

Epsom and St.Helier University Hospitals NHS Trust

St.Helier Hospital Scheme (phase 1) *(Better Healthcare Closer to Home)*

General Annex

October 2008

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A

**Note from A Cordingley (ESH Estates Director)
regarding estimated cost of decanting.**

DIRECTORATE OF CORPORATE INFRASTRUCTURE

Capital and Estate Development

Decanting / Enabling Works Strategy - Narrative for

Outline Business Case for Phase 1 Development of St. Helier Hospital – Option 4 : Refurbishment and New Build

The scheme proposals for Option 4, in part, require the demolition of Ferguson House to make way for a new building to re-accommodate some of the worst areas of the Trusts inpatient wards in the main Building and Outpatients areas presently located within Ferguson House Ground floor. To decant all the services within Ferguson House prior to demolition is a challenging exercise and consequently will require both careful and detailed planning and significant capital to implement the enabling works and carry out the decanting.

The existing accommodation is contained within 7 floors (including Basement) and comprises:

Basement:

Pharmacy
Corporate Infrastructure Stores

Ground Floor:

General Outpatients in Powell and Springall Units
Audiology
Dermatology
Rheumatology
Occupational Therapy
Physiotherapy
Pharmacy
Nursery
League of Friends Coffee Shop

First Floor:

Doctors and Medical Secretaries Offices
Clinical Management Offices
Finance Department

Second and Third Floors:

Staff Residential Accommodation

Fourth Floor:

Executive Offices
Clinical Teaching Centre
Information Services Department
Doctors and Medical Secretaries Offices
Clinical Management Offices
Orthopaedic Research Team
Audit Offices

Fifth Floor:

Nurse Development Training
Doctors and Medical Secretaries Offices
Clinical Management Offices
Corporate Infrastructure Offices
Sewing Room
Clinical Coders

For the purposes of developing a strategy for decanting the above Services and implementing enabling works the accommodation to be relocated is grouped into the following headings:

Accommodation to be temporarily relocated from Ferguson House (FH) and returned to new building

- Outpatients department
- Therapy Department
- Pharmacy
- Nursery
- Coffee shop

Accommodation to be permanently relocated from FH on the St.Helier site (Some services may be temporarily relocated from FH to Sutton or Off-site before returning to St.Helier)

- Executive offices
- Clinical Consultants, Medical Secretaries and Clinical Management Offices
- Clinical Teaching Areas
- Information Services Site Base
- Corporate Infrastructure Areas – Sewing room
 - Linen
 - Hairdresser
 - Stores

Accommodation to be permanently relocated from FH off-site

- Corporate Offices – Finance
 - HR
 - Information Services
 - Corporate Infrastructure (incl. Sutton Offices)

- Staff Residential Accommodation

The following schedule outlines the potential options for relocating the above groups of Services and accommodation. In this no assumption has been made that the Polyclinic at Sutton site proposed by the Royal Marsden will be provided within the timescale required for decanting. If this was available it would have an impact on the area needed for relocation of Outpatients and consequent reduction of capital required.

Phase 1 Development of St.Helier
Ferguson House Decanting / Relocation Schedule

Accommodation	Existing Area m2	Relocated to	Capital Cost	Revenue Cost
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			£	£
Temporarily relocated from Ferguson House and returned to New Build				
Outpatients*	1500	Sutton Hospital *	A- 4,500,000	Capital charges + FM costs
Therapy*	220	Sutton Hospital*	A- 660,000	Ditto
Pharmacy	633	HR Building	A-1,899,000	Capital charges
Nursery	320	New Modular Build at St.H	NM-1,280,000	Capital charges + FM costs
Tea Bar / Shop	18	Portacabin at St.H	NM-72,000	Ditto
Permanently relocated from Ferguson House on St.H site				
Executive Offices	170	Doctors quarters – B Block **	Incl. In OBC	Capital Charges
Clinical Consultants, Medical Secretaries +Management Offices	905	Doctors Quarters – B Block **	Incl. In OBC	Ditto
Clinical Teaching Areas	212	Adjacent to PGMC #	Incl. In OBC	Ditto
Information Services Site Base	80	Doctors Quarters – B Block **	A-240,000	Ditto
Corporate Infrastructure Areas (Stores, Switchboard, Linen, Sewing Room)	348	Modular Build at St.H ?	NM-1,392,000	Capital charges + FM costs
Permanently relocated from Ferguson House				

off-site				
Corporate Offices (Finance, HR, Information Services, Corporate Infrastructure (incl. Sutton Offices)	2148 (23628sq .ft)	Local Rented Office Accommodation	N/a	R- £283,536 p.a. + Service costs
Staff Residential Accommodation	N/a	SuttonHospital***	A-3,672,000	Capital charges+ FM costs

NB:

*See assumption re. Sutton Polyclinic. Also assumes all of Day Surgery and Theatres are relocated from Sutton and Corporate Offices are relocated off-site.

**Assumes all office needs can be met within conversion of Doctors Quarters.

*** Assumes all residential needs from St.Helier can be accommodated into converted Cheviot House and Doctors Residence but is exclusive of any capital being spent on Maple Walk.

Assumes that teaching areas can be accommodated close to PGMC.

A – Alterations assumed at £3000 gross per m2 (inclusive of fees and VAT but exclusive of any new equipment or loose furniture).

NM – New modular build assumed at £4000 gross per m2 (inclusive and exclusive as A).

R – Rental assumes figures based on Haredon House ,North Cheam, received from Long and Co of £12 per ft2. Rental for properties closer to the Town Centre of say, Sutton, would be in the region of £18-20 per ft2.

B

Letter from District Valuer to P Treloggan (ESH Estates Manager) regarding valuation of Sutton Hospital site as at 14/11/2007

Draft for Comment

Paul Treloggan
Epsom and St Helier NHS Trust
St Helier Hospital
Wrythe Lane
Carshalton
Surrey
SM5 1AA

Andrew Holdsworth BSc (Hons), MRICS,
MAPM
District Valuer
London

2nd Floor
1 Francis Grove
Wimbledon
London
SW19 4DT

Direct Line 020 8276 8690
Telephone 020 8276 8600
Fax 020 8276 8699
E-mail marcus.durkie@voa.gsi.gov.uk

Your reference
Our reference :
Please ask for :

Date : 14/11/2007

Dear Paul,

ADDRESS: Sutton Hospital, Cotswold Road, Sutton Surrey SM2 5NF

Purpose of Report

I refer to your instructions to provide a Market Value of the above premises in connection with the potential disposal of the above site.

Please refer to the Valuation Office Agency Standard Terms of Engagement attached.

Description & Location

The Sutton Hospital site is located along Cotswold Road, just off the B2230 Brighton Road, providing access to the central Sutton to the north. The surrounding area is predominantly residential, with public transport provided by Belmont National Rail Station providing access to central London and Croydon.

Valuation Date

Date of report

Date of Inspection

1st November 2007

Basis of Valuation:

Market Value is defined by Practice Statement 3.2 of the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 5th Edition as follows:

'The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'

Interest and Tenure

Valuation is of the freehold interest with vacant possession.

Plan

The attached Ordnance Survey plan shows the sites marked edged in red.

Site Area

The site has been measured from digital mapping data as follows:

Site A:	3.13 hectares (7.73 acres)
Site B:	2.57 hectares (6.35 acres)
Site C:	1.76 hectares (4.35 acres)
Total:	7.46 hectares (18.43 acres)

Planning

The property is located within the jurisdiction of the London Borough of Sutton, and planning guidance is contained within the Sutton Unitary Development Plan

(UDP), adopted April 2003. The guidance provided within the 2004 London Plan (Greater London Authority) would also influence any planning decisions in this location.

The property is not listed or located within a conservation area

The site has a D1 (Non Residential Institution) / C2 (Residential Institution) use. Any potential redevelopment will require planning permission.

I have spoken to Andy Webber at the Local Planning Office who has advised that Sutton Hospital has not been designated for a particular use. The planning officer did not rule out a potential residential redevelopment, however, he would not be drawn on any issue regarding potential densities permissible on the site, until a formal application was submitted. He informed me that surrounding area was of relatively low density, with the exception of the Shanklin Estate. The density guides in the 2003 UDP are now outdated. For sites along transport corridors / close to town centres, the London Plan provides a range of 250 to 450 habitable rooms per hectare. The transport rating (PTAL) could not be provided by Sutton Planners within the reporting timeframe, hence I have taken a view on the level of density.

With reference to the UDP, Policy HSG 9 states that any site capable of accommodating 20 units or more or of a size greater than 0.8 hectares will be subject to affordable housing provision. Policy 3A.7 of the London Plan requires Boroughs to set borough wide affordable housing targets having regard to the strategic target of 50%. In 2005 the borough increased its affordable housing provision from 30% to 40% with a tenure mix of 70% socially rented and 30% intermediate affordable housing.

The Mayor of London could decide to review this application. The current threshold for the review of all 'Large Scale Developments' is 150 or more units or in excess of 15,000 m², therefore a 50% affordable provision could be imposed on such a large windfall site.

For the purposes of this valuation I have assumed that planning permission would be forthcoming for a residential redevelopment. I have assumed that due to the size of the site and proximity to public transport and local infrastructure, a relatively high-density development would be approved, as detailed below. The density would gradually increase towards the centre of the site, to avoid overlooking and to generally blend the new buildings into the townscape.

Opinion of Value

I am of the opinion that the Market Value of Sutton Hospital is in the region of 45,000,000 to 59,000,000 (forty five to fifty nine million pounds)

I am of the opinion that the Market Value of Site A is in the region of £19,000,000 to £25,000,000. (Nineteen million to twenty five million pounds)

I am of the opinion that the Market Value of Site B is in the region of £15,000,000 to £20,000,000. (Fifteen million to twenty million pounds)

I am of the opinion that the Market Value of Site C is in the region of £11,000,000 to £14,000,000. (Eleven million to fourteen million pounds)

Valuation Methodology

As no clear guidance has been obtained from the local planning authority, I would stress that the above valuations should be used as initial guidance on potential capital receipts. Consequently, a wide range of values has been provided for each site. I believe that in order to fully realise the potential development capable on the site, a planning consultant should be instructed. There is then the subsequent decision, whether to apply for planning permission, prior to disposal.

I have completed a full residual appraisal for each site assuming that planning permission for residential development would be forthcoming. This is the approach any developer would take, when making a bid.

Following your instructions I have valued each site separately. I have estimated the following potential residential developments on each site:

Site A – 400 habitable rooms per hectare

500 units – Gross Development Value - Circa £93,000,000

40% affordable housing - 70% social rented 30% shared ownership

Site A – 350 habitable rooms per hectare

432 units – Gross Development Value - Circa £76,000,000

50% affordable Housing - 70% social rented 30% shared ownership

Site B – 400 habitable rooms per hectare

408 units – Gross Development Value - Circa £75,000,000

40% affordable housing - 70% social rented 30% shared ownership

Site B – 350 habitable rooms per hectare

349 units – Gross Development Value - Circa £63,000,000

50% affordable housing - 70% social rented 30% shared ownership

Site C – 400 habitable rooms per hectare

286 units – Gross Development Value - Circa £53,000,000

40% affordable housing - 70% social rented 30% shared ownership

Site C – 350 habitable rooms per hectare

244 units – Gross Development Value - Circa £42,500,000

50% affordable housing - 70% social rented 30% shared ownership

I have assumed a residential density of 350 - 400 habitable rooms per hectare (habitable rooms = bedroom, living room or dining room) and 40 to 50% affordable housing provision. I would envisage a mixture one to three bedroom flats and three to four bedroom houses.

I have estimated build costs at £1200 per sq m with a 15% developers profit on cost.

I have assumed that Site C will be sold with a right of access over site A or B. If no point of access is available the value of the site would be significantly reduced.

I have considered the devaluation of the final site values, in terms of price per hectare and price per habitable room. I have also analysed the ratio of the Gross Development Value against the final site value in each case. The results have been benchmarked against other land transactions and valuations in Suburban London. We are also providing valuation advice on the NHS Queen Mary Hospital site at Orchard Hill Carshalton Beeches, which is due for disposal.

Market Commentary/Remarks

Recent press coverage of the “credit crunch” and a slow down in the residential market, which has been compounded by the latest figures from the Halifax suggesting prices fell by 0.5% in October have caused concern within the market.

National house builders Redrow and Bovis have both made statements regarding the expected slow down in sales and prices over the next year, which has already had a downward effect on their share prices.

Although, the general signs indicate a general slow down in the property market, we are yet to see proof that developers are withdrawing from the market. The property boom in recent years has caused strong competition for sites, which has seen many developers trimming profit margins and anticipating capital value growth (of completed units) over the development period. Coupled with optimistic views on density, bids have been made well above market expectations. The recent cooling will not quash this competition, however, it may well prompt developers to now take a more realistic view.

Contamination

I refer you to the VOA’s standard terms of engagement.

During my inspection I did not note any apparent signs that might indicate the presence of contamination. My opinion of value therefore does not reflect any costs associated with contamination clear up. However should a subsequent specialist report if commissioned reveal contamination then my valuation might need to be altered.

It has been noted that there may be risks associated with asbestos within the site. The above valuation assumes limited costs associated with asbestos removal. Any further costs will be reflected in potential bids. Should a survey be completed indicating potential costs, I will be able to alter my valuation accordingly.

MARKETING

There would be three methods that could be considered for offering the property on the market.

Private treaty would mean marketing the property through one or more local estate agents. In my opinion, this would not be the best method of marketing this particular property, as it is more likely to appeal to a developer than a private buyer. I would therefore recommend that you offer it for sale either at auction or by tender.

Auction would be the better option if you wish to dispose of the property quickly.

Tender is the third option, which would be either:

Sealed tender, whereby sealed bids would be invited from interested parties, to be received by a set date and time. The bids would be opened at the appointed time and the sale would go to the highest bidder (subject to conditions regarding financial standing).

Open tender, in which bids would be invited from interested parties. Those tendering would be made aware of other bids and would have the opportunity to increase their bids accordingly. The sale would go to the highest bidder at the end of the process or, alternatively, by a set date and time.

Asset Value for Accounting Purposes

The most recent asset value of the premises for financial accounting purposes reported to the Trust from 1/4/2005 is £31,100,635. The valuation reflects a fully 'operational' status. Please advise if this is no longer the case, as an amendment may be required. Once the property is non-operational and declared surplus, the basis of valuation changes to Market Value (the same basis of this report), as dictated by the DoH Methodology.

Rateable Value

The current rateable value for the property in the 2005 rating list is £304,000. This is not actual rates liability. The latter is calculated by applying the non-domestic rates multiplier to the rateable value along with any transitional relief adjustment.

Validity

This advice may be held as valid for a period of six months from the date of the report.

I hope that this report is satisfactory for your purposes at this initial stage. Please contact me if you require further assistance in this or any other property matter.

Yours sincerely

Marcus Durkie MRICS
For District Valuer
London

C

Updated letter from District Valuer to P Treloggan (ESH Estates Manager) regarding valuation of Sutton Hospital site as at 1/8/2008

DRAFT FOR COMMENT

2nd Floor
1 Francis Grove
Wimbledon
London
SW19 4DT

Direct Line 020 8276 8690
Telephone 020 8276 8600
Fax 020 8276 8699
E-mail marcus.durkie@voa.gsi.gov.uk

Your reference
Our reference :
Please ask for :

Paul Treloggan
Capital Planning and Estate Information
Manager
Estate Management
Epsom and St Helier University Hospitals
NHS Trust

Date : 01/08/2008

VIA EMAIL

Dear Paul,

IN CONFIDENCE

ADDRESS: Sutton Hospital, Cotswold Road, Sutton Surrey SM2 5NF

Purpose of Report

I refer to your instructions to provide an updated Market Value of the above premises in connection with the potential disposal of the site.

Please refer to the Valuation Office Agency Standard Terms of Engagement attached.

Description & Location

Sutton Hospital is located along Cotswold Road, just off the B2230 Brighton Road, providing access to the central Sutton to the north. The surrounding area is predominantly residential, with public transport provided by Belmont National Rail Station providing access to central London and Croydon.

Valuation Date

Date of report

Date Of Inspection

The site was visited by Marcus Durkie on 1st November 2007; no further inspection has been made.

Basis of Valuation:

Market Value is defined by Practice Statement 3.2 of the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 6th Edition as follows:

'The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'

Interest and Tenure

Valuation is of the freehold interest with vacant possession.

Plan

The attached Ordnance Survey plan shows the sites marked edged in red.

Site Area

The site has been measured from digital mapping data as follows:

Site A: 3.13 hectares (7.73 acres)
Site B: 2.57 hectares (6.35 acres)
Site C: 1.76 hectares (4.35 acres)

Planning

The property is located within the Jurisdiction of the London Borough of Sutton, and planning guidance is contained within the Unitary Development Plan (adopted April 2003).

The property is not listed or located within a conservation area

I have adopted the planning guidance provided by West & Partners and summarise their main points as follows:

Density of 200 habitable rooms per hectare or 60 units a hectare
40% affordable housing provision
A mix of 20% one bedroom; 50% 2 bedroom and 30% 3+ bedroom
Maximum development of 450 units provided by two and three storey houses and three and four storey flats.

This planning advice indicates a relatively low density for the site compared to my assumptions of my initial valuation of 350-450 habitable rooms per hectare. With many planning applications being agreed on a design led approach many developers have achieved density levels above those indicated in the Local UDP and London Plan. However, for the purposes of this valuation I have adopted the levels suggested in the planning report

I have assumed a cleared site.

Opinion of Value

I am of the opinion that the Market Value of Site A is in the region of £11,000,000 to £12,000,000 (eleven to twelve million pounds).

I am of the opinion that the Market Value of Site B is in the region of £9,000,000 to £10,000,000 (nine to ten million pounds).

I am of the opinion that the Market Value of Site C is in the region of £6,000,000 to £7,000,000 (six to seven million pounds).

The above values differ dramatically from the previous valuation as a result of the decline in residential values and change in density levels.

Valuation Methodology

I have completed a full residual appraisal assuming planning permission for residential development would be forthcoming.

Following your instructions I have valued each site separately and have assumed the following:

Site A – 200 habitable rooms per hectare

188 units – Gross Development Value - Circa £46,000,000

40% affordable housing - 70% social rented 30% shared ownership

Site B – 200 habitable rooms per hectare

153 units – Gross Development Value - Circa £37,000,000

40% affordable housing - 70% social rented 30% shared ownership

Site C – 200 habitable rooms per hectare

107 units – Gross Development Value - Circa £26,000,000

40% affordable housing - 70% social rented 30% shared ownership

I have assumed a residential density of 200 habitable rooms per hectare (habitable rooms = bedroom, living room or dining room) and 40% affordable housing provision, providing a mixture one and two bedroom flats and three to four bedroom houses.

I have deducted build costs at a blended rate of £1200 per sq m and 25% developers profit on cost (**developers profit has increased from 15% to 25% to reflect the added risk in the current market**).

I have assumed that Site C will be sold with a right of access over site A or B. If no point of access is available the value of the site would be significantly reduced.

Market Commentary/Remarks

The residential and commercial markets are in a precarious state with a growing concern that the UK economy is heading towards recession. The effects of the “credit crunch” have been felt across the market, most notably the residential development market. Three of the largest house builders, Redrow, Bovis and Persimmon have all announced massive job cuts in an attempt to reduce their overheads and counteract poor sales and falling share prices.

But it seems that this could only be the tip of the iceberg with the banking sector tightening their lending criteria whilst removing a large proportion of their lending products, resulting in a 44% fall in mortgage approvals (Source: Council of Mortgage Lenders).

There have been many predictions on how far the property market will fall over the coming years, with various economists predicting up to 35% fall in residential property prices, with the Royal Bank of Scotland predicting residential land values could fall by as much as 70% if the current downturn continues.

Ultimately, this will have a dramatic impact on residential land values and is already showing signs with many sales falling through in addition to offers being made well below freeholders expectations. Many large developers have halted any further land purchasers with a number of developers trying to offload their uncompleted development schemes to residential social landlords and care home providers.

Asking prices for new build properties in and around Sutton have dropped by around 10%, local agents confirm the inability of purchasers to obtain mortgages has stagnated the local housing market.

Expected Receipts

Due to the current market turbulence there is little transactional data on which to base these values, I have taken into account the reduced asking prices and downward trends to reach my valuation.

As the new build market slows a limited number of developers are in a position to purchase a site of this size, the trust will need to consider whether a disposal at this time is warranted, as potential bids could be well below expectations.

Contamination

I refer you to the VOA's standard terms of engagement.

During my inspection I did not note any apparent signs that might indicate the presence of contamination. My opinion of value therefore does not reflect any costs associated with contamination clear up. However should a subsequent specialist report if commissioned reveal contamination then my valuation might need to be altered.

It has been noted that there is potential for asbestos contamination on site. No allowance has been made for this within the valuation.

Asset Value for Accounting Purposes

The most recent asset value of the premises for financial accounting purposes reported to the Trust in 2005 is £31,100,635.

Rateable Value

The current rateable value for the property in the 2005 rating list is £304,000. This is not actual rates liability. The latter is calculated by applying the non-domestic rates multiplier to the rateable value along with any transitional relief adjustment.

Validity

This advice may be held as valid for a period of three months from the date of the report.

I hope that this report is satisfactory for your purposes. Please contact me if you require further assistance in this or any other property matter.

Yours sincerely

Marcus Durkie MRICS
Senior Surveyor
For DVS London

D

Draft ESH Board minutes confirming agreement to the investment in the St Helier Hospital Scheme (phase 1)

EPSOM AND ST HELIER UNIVERSITY HOSPITALS NHS TRUST

**MINUTES OF THE EPSOM AND ST HELIER UNIVERSITY HOSPITALS NHS
TRUST BOARD MEETING**

**HELD AT 9.30 AM ON FRIDAY 5TH SEPTEMBER 2008 IN NONSUCH ROOM,
POSTGRADUATE MEDICAL CENTRE, ST HELIER HOSPITAL, WRYTHE
LANE, CARSHALTON, SURREY SM5 1AA**

PRESENT: Mr John Davey, Chairman

Ms Samantha Jones, Chief Executive
Mr Shane DeGaris, Director of Operations/Deputy Chief Executive

Ms Pippa Hart, Director of Nursing

Dr Jonathan Kwan, Medical Director

Ms Sue Marshall, Non Executive Director (SM)
Professor David Oliveira, Non Executive Director (DO)

Mr Peter Rawlinson, Non Executive Director (PR)

Mr Jon Sargeant, Director of Finance

Ms Janet Sawkins, Non Executive Director (JaS)

APOLOGIES: There were no apologies for absence.

IN ATTENDANCE: Mr Michael Burden, Director of Human Resources

Mr Antony Tiernan, Director of Communications

Mrs Lisa Avis, Minute Secretary

130/08 CHAIRMAN'S WELCOME

The Chairman welcomed everyone to the meeting and reminded those present that this was a meeting held in public and not a public meeting.

131/08 APOLOGIES FOR ABSENCE

As recorded above.

132/08 DECLARATIONS OF INTEREST

Professor David Oliveira, Non-Executive Director, declared his interest in that he was a renal consultant and part of St George's Hospital Medical School.

133/08 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Trust Board meeting held on Monday 14th July 2008 were received and approved as an accurate record of the discussions. The Minutes were duly signed.

134/08 MATTERS ARISING

The matters arising report was further updated.

The Board noted the matters arising report.

135/08 CHAIRMAN'S UPDATE

The Chairman reported that Michael Sadler, Non Executive Director had tendered his resignation from the Trust Board at the end of July. He thanked Michael for his time served on the Board. Points that had been raised in his letter of resignation including BHCH, Epsom Hospital site estate review and information on ensuring access were covered in the rest of the agenda.

The Chairman confirmed that the Appointments Commission would shortly be starting the process to appoint a successor.

136/08 CHIEF EXECUTIVE'S UPDATE

The Chief Executive reported the publication of independent reconfiguration panel reports.

QUALITY AND PERFORMANCE

137/08 PERFORMANCE REPORT – MONTH 3

The Director of Finance introduced the report TB 101/08. .
The key points to note were that:

Performance against the 18 weeks referral to treatment target for July was 83.5% for admitted patients which met the trajectory of 83%

91.5% of patients met the 18 weeks referral to treatment target for non admitted meeting the trajectory of 91% for July..

There had been 3 MRSA bacteraemia identified in month, 1 in A&E and 2 Specialty Medicine patients.

The Trust achieved 99% against the emergency access target in July continuing the excellent performance.

Continued improvement in access to the Stroke unit was required.

Mandatory and statutory training needed improvement.

The Director of Finance confirmed that for the red areas on the scorecard resources had been put aside for the stroke action plan and there had been a readvertisement for the position of Stroke consultant. The Director of Operations was working on an action plan to look at diagnostic waiting times and staff were being encouraged to attend infection control training. This would be brought back to the Board in November for information.

The Chairman queried the stroke performance and the Director of Finance confirmed that remedial works were already in progress to assist with raising our performance in this area.

JaS asked for confirmation of the meaning of the 3 metrics. It was explained that each directorate had trajectories for them to focus on individual areas in the stroke action plan.

JaS asked if there was a target date for the 18 week validation list to be cleansed. The Director of Operations

confirmed that this information was included in the 18 weeks report later in the agenda.

PR asked what work had been completed on monitoring of complaints. The Director of Nursing confirmed that work had been done to improve performance in this area and numbers of complaints were down. There was no specific reason why performance in responding to complaints had dipped but it could be that there had been some more complex cases to be responded to.

SM queried that she thought the stroke target was a national target rather than an internal Trust target. It was confirmed that it was a national target but as it was new it was not clear how this would be monitored but it was likely to be those admitted to the stroke unit within 24 hours of admittance.

PR confirmed his pleasure that the Trust was focussing on this issue.

JaS confirmed the need to put stroke in the national context.

The Trust Board noted the performance report.

138/08 FINANCE AND TURNAROUND REPORT – MONTH 3

The Director of Finance introduced the month 3 financial report and drew attention to the key areas of progress and the key risks.

The Trust had an income and expenditure surplus of £836k but was £1,294k behind its planned position at the end of July.

There were cost pressures in relation to increased energy costs of £800k and pay awards being settled 0.5% over the contingency budget of 2%, both of which having an impact.

The Director of Finance and Director of Operations were currently meeting with directorates to discuss their forecasts.

On pay there had been increased spending on junior and senior medical staff temps and locums.

The Director of Finance reported that there was a high cash balance as there had been little spend on capital allocations so far this year.

SM queried the forecast. JaS confirmed that a re-forecast would be brought to the Finance and Service Improvement Committee by the Director of Finance. The Director of Finance did however confirm that the figures provided in the report were risk assessed. The Director of Operations also reported that there was some income differential in forecast within new directorates.

The Chief Executive confirmed that for the November Board meeting there would be a full breakdown of the financial position.

The Chief Executive also reminded the Board that they would receive a breakdown of each of the key projects in the Trusts savings plan.

The Trust Board noted the report.

139/08 INFECTION PREVENTION AND CONTROL

The Medical Director introduced paper TB 103/08, which provided an update on infection control activities and performance in the Trust during the month of July and the first three weeks of August. He reported that there had been 3 bacteraemias in July. One case was a pre-48 hour relating to a urinary catheter and the other two were thought to have been contaminants. There was currently one case to report for August. Colostrum Difficile rates were constant with a total of 21 cases identified.

The Medical Director further reported that all new junior doctors had received their infection control training and that two additional infection control nurses would be appointed.

A paper would be taken to the Trust Executive Committee with the list of prioritised actions from the infection control

action plan and a paper would be brought to the November board detailing the updated prioritised plans.

DO asked on the level of PCT involvement in root cause analysis meetings for community acquired MRSA. It was confirmed that Sutton and Merton PCT had been very involved with this element but there had been some delay in involvement by Surrey PCT. The Chief Executive further confirmed that she had written to the Chief Executive of Surrey PCT regarding their involvement and the Medical Director and Director of Nursing would be taking forward any further issues in this area. She asked the Medical Director and Director of Nursing to keep her updated on the attendance from Surrey.

The Chief Executive gave thanks to the Medical Director and the Director of Nursing for their efforts as Director of Infection Prevention and Control.

The Trust Board noted the report and supported activities in this area.

ITEMS FOR APPROVAL

140/08 ASSURANCE FRAMEWORK

The Chief Executive presented the Assurance Framework paper TB 104/08 which was the latest version and had been through the Governance Committee. This set out the key risks to achieving the corporate objectives along with the controls in place to minimise the risks.

The Trust Board noted the assurance framework and the progress that had been made in developing the framework. It further noted the actions being carried out to fill the gaps in control and gaps in assurance and noted the Patient Safety and Quality Committee (formerly Governance Committee) would monitor progress with the action plans.

141/08 PATIENT EXPERIENCE REPORT

The Director of Nursing presented the report TB 105/08 which was an overview of actions taken to improve the patient experience and incorporated an updated and revised patient experience action plan and a progress report on

work undertaken since the last action plan that was presented to the Board in April 2008.

The Director of Nursing further confirmed her confidence that there was improvement in this area.

The Trust Board noted the report.

142/08 BETTER HEALTHCARE CLOSER TO HOME

The Chief Executive and Director of Finance gave a presentation on the key salient points of the paper TB 106/08 regarding Better Healthcare Closer to Home.

PR was excited at the proposals on many different levels, however, there were two factors in the affordability to rebuild; our income would determine our ability to borrow and for reservicing our debt would be our profitability. Was there confidence in the revised projections? The Director of Finance confirmed that our forecasts were as good as they could be and were joint assumptions with the PCT.

The Chief Executive confirmed the importance for the Board to note the risk sharing agreement with the PCT which would require us to be efficient and effective in how we provide care.

PR queried if the Board were to proceed with these proposals would there still be an ability for the Trust to complete works on the Epsom site once the PCT make known their intentions. The Director of Finance confirmed that there would be around £85M at current prices plus possible other donations which should bring the amount available for the Epsom site to around £100M.

SM queried if there was a timeline in place for discussions regarding the Epsom site. The Director of Operations confirmed that there was currently a time lag, due to the Assuring Access Programme having been set up recently, however, a series of workshops were due to take place in September and October to work on mapping. The Chief Executive of Surrey PCT had confirmed the commissioning intentions would be available by November.

DO queried teaching and training as there was no mention of this in the document, especially the reprovision of the clinical teaching centre currently based in Ferguson House. The Chief Executive confirmed that this wasn't mentioned, not because it was not included in the scheme but would be included as part of the decanting arrangements for Ferguson House and would therefore be re-provided.

DO queried if SIFT income had been factored in and this was confirmed by the Director of Finance.

DO queried the number of beds, in particular the renal unit which wasn't included. The Chief Executive confirmed that a number of services were not included in this review, namely Renal and Women's and Children's. These services are currently part of different reviews, but this would not mean there would be less infection control measures in place for these areas. The Director of Nursing went on to confirm that 50% of the rooms in the new build would be single rooms although until the full design was known it would not be possible to work out the levels of nursing staff required.

JaS queried that we were very dependent on collaborative working with the PCT's but as Surrey PCT were further behind in the process would there be a risk to maintenance of services. The Director of Finance confirmed that as the Trust had other estate to use there would be spare capacity to manage this should the proposed changes in care not be realised. The Chief Executive further confirmed that Sutton and Merton PCT had an additional 105 spaces and bed equivalent for intermediate care.

The Chairman queried the impact on staff of this process. The Director of Human Resources confirmed that work would be done with the PCT to discuss the skills needed. The Chief Executive further confirmed that the NHS Workforce Strategy was being launched next week on changes to the way workforce works. This Trust will be at the forefront of working with NHS London on this.

The Trust Board:

Endorsed the suite of outline business cases, and approved the investment proposed for phase 1 of the St Helier Hospital redevelopment;
Noted the risks to the Epsom and St Helier University Hospitals NHS Trust

outlined in the presentation and agreed to the mitigating actions being taken at this stage;

Gave authority to Sutton and Merton PCT to submit a suite of outline business cases to NHS London for approval, including an investment of c.£140million (at 2008 prices) for phase 1 redevelopment of St Helier with the phase 1 redevelopment being led by Epsom and St Helier University Hospitals NHS Trust and submitted by the Trust as part of the Better Healthcare Programme within the same timescales.

Noted the proposed programme of governance arrangements being set up as part of the phase 1 redevelopment of St Helier in accordance with best practice, including the appointment of a dedicated Project Director to manage the build;

Agreed that updates would come to the Trust Board on a quarterly basis, but more frequently if required.

143/08 18 WEEK ACTION PLAN

The Director of Operations presented TB 107/08 which updated the Board on progress to ensure the delivery of the 18 week referral to treatment pathway and ensure improved access for patients.

The Board were taken through the 18 week plan v performance where it was reported that with legacy patients all now had received dates; patients waiting 18+ weeks were currently at 8,200 and it was expected that this number would fall to a sustained number of 1,000. Patients waiting 0-18 weeks would have sustained effort to get this to a parallel position. In Audiology services the waiting list was on track to be eliminated by mid October.

PR was encouraged that performance was above trajectory but queried why the trajectory was forecast to fall in August and February for admitted patients and July and August for non-admitted. The Director of Operations explained that a number of factors were assumed each month for patients already on the waiting list and the forecast was based on the number of dropping that occur.

The Chief Executive confirmed that we were playing catch up in this area but confirmed that the action plans in place by the Director of Operations and Director of Finance were effective and a lot of work was going on in this area.

The Chief Executive also informed the Board that this was a risk to the organisation which would be challenging to

achieve – although the above plans in place would deliver it.

The Trust Board noted the report, risks and actions taken.

144/08 HEALTHCARE STANDARDS

The Director of Finance presented TB 108/08 presenting the Board with an updated position against the Healthcare Standards for the period April 2008-June 2008. There were 5 areas that were highlighted as requiring further work to ensure compliance was maintained:-

Medical Devices
Decontamination of reusable medical devices;
Mandatory training;
Privacy and dignity;
Food and nutrition

The Trust Board noted the progress on this report.

145/08 COMPLAINTS ANNUAL REPORT

The Director of Nursing presented the Annual Complaints Report TB 109/08 including an overview of complaints for the financial year 2007/08. The report showed only a slight increase in complaints for the year and the five key complaint themes would be monitored through the patient experience report which the Board received on a regular basis.

The Trust Board approved the annual report.

ITEMS FOR INFORMATION

146/08 S2 REVIEW AND ACTION PLAN

The Board received TB 110/08 updating the Board on progress against the recommendations in the action plan presented to the Board in June 2008.

A further paper on progress would come to the November Board.

The Board noted the progress in the report.

147/08 SAFEGUARDING ADULTS

The Board received TB 111/08 updating the Board on progress regarding Safeguarding Adults and in particular the governance structure, the communications processes and the procedures implemented to ensure vulnerable adults are safeguarded.

The Board noted the update report.

148/08 REVISED GOVERNANCE ARRANGEMENTS FOR WOMEN'S AND CHILDREN'S

The Board received TB 112/08 updating the Board on changes to governance arrangements for the Women's and Children's service review, following transfer of the SRO role from the Trust to the PCT's. It was confirmed that there would be two SRO's on this review, the Chief Executive of Sutton and Merton PCT and the Chief Executive of Surrey PCT to ensure cohesion of this review. Revised timelines for the review would be circulated to Board members.

JaS queried if Surrey PCT had now nominated a clinician to be part of this review. The Chairman confirmed that a name would be imminently provided.

JaS queried progress on partnership working. The Chief Executive confirmed that the discussion on the St Helier/St George's partnership were further advanced currently than with Surrey but that this would be moving along shortly.

The Trust Board noted and endorsed the proposed governance arrangements.

149/08 GOVERNANCE REVIEW

The Board received TB 113/08 which showed the outcome of a recent external governance review by Grant Thornton that had been commissioned by the Chairman.

SM asked if this report would come back to the Board once the management response had been completed to their recommendations. The Chairman confirmed that he would be asking each Chair of the Board Committees to respond on the recommendations and a paper would be brought back to the November Board for information.

The Trust Board noted the report and its recommendations.

150/08 EPSOM HOSPITAL ESTATES REVIEW PROGRAMME BOARD UPDATE

The Board received paper TB 114/08 updating the Board on actions taken by the Epsom Hospital Estates Review Programme Board since their last meeting on 7 April 2008.

The Trust Board noted the report.

151/08 ASSURING ACCESS PROGRAMME UPDATE

The Board received TB 115/08 making the Board aware of the commissioning intentions of Surrey PCT and the ongoing work via the Epsom Programme Board and giving an update on progress to date on the assuring access programme.

The Trust Board noted the progress to date.

MINUTES AND REPORTS

152/08 MINUTES AND REPORTS FROM BOARD SUBCOMMITTEES

The Trust Board noted the following:

Executive Committee: Action notes of the meetings held on 18th June, 23rd July and 20th August 2008.

Governance Committee: Minutes of the meeting held on 5th August 2008

Workforce Committee: Minutes of the meeting held on 29th May and 24th July 2008

Finance Committee: Minutes of the meeting held on 20th May and 22nd July 2008

153/08 ANY OTHER BUSINESS

The Board were made aware that the Trust AGM would be held on 23rd September at 5.30pm at St Bede's Conference Centre, London Road, North Cheam.

154/08 DATE OF NEXT MEETING

The next meeting of the Trust Board would take place at 9.30am on Friday 5th November 2008 in Conference Room 1, Postgraduate Centre, Epsom Hospital.

155/08 CLOSURE

The Board resolved to exclude the public from Part II of the meeting due to the confidential nature of the business to be transacted and because publicity of the items for consideration would be prejudicial to the public interest.

Signed.....

Date.....

Following closure of the meeting, there was a question and answer session between the Board and members of staff and the public.

The following questions were raised:

Confirmation that Epsom Hospital would have finances available as it always appeared to some people that Epsom was a low priority. This was had been given as part of TB 142/08 and was confirmed.

Confirmation that the Trust had provided all necessary information required by the Assuring Access Programme Board. It was confirmed that all information asked for had been provided and the Director of Finance would be meeting with the Chief Executive and Director of Finance for Surrey PCT on 12th September to

go through the figures.

What was happening with the Local Needs Local Health Review. It was confirmed that this review was not in relation to services.

Query about numbers for the Stroke Unit at Epsom. It was confirmed that this was included as part of the performance report and in the action plan.

Confirmation that complaints were being captured outside of the formal process. It was confirmed that was done via the PALS department.

Confirmation on whether mental health services would be included in the redevelopment. It was confirmed that all local care centres would have provision for some mental health services and the mental health service NHS Trusts have been involved.

