshire Community Health NHS
NHS Trust

SUMMARY REPORT	Meeting Date:	19 September 2013
	Agenda Item:	3
	Enclosure Number:	1

Meeting:	Trust Board/Quality & Safety Committee/R&P Committee/Information Governance Committee/FT Programme Board/Audit Committee		
Title:	Ludlow Health Facility		
Author:	Julia Bridgewater, CEO & Trish Donovan, Director of Finance		
Accountable Director:	Julia Bridgewater, CEO & Trish Donovan, Director of Finance		
Other meetings presented to or previously agreed at:	**Committee**	**Date Reviewed**	**Key Points/Recommendation from that Committee**

Purpose of the report		
To inform board discussions regarding the New Ludlow Health Facility and make recommendations to the board for the scheme.	**Decision/ Approval**	✓
	Assurance	
	Discussion	✓
	Information	

Strategic Priorities this report relates to:			
To exceed expectations in the quality of care delivered	**To transform our services to offer more care closer to home more productively.**	**To deliver well co-ordinated effective care by working in partnership with others.**	**To provide the best services for patients by becoming a more flexible and sustainable organisation**
✓	✓	✓	✓

Summary of key points in report

- To provide background information regarding the nature of the scheme and the Full Business Case for the Health Facility.
- To set out the nature and outcomes of the review in 2013 of the original Business Case, leading to identification of a significant gap in annual costs.
- To describe the Trust's work to explore all potential solutions to close that gap and its outcome i.e. the financial gap has been able to be reduced but a significant gap remains.
- To set out the position regarding the current Ludlow Hospital estate.
- To make recommendations to the board.

Key Recommendations

The following recommendations are put to the Board for their consideration:

(i) That the planned Ludlow Community Health Facility is not approved to proceed.

(ii) To Confirm on-going commitment to community hospital services/facilities in Ludlow

(iii) To agree short term investment in the current Ludlow Community Hospital, estimated at £160k in addition to general maintenance and repair items so that this facility can continue to be used, as set out in the Estates Review paper at Appendix 2.

(iv) To ensure the Trust is fully engaged in the countywide Clinical Services Review, ensuring the need for vibrant community hospital services/care closer to home are properly reflected.

(v) To agree the establishment of a task force to take forward service development opportunities in the current Community Hospitals including using Ludlow Community Hospital as a test-bed for initiatives that result from new technologies/telemedicine/remote clinics.

This will include suggestions made by members of the Ludlow Forum and other interested individuals and will take full account of the stated vision of the League of Friends which is

"The vision is to provide locally the highest possible standards of affordable care by co-locating and developing existing services, providing additional facilities and fully integrating the care services currently provided by the acute, primary, social and voluntary sectors."

Is this report relevant to compliance with any key standards? YES OR NO		**State specific standard or BAF risk**
CQC	YES	Described in section 5.2
NHSLA		
IG Governance Toolkit		
Board Assurance Framework	YES	Ludlow entry

Impacts and Implications?	**YES or NO**	**If yes, what impact or implication**
Patient safety & experience	YES	See section 5 of the report
Financial (revenue & capital)	YES	As set out in the report
OD/Workforce	NO	Not directly as a result of this paper
Legal	YES	

Title	Ludlow Health Facility

1. Introduction

This paper is intended to inform discussions at the meeting of the Shropshire Community Health NHS Trust Board on 19th September 2013, in relation to the proposed new Ludlow Health Facility.

Background information is set out in section 2 for context and completeness and whilst this is important, the main intention of this paper is to focus on the current position and to agree a way forward and next steps.

The Ludlow Health Facility project was initiated by Shropshire Primary Care Trust in 2007/8, and following re-structuring of the NHS transferred to Shropshire Community Health NHS Trust (the current provider). The Shropshire Community Health NHS Trust was established in July 2011.

It is recognised that this project has already spanned a number of years, during which time it has been affected by changes in the structure of the NHS, in clinical policy and the financial climate. Assumptions in the original Full Business Case (FBC) have been reviewed and the financial gap clarified.

Our commitment is to ensure, with partners, that an affordable solution is identified and implemented that maintains appropriate community healthcare provision for Ludlow, that meets healthcare needs both now and in the future.

2. Background

2.1 The Full Business Case (FBC)

2.1.1 The Case

The approved Full Business Case (FBC) set out the case for the proposed new healthcare facility at Ludlow. Key points are summarised below:

- South West Shropshire has a population of 45,000 living in an area of 400 sq. miles, and is the second most sparsely populated District in England, with the longest travel distances and times to Acute Hospitals;
- Creation of a modern fit-for-purpose healthcare facility for Ludlow and South West Shropshire, replacing an old dilapidated hospital building (of which some parts date back to 1834);
- Replacing two GP Practices that are no longer fit-for-purpose for the delivery of improved, modern healthcare services, and which do not meet modern standards relating to privacy and dignity;
- Delivery of a significant expansion in ambulatory care services provided locally, thereby reducing the need for patients and relatives to travel to Shrewsbury and other Acute Hospitals, in line with CCG commissioning intentions;

- Integration of GP services into a single facility, thus ensuring access for inpatients to "on-site" medical expertise;
- Contributing to a reduction in emergency admissions through the provision of ‘step-up’ facilities outside of an acute environment, and via active case management;
- Reducing length of stay as against existing facilities, by 4 days to an average of 15.4;
- 56% of inpatient beds in single rooms, with the remainder in 4 bed bays. All bedrooms having en-suite facilities;
- Flexible multi-functional space for training, meetings, events and conferences in a "Healthy Living Centre" within the facilities;
- Purpose designed space to enable Health Mobiles to park on site adjacent to the building to deliver services (for example Breast Screening, Mobile Imaging, etc.);
- Significantly increased car parking for both hospital and GP Practices, and ready access to the Ludlow Park and Ride facility;
- A dedicated carers’ suite (with funding support for this from the League of Friends), allowing relatives to stay close to patients if needed.

2.1.2 FBC Aims

The aims of the development, consistent with the overall strategy of the Trust and local NHS Commissioners as stated at May 2012 were to:

- Reduce length of stay and excess bed days in the Acute setting;
- Reduce emergency admissions through the development of alternative care pathways;
- Shift a significant proportion of outpatient attendances into a Community setting, thus reducing travel times and distances for the local population;
- Improve the quality of the physical environment of locally available health and social care facilities;
- Provide access to locally based and integrated services across the community and primary care sectors.

2.1.3 Sites & Facilities

Access concepts for the overall site plan for the development were stated as:

- General access for patients, visitors and staff through the existing Park and Ride facility;
- Replacement of the spaces "lost" within the Park and Ride facility as a result of the entrance to the healthcare development;
- Separate access for services

Overall Site Plan

Facilities planned are summarised in the following table.

Table 1

Facility	**Number**
Inpatient Beds	36
Day Case Procedure Rooms	2
Outpatient Rooms	7
Medical Day spaces	8
Minor Injuries rooms	2
Delivery Rooms	1
Midwifery unit beds	3
GP Consulting / Exam / Treatment rooms	30
Health Living Centre	
Carer Suite	
Gross Departmental Area **(m^2)**	6,114

2.1.4 Financial & Activity Assumptions

The FBC compares the financial impact of services at the proposed new facility with those at the current hospital.

Table 2 below summarises the financial position as detailed in the FBC

Table 2

Item	**Current £000**	**Future £000**	**Change £000**
Income			
• Activity based Transfers / Repatriation including tariff effects (estimated)	5,113	7,909	2,794
• Primary Care (GP Space)	0	496	496
• Income Generation (Room rental & catering)	0	295	295
• Other	156	242	86
Subtotal - Income	5,269	8,940	3,671
Subtotal - Costs	4,849	8,531	3,682
Net Surplus /-Deficit	420	409	-11

As indicated in the table above, income and costs were expected to increase. Future income was anticipated to increase based on:

Transfer of resources for inpatients, outpatients and day cases through NHS funding mechanisms including Payment by Results;

- Reinvestment of savings on bed day reductions;
- Development funding with GPs and primary care;
- Increase in category C income for catering, health living centre and pharmacy;
- Sub-lease of space to the acute Trust for maternity services.

Future costs reflected the lease for the new facility as well as the operating and running costs associated with delivering the assumed increased activity levels.

Whilst there was a degree of estimation and a number of risks identified (as described below) the overall modelling assumptions set out in the FBC resulted in a cost pressure of £11k per annum (per Table 1 above). This cost pressure of £11k, was at the time accepted as manageable by the provider.

2.1.5 Procurement Process

An advertisement was placed in Official Journal of the European Union (OJEU) on 27th October 2010, setting out a 3 stage process to identify a 3rd Party Development Partner for the project:

- Pre-Qualification of applicants based on their technical knowledge and experience in delivering such projects, capacity and capability, and financial and economic standing;
- Invitation to Tender, with the shortlisted participants for appointment to a Framework Agreement, with the aim of appointing a maximum of 3 partners;
- Undertake a "mini-competition" between the Framework Partners to select a Partner for the Ludlow Development.

The results of this evaluation showed that the proposal from Amber Infrastructure Limited was significantly preferred over other proposals and consequently, following approval by the Strategic Health Authority, the Trust appointed Amber Infrastructure Limited as the Preferred Bidder.

2.2 The Ludlow Programme Board

2.2.1 The Trust's Ludlow Programme Board reviewed the FBC in detail in 2012 and considered that the financial implications were affordable within the planned resources, at that time.

This was based on an increased running cost of £3.5m per annum being offset by increased funding from commissioners for local service provision, resulting in an overall estimated pressure of £11k, as described at section 2.1 above.

2.2.2 In considering the financial implications, a number of significant risks were identified and mitigating actions were also described. These were stated, at May 2012, to include the following items.

(i) Interest rates

Risk

The risk that interest rates may rise before contracts are signed (planned for July 2012).

Mitigation

This risk was mitigated through the inclusion of an interest rate buffer within the overall financial forecasts. Financial Advisers to the project, (BDO) had confirmed that this level of interest rate buffer was appropriate in current market conditions, and to the extent that it is not required, the annual lease rental figure will reduce;

(ii) Activity Assumptions

Risk

The risk that the significant increases in local activity assumed (largely as a result of transfer of activity from current providers) may not materialise.

Mitigation

This risk was mitigated by securing confirmation from the GPs in the locality and the Clinical Commissioning Group that the forecasts were in accordance

with their commissioning intentions, providing the facilities and services were of a high quality.

Work was also planned to develop the detailed clinical pathways and protocols for services over the next 18 months in readiness for the opening of the new facilities;

(iii) Sub-Leases within the proposed facility

Risk

The risk that various sub-leases, for dedicated space within the overall facility (for GPs and the Midwifery-led Unit) would not be signed.

Mitigation

This risk had been mitigated by seeking letters of confirmation from the 2 GP Practices and from Shrewsbury and Telford Hospitals NHS Trust as to their intention to enter into a sub-lease for their facilities.

Having considered the technical financial advice received, the programme board recommended approval of the FBC to the Trust Board.

2.3 Matters Outstanding

In addition to risks identified (2.2.2 above), the FBC indicated that three matters remained outstanding, namely

1. Sensitivity analysis (FBC sec 8.9)

The FBC indicated that this was yet to be completed and would follow discussion with commissioners.

2. VAT Treatment (FBC sec 8.13)

The FBC indicated that clarification was required from HM Revenue & Customs on the potential VAT implications.

3. Accounting Treatment (FBC sec 8.14)

The Trust adheres to International Financial Reporting Standards (IFRS) as well as relevant Department of Health guidance. Specifically this sets out the accounting requirements for transactions such as the proposed facility. Whilst this is confirmed in the FBC, at the time of approval, detailed modelling and the impact on the Trust's Income & Expenditure and affordability calculations were being finalised with the financial advisors.

2.4 Approvals

The FBC was

- Approved by Shropshire Community Health NHS Trust on 17 May 2012
- Approved by West Mercia PCT Cluster Board on 22 May 2012
- Approved by Midlands and East Strategic Health Authority on 24 May 2012
- Supported by Shropshire CCG (letters of support May & November 2012)
- Supported by the Shrewsbury and Telford Hospital Trust (letter of support 17 May 2012

3. Review of Original Business Case May 2013

3.1 May 2012 to June 2013

Following structural changes to the NHS, national clarification was required on contractual issues that required Department of Health involvement, and this resulted in a time lapse of 13 months since the original FBC approval in May 2012.

Between May 2012 and June 2013, a number of significant changes occurred.

- Radical changes to NHS structures and decision-making organisations
- The New NHS Trust Development Authority was established and implemented a checklist for review and assurance for any major capital investment or property transaction business cases for NHS Trusts.
- Work to resolve contractual issues with the GP practices was on-going

In light of these changes, the time that had elapsed, and changes in financial climate, the Trust Board, to ensure appropriate governance, needed to review assumptions and specifically :

- Asked partners to re-confirm and update their commitments
- Reviewed overall affordability of the project, including risks and other areas that remained outstanding at FBC approval

3.2 Updated Cost Pressure

This review resulted in the identification of an increased cost pressure of £1.1m per annum which would equate to a pressure of £27.5m over the 25 years of the lease. Items contributing to this are set out below.

3.2.1 Activity £920k

Activity Assumptions in the FBC were re-assessed by the Trust, in conjunction with the CCG. Key items contributing to the updated assessment of likely activity included:

- Whilst letters of support for the FBC had been received, detailed activity assumptions as quantified in the appendices had not been explicitly and formally signed off by all parties, most notably with SaTH.
- The sub-lease for the maternity facility had not been signed off and a review of maternity services is now being undertaken, which will inform longer term commissioning intentions
- Advances in Medical technology and practice
- Practicalities and economic considerations of staffing and operating small or infrequent clinics

Using similar costing assumptions to the original modelling, the Trust assessed the impact as a cost pressure of £920k, as summarised in the table below:

Table 3

Activity	**Cost Pressure £000**
Out Patients and Diagnostics	283
Surgical Day Cases	418
Minor Injuries and Medical Day Cases	69
Midwifery	150
Total	**920**

It was further noted that it may take time to increase activity to the levels indicated, however this additional risk was not quantified.

3.2.2 VAT treatment

Based on the assumed service model in relation to facilities management functions (such as cleaning, portering, linen and catering), HMRC guidance confirms that VAT would not be recoverable for the Trust. The estimated impact is a cost pressure of £165k.

3.2.3 Accounting Impact

Modeling of this element had not been finalised when the FBC was approved. Recognition of the accounting impact of the interest element of the lease, in line with the requirement of International Financial Reporting Standards (IFRS) and Department of Health guidance resulted in a cost pressure of £175k

3.2.4 Contingency

A contingency reserve of £178k, originally held, was released to partly mitigate the cost pressures identified.

3.2.5 Summary – Updated Cost pressure

These items resulted in the cost pressure increasing from £11k as originally identified when the FBC was approved, to a net pressure of £1.1m as presented to the Trust Board in July 2013, as summarised in the table below.

Table 4

Item	Original Value per FBC £000	Revised at July 2013 £000	Change at July 2013 £000
Net Surplus/-Deficit Approved (as above)	420	409	-11
Revised Activity Assumptions		-920	-920
Accounting Impact		-340	-340
Subtotal		**-851**	**-1,271**
Release of Contingency		+178	+178
Revised Net Surplus/-Deficit		-673	**-1,093**

3.3 Additional Risks

In addition to the cost pressure of £1.1m per annum, other potential cost pressures were identified including the areas of risk (other than activity based) as originally identified when the FBC was approved (see sec 2.2.2 above). These were quantified at over £0.7m, the majority of which was recurrent.

Table 5

Item	Cost £000
Lease Cost Indexed at RPI	36
Interest – due to change in valuation	79
GP Underlease	496
Subtotal – Recurrent Annual Costs	**611**
Non Recurrent costs – GP underlease (stamp duty, legal fees, furniture & fittings)	122
Total	**733**

Whilst remaining a risk, these were considered potentially manageable by the Health Economy.

3.4 Independent Review

3.4.1 External Review of original FBC Assumptions

As an independent means of assurance, Finnamore Limited were commissioned by Shropshire CCG to undertake a high level review of the activity projections in the FBC. Whilst, this was not a full analysis of all of the detail, their review indicated that the original assumptions were ambitious and presented a challenge to the viability and sustainability of the new facility.

- The local health economy context has moved on since initial projections made: i.e. plans for integrated discharge currently being worked-up
- Projections for day case and outpatient activity are unlikely to be realized
- Activity figures rely heavily on repatriation levels which will be difficult to achieve and could conflict with patient choice
- There is no confirmed agreement about the detail of changes in pathways and practice
- Even if ambitious activity levels are achieved, the facility would still be under-utilised, with lack of clarity of how the Healthy Living Centre would be supported and financially justified.

3.4.2 External Review of Revised Assumptions

- Finnamore have now reviewed (July 2013) the revised activity and financial assumptions and concluded that they represented a logical and reasonable approach.

4. The Current Position – up to September 2013

4.1 July 2013 Trust Board meeting

The updated position, resulting in the cost pressure of £1.1m per annum was presented at the public board meeting of Shropshire Community Trust in July.

The Trust had considered whether, internally, the gap could be closed by increasing the Cost Improvement Plan, however this was not possible given the existing efficiency requirement which already presents significant challenge to an organisation of this size, where the majority (c80%) of Trust costs are on staffing. It was therefore accepted by the Trust and the CCG that the cost pressure of £1.1m per annum was unmanageable by the Trust in isolation.

It was agreed that the Trust would seek all potential solutions in a “leaving no stone unturned” approach to identify possible options to close the financial gap. The following section describes the extensive work undertaken since the July Board meeting.

4.2 Steps to Resolve the Position

4.2.1 Trust Actions & Processes

(i) Plan B Meetings

The Trust established a specific group to explore all possible "Plan B" options. This group comprised representatives from the Community Trust, the CCG, SaTH, and Amber.

The group met on five occasions: 25 July, 5th, 13th and 19th August and 2nd September 2013.

Work concentrated on the identification and consideration of a wide range of items to ensure all potential solutions were explored.

Individual members of the group were then tasked with quantification and /or negotiation of specific areas. These work-streams resulted in both adverse and favourable movements against the £1.1m financial pressure.

Plan B options looked, firstly, to maintain the proposed new building in terms of scale and design. The group sought to identify ways of increasing utilisation of the hospital such that financial viability could be ensured.

The approach included exploring:

- Commercial opportunities;
- Re-visiting activity assumptions – SATH, RJAH & Hereford;
- Partnership opportunities with other Health & Social Care providers;
- Design / Engineering initiatives (e.g. "white space" & energy options);
- Consideration of technical accounting issues.

(ii) Discussions with Amber

In addition to Plan B meetings, at which Amber were represented, a number of discussions between senior officers and Directors took place.

(iii) Other Organisations

Trust Executive Directors held meetings and/or exploratory discussions with other organisations including

- Local Authority
- Mental Health Trust
- Hospice organisations
- Nursing Home organisations
- Reablement equipment company
- Private Endoscopy firm

(iv) Estate Planners

The Trust's estates advisors held a number of working sessions with Strategic Health Planners (SHP) to explore all potential opportunities in relation to the building design Working sessions were held on 5th, 7th, 20th & 23rd August.

(v) More Radical Options

In addition, the Trust explored more radical healthcare redesign options including most notably

- The transfer of bed based services from the acute provider
- The rationalisation of community bed based services, with increased capacity at Ludlow offset by closure elsewhere including existing community hospitals.

4.2.2 Discussions with SaTH

As described at 3.1 above, the Trust in May 2013 in reviewing assumptions, asked partners to re-confirm and update their commitments.

SaTH had originally written to the Trust in May 2012 confirming that they remained "committed to providing services in the new unit as presented in the Full Business Case" and noting that the cost for space to be used by SaTH "to be based upon an agreed methodology".

In response to the Trust's 2013 request SaTH responded indicating difficulty in providing a full commitment to the proposed levels of activity or to fully confirm commitment to the maternity facility until the planned review of maternity services is complete.

In seeking to re-validate activity assumptions, the Trust discussed proposed activity transfers and maternity service provision with SaTH

- Activity Transfers
  A key assumption in the FBC was the transfer of activity currently provided in the acute sector. In re-assessing the cost pressure at £1.1m, the Trust had assumed a lower volume of activity than that in the FBC. SaTH as the current provider of a significant element of the proposed activity for transfer were asked to confirm their position.

  SaTH undertook a review and advised that whilst assumptions in relation to Ambulatory Care and Medical Day Cases were reasonable, they did not agree with the assumptions for out-patient activity and considered that even the reduced levels remained too high, resulting in a further increase in the cost pressure.

- Maternity
  In addition to activity transfers, the Trust currently rents space to SaTH for the provision of maternity services in Ludlow.

  The proposed facility includes a new maternity facility, the design and specification of which was agreed with SaTH.

  Current discussions concluded that whilst a commissioner review of maternity services is underway and will inform future commissioning intentions, a reasonable working assumption is that a maternity facility remains a current requirement and SaTH will continue to pay rental at the current rate.

This resulted in a reduction in the cost pressure, as rental for the maternity facility had been excluded in the new assumptions, as a cautious approach in light of the maternity review.

4.2.3 Discussions with CCG Commissioners

- The Community Trust and CCG Boards met on 10th July 2013, where the updated assessment resulting in the cost pressure of £1.1m per annum (£27.5m over the 25 year lease), plus additional risks, was considered and it was agreed the Trust could not bear this alone.
- It was agreed, that the Trust would, following this meeting, write to the CCG formally requesting the CCG to consider providing financial support.
- An extract from the Trust's letter (Appendix 1) of 12 July is copied below

"In view of this, I am formally requesting that Shropshire CCG consider supporting the Trust with £1.1m, and look at the financial options and mechanisms which would allow the Ludlow development to go ahead."

- The CCG , held an extraordinary board meeting on 21 August 2013 for this single agenda item and considered the position as reproduced below

"*The Board is asked to make a decision as to whether the CCG will financially support the Ludlow Healthcare Facility Development by investing £1.1m recurrently into the scheme, taking into consideration the foregoing report and in particular:*

- *The £82m Health Economy Financial challenge (of which £50m is expected to fall to the direct responsibility of the CCG).*
- *The impact of disinvestment of frontline Community Services required to fund this development.*
- *The level of priority attributed to the development using the CCGs Prioritisation criteria (Outcomes, value for money, equity).*
- *Recent patient representative's unanimous views that the CCG should not invest the additional funding in the Ludlow Scheme.*

The CCG board concluded that they would not be able to provide financial support and this decision was later confirmed in writing to the Trust.

4.2.4 Briefing & Involvement of External Stakeholders

- Ludlow MP
  The Trust attended briefing meetings with the MP for Ludlow
  - 15 August 2013 (involving Trust & CCG representatives plus GPs)
  - 13 September 2013

- The League of Friends
  The League of Friends have supported and been involved in the project throughout the process.

  The League of Friends wrote to the Trust providing a list of areas for consideration in attempting to bridge the financial gap. These were considered as part of the Trust's Plan B meetings.

The Trust met with the Chair of the League of Friends to provide a briefing on progress of the plan B meetings and separately held a clarification meeting on financials relating to the project.

- Interested individuals
  Comments and suggestions received from individuals have been considered.

  The Chief Executive and Director of Finance met with Mr David Sandbach on 2nd September, following his offer of assistance at the CCG public board meeting.

- NHS Trust Development Authority (TDA)
  The Trust has briefed the NHS Trust Development Authority (TDA) on the position.

The outcome of all the work described in section 4.2 was brought together for an all-day workshop session, involving partners and stakeholders, which is described in section 4.3 below.

4.3 Planning Workshop - 10th September 2013

4.3.1 Outcome of Plan B workstreams

The outcome of the above work-streams, discussions and negotiations was deliberated at an all-day session, held on 10th September 2013. The day was organised into a number of sessions, with participation from partners and stakeholder representatives including:

- Shropshire Community Health NHS Trust - Chief Executive; Chair; Executive Directors; Non-Executive Directors; Estates; Informatics; Divisional Manager Community Hospitals; Communications Manager
- Ludlow Community Hospital Staff Representatives
- Representatives from Strategic Health Planning (SHP)
- Director of Strategy & Services Redesign Shropshire CCG/Chief Operating Officer Shropshire CCG
- Head of Planning SaTH
- Representative from Provex Consultancy – project advisor
- Estates Special Projects Lead Consultant
- Chair League of Friends
    - Members of the Ludlow Forum, the group of local community representatives which has worked with the Trust throughout the project
    - Representative from Healthwatch
    - Community Trust link person from Shropshire Patients Group
    - General Practitioners (two Ludlow Practices)

4.3.2 Updated Financial Assessment.

The cost pressure identified at £1.1m per annum was updated to reflect the outcome of Plan B work, where this was sufficiently progressed to enable quantification.

The key changes resulted from:

- SaTH' s assessment of likely activity transfers (worsening of £162k)
- The Trust reconsidered potential repatriation – activity mainly from RJAH and from Hereford for patients living in or near Ludlow (improvement of £205k)
- Rental income assumed from SaTH for Maternity (improvement of £90k)
- Discussions with Amber on a revised facilities management model (improvement of £165k)
-

This resulted in an updated cost pressure of just under £0.8m per annum (or £20m over the 25 year lease), as set out in the table below.

Table 6

Item			**£000**
Cost Pressure to be addressed - as before			**-1,093**
Activity Updates	Maternity Assumption	+90	
	SaTH Out-Patient Activity Reduction	-162	
	Potential Repatriation – RJAH & Hereford (Ex Ophthalmology)	+205	
	Subtotal – Revised Activity Assessment		**+133**
Potential benefit from revised soft FM Model			**+165**
Remaining Cost Pressure to be addressed			**-795**

4.3.3 Plan B items not currently progressing

A number of items which had been identified as part of "Plan B " work were noted as not currently progressing, with reasons including existing local overprovision or full provision, or space and price in relation to demand:

- Gym/Sports Injury/Physio
- Care Home In Patient Beds
- Hospice In Patient Beds
- Other Retail Outlets
- Local Authority Usage
- Land Sale price change

4.3.4 More Radical Options

Radical options that had been considered were not deemed currently feasible:

(i) The transfer of bed based services from the acute provider
Challenges included
- the creation of sufficient space within the facility with associated capital costs
- Commissioner & contractual position
- Clinical appropriateness
- Generating sufficient income to contribute towards offsetting the cost pressure; Calculations indicated, at an average tariff of £292 per Occupied Bed Day, assuming 94% occupancy a requirement of at least 14 beds to break-even.
- Timescale

(ii) The rationalisation of community bed based services,

Challenges included

- the creation of sufficient space within the facility with associated capital costs
- Commissioner & contractual position
- Maintaining current income levels plus generating sufficient income to contribute towards offsetting the cost pressure via transferring services
- Ownership of buildings, potential sale or rental values
- Public Consultation and associated timescale

4.3.5 Estate Considerations

Estate options to address the cost pressure were explored. Considerations included both rental and capital reduction options.

(i) Rental

- The estimated space potentially available to generate additional rental income was estimated at up to 600 m2. This is based on the Healthy Living Centre, part of the admin area and part of the out-patient area, reflecting reduced activity projections.
- The estimated financial gap remaining is £0.8m (as per 4.3.2 above)
- In order to close the financial gap via rental income, a simple calculation indicates a requirement to secure rental income of £1,333 per sq. M (above any cost of provision). Average comparable market rental is in the region of £200 - £300 per m2, therefore this is highly unlikely to generate any interest.
- Alternatively, if the available space were rented at an average of £250 per m2, this would generate £150k p.a. for 600 m2, which is not sufficient to meet the financial pressure of £0.8m per annum

(ii) Capital Reduction

- The Trust with advisors SHP considered how a reduction in Capital Spend on the new facility may generate a reduction in the annual lease cost.
- A range of options were considered as indicated in the summary table below
- A working assumption was that a 10% revenue saving would result from reductions in capital expenditure to create the facility. The revenue savings would materialise as a lower annual lease cost i.e. for every £1m reduction in capital costs, an annual reduction of around £100k may be generated.

Table 7

Option	m2	Change	Capital Cost £000	Change in Capital Cost £000	Estimated Revenue Impact @10% £000
Building As is	7917	0	13,922	0	0
Building reduced by 5%	7521	-396	13,226	-696	-70
Building reduced by 10%	7125	-792	12,529	-1,393	-139
Building with Level 00 east Wing Omitted	7386	-531	12,988	-934	-93
Building with Level 00 in Total Omitted	6261	-1656	11,011	-2,911	-291
Building with East Wing in Total (Levels 00, 01 & 02) Omitted	4374	-3543	7,693	-6,229	-623

**NOTE - Costs are approximate; actual costs are dependent upon the redesigned area being removed and its position within the hospital; estimates exclude design, planning fees etc.*

- Table above demonstrates that even by building a significantly smaller facility – by excluding completely all levels of the east wing, the potential saving is just over £0.6m.

This is not sufficient to meet the financial gap and as a result of the smaller facility it is likely that Income levels would reduce as less activity could be provided. It was also noted that estates options and plan B / more radical options would in some cases be mutually exclusive i.e. pursuing one would not allow the other.

For reference, plans for the proposed facility are reproduced in the following pages.

Level 00 Planned

Level 01 Planned

Level 02 Planned

An estimated reduction of the complete east wing would remove the current:
Level 00 – Admin Area
Level 01 –Either all GP areas or the entire Out Patient & Day facility
Level 02 – Half of the Inpatient ward area plus either the Maternity of the Healthy Living Centre
Even this level of reduction is not sufficient to totally offset the financial gap.

4.4 Clinical Services Strategic Review

The workshop also considered a significant development in the Local Health Economy.

A review of clinical services across the county has recently commenced, led by commissioners. This recognises that the NHS both locally and nationally faces significant challenges in planning for the future sustainability of its services. It is therefore important that there is a debate to involve all communities who use those services. This will cover, how hospital services are shaped for the future, both the main acute hospitals and Shropshire's four community hospitals, and the community health services which can provide a 'virtual' alternative to hospital services. This review aims to understand how local services measure up and what the gaps are in key areas such as being able to invest in the latest technologies to ensure the best diagnosis and treatment for our patients, meeting the growing demands of an ageing society with a rise in long-term conditions, rurality and an aging population, and moving towards a more integrated model of service delivery.

The aim is to develop a clear vision for excellent and sustainable acute and community hospitals—safe, accessible, offering the best clinical outcomes, attracting and developing skilled and experienced staff, providing rapid access to expert clinicians, working closely with community services, focused on those specialist services that can only be provided in hospital. We anticipate the Review will seek to identify the inpatient and hospital services most appropriately provided in our two main acute hospitals, those services which should better be provided in a community hospital setting, and the "alternative to hospital" services which we should in future be seeking to provide closer to home and outside our traditional hospitals. It is therefore important that any current discussions/decisions do not pre-empt the conclusions of this Review and leave open the opportunities for a cohesive and integrated strategic service delivery model for the future decade(s).

This review, which the Trust is already taking part in and which will include a county-wide public consultation, will inform future commissioning intentions for acute and community hospital services and therefore service provision requirements, including those for the Ludlow area. It is supported by the NHS TDA and NHS England.

This discussion and review is due to lead to the development of proposals in six months' time.

4.5 Workshop Conclusion

We considered the outcome of all the deliberations and whilst we were able to reduce the financial deficit we were still left with a significant financial gap.

5. Current Service Provision

Services are currently provided from the existing Ludlow Community Hospital. The hospital is located in the heart of Ludlow and is convenient for local people.

Shropshire Community Health NHS Trust occupies the site but the asset ownership is with NHS Property Services Ltd (PropCo).

The hospital is maintained by South Staffordshire and Shropshire Healthcare NHS Foundation Trust (SS&SHFT) under a service level agreement.

5.1 Estate Review

The Trust commissioned an initial review of the current facility which is indicating some backlog maintenance requirement to ensure the site remains Care Quality Commission (CQC) compliant for the next 2-5 years.

This report is attached at Appendix 2, however conclusions are summarised below

- Taking into account its age the hospital has been generally well maintained and with the exception of the Maternity building the continued use for a limited period should not present undue risks for patients, staff or visitors (note caveats).
- There are areas such as the engineering infrastructure where more detailed appraisals and reports are required. However, these are likely to inform the amount of investment required rather than whether the hospital can continue to be used.
- There has been no discussion with PropCo and as the legal owners they may well have a view on the continued use of the hospital and the investment that needs to be made into it. They may also see that they have certain obligations as the legal owner which are changed by the extended period of use.
- If there is a decision to continue to use the hospital but not to make all or any of the investments discussed in this report there needs to be a very clear risk strategy understood and endorsed at Trust Board level to mitigate the operational risks that may pertain. This will equally apply if there is a decision not to increase the level of maintenance and condition monitoring.

5.2 CQC inspection

The Care Quality Commission (CQC) inspected Ludlow Hospital in January 2013 and whilst the inspection focussed on the services provided rather than the environment the CQC has stated that

"…people appeared comfortable and well cared for and the conclusion of our inspection was that the hospital was compliant with the regulations assessed."

The CQC have also stated that

"CQC is aware that Shropshire Community Health NHS Trust has commissioned an estates review and our expectation is that any conclusions from that review will be managed effectively to keep patients safe and well".

5.3 Short Term Service Development

The Trust continues to see the need for strong, safe, imaginative and transformational hospital services in Ludlow.

Advances in technology continue, with potential for expanding and changing the possibilities for community health services for example via the use of telemedicine and video conferencing.

This has been the subject of significant interest and debate at Trust board level and the Trust plans to take forward these initiatives in the existing Community Hospitals, including using the current Ludlow Community Hospital as a test bed, regardless of the longer term solution and recognises that such developments can be advanced regardless of physical location.

This work will include the consideration of items suggested by interested individuals including:

- a paper received from Mr. David Sandbach (September 2013) including the use of e-Health technologies and techniques to support clinical work

- an offer by the Executive Committee of The League of Friends of Ludlow Community Hospital indicating they are prepared to consider contributing to the equipment costs relating to Telemedicine using video conferencing should this technological solution be introduced.

These improvements can be introduced into the current hospital leading to positive benefits for local patients.

6. Conclusion and Recommendations

6.1 Conclusion

- In line with the Trust Board's commitment, from the July Public Board meeting, the Trust has explored many and far-reaching options in an attempt to bridge the financial gap in the business case. Options considered have included

  - increasing income opportunities
  - relooking at activity
  - technical estates solutions
  - redesigning aspects of the building
  - radical service configuration including transfer of wards from other community hospital locations and from the acute trust.

- Based on the detailed work completed over recent weeks, the Trust has not identified sufficient measures to manage the cost pressure identified for the new facility. A pressure of £0.8m p.a. (£20m over the 25 year lease) remains.
- The Trust cannot manage the cost pressure internally.
- The CCG have confirmed that they cannot provide financial support to enable the project to proceed.
- A strategic countywide review of Clinical Services is now underway and will inform future requirements
- The trust recognises the significant potential for new technologies as a way of delivering some Community Services and is keen to work with partners and stakeholders to explore this
- The current Ludlow Community hospital can, with some investment, remain CQC compliant for the next 2-5 years

6.2 Recommendations

The following recommendations are put to the Trust Board for their consideration in view of:

- the outstanding financial gap
- commencement of the Clinical Services Review considering the future vision for acute and community hospitals

(i) That the **planned Ludlow Community Health Facility** is **not approved** to proceed.

(ii) To Confirm **on-going commitment** to **community hospital services**/facilities in Ludlow

(iii) To agree **short term investment** in the current Ludlow Community Hospital, estimated at **£160k** in addition to general maintenance and repair items so that this facility can continue to be used, as set out in the Estates Review paper at Appendix 2.

(iv) To ensure the Trust is **fully engaged** in the countywide **Clinical Services Review,** ensuring the need for vibrant community hospital services/care closer to home are properly reflected.

(v) To agree the **establishment of a Task Force** to take forward service development opportunities in the current Community Hospitals including using Ludlow Community Hospital as a test-bed for initiatives that result from new technologies/telemedicine/remote clinics.

This will include suggestions made by members of the Ludlow Forum and other interested individuals and will take full account of the stated vision of the League of Friends which is

“The vision is to provide locally the highest possible standards of affordable care by co-locating and developing existing services, providing additional facilities and fully integrating the care services currently provided by the acute, primary, social and voluntary sectors.”

Appendix 1

Shropshire Community Health NHS
NHS Trust

Chief Executive's Department
William Farr House
Mytton Oak Road
Shrewsbury
Shropshire
SY3 8XL

Telephone: 01743 277688
Fax: 01743 277585
e-mail: julia.bridgewater@shropcom.nhs.uk
Website: www.shropscommunityhealth.nhs.uk

Our Ref: JB.DJP

Date:12 July 2013

Dr Caron Morton
Accountable Officer
Shropshire CCG
William Farr House
Mytton Oak Road
Shrewsbury
Shropshire
SY3 8XL

Dear Caron

Re: Ludlow Healthcare Facilities – Business Case

Further to our recent meeting held on 10 July with the Boards of Shropshire Community Health NHS Trust and Shropshire CCG to discuss the above development, I am writing to outline the current position and request the CCG's financial support.

As you know there was a substantial delay in the original scheme going forward following Shropshire Community Health NHS Trust and the SHA approval in May 2012 due to a contractual issue relating to the structural changes in the NHS, which required the Department of Health's involvement to resolve.

Recognising that delay, I had therefore agreed with the Community Trust Board that we would reconsider the overall affordability of the project given the time elapsed, the changes in NHS infrastructure, some revised activity assumptions, new clarity on financial assumptions which were not available at the time of the original approval, and the changes in the economic climate.

Regrettably, it is now clear (and this has been verified through a Finnamore external review) that the revised position results in a financial gap of £1,093,000. I know your Board are aware of the details of this breakdown, but I am happy to provide any further information that you might require to further validate any of the revised assumptions.

As we discussed, there is a likely cost of £3.5million if the scheme does not proceed.

This figure does **not** include a number of other risks as outlined at the meeting, which the Trust is intending to treat as its own risks and which if they materialise would increase the financial gap identified.

I am acutely aware of the clinical need for there to be vibrant clinical services in Ludlow and of the responsibilities we share to serve the population there. We all acknowledge that the clinical rationale as outlined in the original case is still valid. However, in light of the new financial risks there was a collective agreement at our meeting that Shropshire Community Health Trust cannot manage this level of financial risk without additional financial support.

In view of this, I am formally requesting that Shropshire CCG consider supporting the Trust with £1.1m, and look at the financial options and mechanisms which would allow the Ludlow development to go ahead.

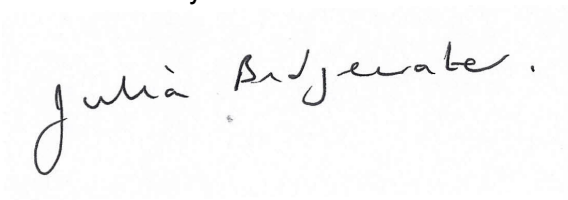
Mike Ridley – Chairman
Julia Bridgewater – Interim Chief Executive

POSITIVE ABOUT DISABLED PEOPLE

I realise the seriousness of this request and the need for you to give this careful consideration but an answer by the end of August 2013 would be appreciated, particularly given the previous delay to the scheme.

If you need any further information or clarification then please do not hesitate to contact me.

Yours sincerely



Julia Bridgewater
Interim Chief Executive
Shropshire Community Health NHS Trust

cc Shropshire Community Health NHS Trust Board Members
Dr H Herritty - Chair, Shropshire CCG
Paul Tulley - Chief Operating Officer, Shropshire CCG
Julie Grant - TDA

SHROPSHIRE COMMUNITY HEALTH NHS TRUST

A CONFIDENTIAL REPORT TO THE INTERIM CHIEF EXECUTIVE

ON THE

POSSIBLE CONTINUED USE OF THE EXISTING LUDLOW HOPSITAL

1. PREAMBLE

This report has been prepared for the specific use of Shropshire Community Health NHS Trust (SCHT). The preparation and submission of this report is not an assurance against risk; and it needs to be read in the context of the recommendations made at the conclusion of this report. The significant contribution of Mr. Paul Cooper, Estates Advisor for SCHT, is acknowledged.

2. INTRODUCTION

2.1 A potential financial gap in the revenue funding for the new hospital in Ludlow has been identified and work is under-way to identify ways in which it can be closed and the project can proceed. However, there will be inevitable delay in the project progressing.

2.2 In the mean-time the existing Ludlow Community Hospital will need to continue in use. This report advises the Interim Chief Executive of SCHT on the viability of this and the cost and estate implications for the Trust - assuming a continued life of not less than two years but possibly up to five years.

3. THE CURRENT LUDLOW HOSPITAL AND CONTINUED USE

3.1 The hospital is located in the heart of Ludlow and is convenient for local people. It is more fully described in the desk top assessment (appendix 1) by Strategic Healthcare Planning (SHP) – the Trust's technical advisors on the new Ludlow hospital project. This report in total is limited to assessing the risks and implications of continued use of the hospital for a limited period.

3.2 SCHT occupy the site but the asset ownership is with NHS Property Services Ltd (PropCo). If SCHT occupies as a tenant then the building owner would have certain liabilities for the site and the safety and condition of the premises. However, PropCo may also have views about its continued use beyond the date they anticipated and the risk implications for them. No discussions have taken place with them.

3.3 It needs to be borne in mind that the planned completion date for the new build has already slipped from the original date by around 12 months and by default there is already an extended use. This report anticipates the possibility of a further two year delay. It does not address the implications of the new hospital not proceeding at all and the viability and functional suitability of the existing hospital in these circumstances.

3.4 The new hospital has a planned construction period of eighteen months. Even if an immediate start on site was possible then the earliest completion date would be April/May 2015. The two years referred to in this report assumes a delay beyond this date of two years ie April 2017. This has not been done from knowledge that this will be the delay period but assuming a prudent period to over-come the current affordability difficulties.

3.5 The hospital is maintained by South Staffordshire and Shropshire Healthcare NHS Foundation Trust (SS&SHFT) under a service level agreement (see appendix 2 which summarises the service as described on the SCHT web site). Although there is no lack of maintenance assumed or imputed it may be that extended use would require a more rigorous maintenance regime and condition monitoring.

3.6 This would have revenue consequence and if it is decided that on the balance of risk this is required then this could be a revenue consequence to be taken on board. However, this may come within the ambit of the current service level agreement and discussion with the provider will be required.

4. ESTATE APPRAISAL

4.1 The ability of the hospital to continue in use can be assessed in a number of ways. Most commonly in the NHS an assessment is made in terms of physical condition; safety including fire; energy performance; use of space; and functional suitability. All of these require a professional judgment. An estate appraisal needs to be viewed in the round; and in the context of how long the building is to be used; and how it is to be used; and what investment is required.

4.2 The review of Ludlow community Hospital has been based on a site visit and a desk top review with the Trust's Estates Advisor and technical advisors, SHP. The overall view is that in terms of its physical condition including engineering infrastructure the hospital should be able to continue in use for the anticipated period if a satisfactory maintenance regime continues to be in place with regular inspections and condition monitoring – particularly of engineering systems.

4.3 Reference has been made to the Fire Risk Assessment by Managementfire Ltd and specifically the fourth review dated 14th June 2013. This assessed the hospital (other than the Maternity building which was not within the ambit of the assessment) as generally compliant but makes a number of recommendations some of which only need to be undertaken if the life of the hospital is extended. All the recommended works should be undertaken.

5. RISK APPRAISAL AND SCOPE OF WORKS REQUIRED

5.1 Although the judgment of this report and of the Trust's technical advisors is that there are not undue risks in continued use of the hospital for a limited period there are caveats.

5.2 There are parts of the site - particularly the Maternity building - where continued use would need careful consideration. At the very minimum the constraints on the use of

the first floor of the Maternity building should be adhered to – it was apparent at the time of the inspection that the first floor was being used and it is understood that this is against the advice to the contrary.

5.3 It is stressed that the comments on the Maternity building only relate to the condition and age of the building and not to the viability of the service per se. Any issues relating to the clinical services provided at the hospital generally are outside the remit of this report. However, the Maternity building is old and distressed and if it was to be considered for use now as a location for the maternity service it would not be considered suitable without significant investment.

5.4 Recent PLACE[1] inspections have indicated repairs needed to the Maternity building. These have been reviewed and whilst they need attention – some urgently – there is nothing that cannot be remedied at relatively low cost and nothing that in itself would prevent continued use. What is more important is the lack of functional suitability of this building for the service it houses and what needs to be done about this.

5.5 The other major risk for the hospital is the single stairway and single lift to the first floor containing bedded areas. This has long been the situation but none the less is undesirable. The risk can be mitigated by physical means ie an additional stairway and/or lift but whether the investment can be justified for a relatively short period is a judgment that will need to be made by the Trust. The Trust risks can also be mitigated by operational measures and this will need to be a judgment by the Trust.

5.6 Other issues need to be considered and these include:-

- The Health and Safety Executive (HSE) have reported on slippery floors in Stretton Ward and particularly in sanitary areas. Work has not been undertaken with the prospect of the new hospital being built but the work needs to be undertaken if the hospital is to continue in use for a substantial period. However, whilst this is a real problem it does not require significant investment and should be able to be remedied without undue delay. The main impact will be the time taken to do the work and the impact on the running of the ward.[2]

- Privacy and dignity - works have been undertaken to provide screens at the end of bays to improve privacy and it is understood that these improvements have been well received by operational staff and are seen to work well. There could be further segregation of the wards into male and female wards but if the current level of privacy and dignity work is believed by the Trust to be satisfactory then it is questioned whether this is necessary.

- Sanitary areas – these are acceptable in the main but the ward areas in particular would be greatly improved by upgrading the sanitary areas. The facilities are at present functional but are beyond their planned life and would significantly improve the quality of ward areas if upgraded.

- Visitor toilet facilities in the main corridor were very limited. However, it is difficult to justify improvements and additional facilities for the short extended

[1] PLACE : Patient Led Assessments of the Care Environment
[2] Reference email from Lindsay Bentley, Visiting HSE Officer, to Peter Foord dated 02.12.2011

period of use of the building. However, if beyond two years then additional and upgraded facilities should be considered.

- Suspended ceilings – some have been replaced but the work needs to be extended to other areas. They are not in such a state that they inhibit use of the ward area but they are clearly beyond maintenance and both from appearance and for ease of cleaning and maintenance should be replaced.

- Energy use – it may be that investment will be hard to justify if the anticipated use is not more than three and a half years (see paragraph 3.4 above) beyond the planned completion date but there are measures that may well be able to be justified and will improve energy use; improve the environment and reduce carbon production.

6. THE FINANCIAL IMPLICATIONS

6.1 The capital or significant revenue investment required is summarised in table 1 below (repeated from the attached report by SHP) Other estate works are anticipated to come within the ambit of the maintenance budget. No assessment has been made of the other revenue implications of continued use or any impact of changes to operational impact that may be deemed necessary.

Table 1 - Investment required to address extraordinary maintenance and risk issues but excluding investment in additional lift and/or stairs

Item	2 year life		Up to 5 year life	
	Comment	Cost	Comment	Cost
Items on Trust's backlog maintenance list				
Generator	Assume maintain existing	£0	Assume hire in case of failure	£20k
Telephone system replacement	Spares from Whitchurch to be used	£0	Spares from Whitchurch to be used	£0
Maternity roof replacement	Allowance for repairs	£5k	Replace as backlog	£25k
Electrical rewiring of admin+ catering	Repairs from maintenance budget	£0	Repairs from maintenance budget	£0
Roads and paths refurbishment	Repairs from maintenance budget	£0	Repairs from maintenance budget	£0
Electrical installations	Repairs from maintenance budget	£0	Repairs from maintenance budget	£0
Refurb of Minor Inj., Admin +Ivy	Repairs from maintenance budget	£0	Repairs from maintenance budget	£0
Other requirements				
Maternity minor repairs	Allowance for minor improvements	£15k	Allowance for minor improvements	£15k
Work to fire alarms	Repairs from maintenance budget	£0	Allowance for general repairs	£15k
Work to emergency lighting	Repairs from maintenance budget	£0	Allowance for general repairs	£5k
Temporary offices (currently Admin)	As existing	£0	Allowance for relocatable building	£60k
Contingency	Allowance	£5k	Allowance	£20k
TOTAL		**£25K**		**£160K**

Note: Costs are works costs and exclude VAT design costs decant costs etc
Costs exclude general maintenance and repair items which are to be funded from the maintenance budget.

7. CONCLUSION

7.1 This report is to inform the Interim Chief Executive of SCHT of the viability of the existing Ludlow Community Hospital if its use has to be extended by a further two years beyond the current date for the completion of the new hospital. The report is only intended for the use of SCHT and is not intended to advise any other organisation.

7.2 Taking into account its age the hospital has been generally well maintained and with the exception of the Maternity building the continued use for a limited period should not present undue risks for patients staff or visitors. However, there are caveats discussed above and summarised below.

7.3 The estate assessment has been done over a very limited period. Although there has been a site visit the view of continued use has been predominantly based on a desk-top assessment together with local expertise; and the knowledge of the Trust's technical advisors.

7.4 There are areas such as the engineering infrastructure where more detailed appraisals and reports are required. However, these are likely to inform the amount of investment required rather than whether the hospital can continue to be used. None the less, it is important that these are obtained from the current estate maintenance service provider without delay.

7.5 There has been no discussion with PropCo and as the legal owners they may well have a view on the continued use of the hospital and the investment that needs to be made into it. They may also see that they have certain obligations as the legal owner which are changed by the extended period of use.

7.6 If there is a decision to continue to use the hospital but not to make all or any of the investments discussed in this report there needs to be a very clear risk strategy understood and endorsed at Trust Board level to mitigate the operational risks that may pertain. This will equally apply if there is a decision not to increase the level of maintenance and condition monitoring.

7.7 It is not unknown but buildings and engineering systems rarely suffer from catastrophic failures that affect the total use of a site – and new buildings can be as prone to this as older sites. In this context it is the likelihood of localised building or system failure occurring and the impact on the safety and well-being of patients, staff and visitors that is more likely and needs to be considered.

7.8 Ludlow Community Hospital is unlikely to have a significantly greater risk of failure in the next two to three years than it has had over the last two to three years. However, the risks need to be recognised and actively managed. The calibre of estate management expertise needs to continue at its current high level and in terms of operational input and condition monitoring needs to be increased.

8. RECOMMENDATIONS

The following recommendations assume a decision to continue the use of the existing Ludlow Community Hospital. On this basis they all require immediate action or action within a short period - say by the end of September 2013.

8.1 Prepare and agree a risk strategy to manage and operate the buildings in the light of the extended use. In particular, review the risk strategy in the context of current and future clinical need and especially the stair and lift access to upper ward areas.

8.2 Discuss the implications in terms of investment; and in terms of asset ownership with the owner of the site NHS Property Services Ltd; and clarify their stance with regard to extended use of the site.

8.3 Obtain legal advice on the landlord's and tenant's obligations with regard to the occupation of the hospital; and the status in property law terms of other healthcare providers who also occupy the site.

8.4 Undertake a new six facet estate appraisal based on site inspections and using the Premises Assurance Model (PAM) data – if available.

8.5 Obtain reports on the state of the engineering infrastructure from the Trust's maintenance provider, SS&SHFT, and if there are reasons for concern commission independent reports on the areas of concern.

8.6 Review with SS&SHFT the maintenance and condition monitoring regime to ensure there is a system to anticipate and not just respond to failure; and to provide early warning of system failure or risk.

8.7 Undertake the works in the Fire Risk Assessment dated 14th June 2014.

8.8 Make a decision on the investments that are required and adjust the risk strategy and maintenance regime accordingly.

8.9 Review whether fixed equipment requires major repair or replacement - but see the note in the SHP report on recent replacement of FM equipment.

APPENDICES

Appendix 1 - Strategic Healthcare Planning desk top estate assessment on Ludlow Community Hospital, August 2013

Appendix 2 SCHT Board statement on Estate Management – arrangements and strategy

Appendix 2

Management arrangements

The South Staffordshire and Shropshire Healthcare NHS Foundation Trust provides an estates management service to Shropshire Community Health NHS Trust under a service level agreement. Under this agreement, the Trust is provided with professional and technical advice by trained, qualified and experienced personnel ensuring services provided are undertaken in accordance with statutory standards, NHS guidance and good practice.

On behalf of the Trust the South Staffordshire and Shropshire Healthcare NHS Foundation Trust liaises with third parties to maintain an estate terrier and property portfolio, including information on both freehold and leasehold properties, which is regularly reviewed and maintained. Information is provided to support the effective completion of NHS Executive returns (ERIC) on levels of property and services performance. Property surveys are undertaken to establish condition, utilisation, functional suitability, energy performance, statutory standards and disability access compliance.

The South Staffordshire and Shropshire Healthcare NHS Foundation Trust also delivers to the following specification:

- To advise on national priorities and assist in developing strategies and action plans to achieve targets, including the development and ongoing review of estates strategies
- To maintain accurate and up-to-date records of all activity relating to the estate, its property and engineering services and to maintain a comprehensive drawing register of properties falling within the client's portfolio
- To act for the client in negotiations involving estates matters ie leases/lets, disposals/acquisitions, rating issues, planning and building regulations applications. To liaise with solicitors and other professionals in these negotiations as required
- To provide advice on related statutory and health and safety issues
- To ensure the patient environment is maintained to a suitable standard and regularly assessed in accordance with the NHS Plan
- To provide annual staff fire training within the resources available
- To provide comprehensive advice on a full range of hotel services at an agreed schedule of properties

This will include the following:

- Advice on the suitability and purchase of equipment in relation to hotel services
- Implementation, management and monitoring of all hotel services to agreed properties
- Identification and provision of funded or mandatory staff training
- Auditing statutory compliance
- Determination of best value, assisting and advising with implementation
- Ensuring suitability and cost effectiveness of service is met and maintained
- Liaison with outside bodies and organisations
- Representing the Trust at NHS Estates, Hefma and other related organisations

Estates strategy

A new Estates Strategy for the Community Trust has been drafted and is in the process of being finalised.

Any details relating to the Environmental Information Regulations including any Environmental Enforcement action and associated information will be published on this website.