

REPORT TO BOARD OF DIRECTORS MEETING

Thursday 3 August 2017

APPROVAL OF THE FULL BUSINESS CASE

1. PURPOSE OF THE REPORT

The purpose of this report is to request that the Trust Board approves the attached Full Business Case (FBC) for the reconfiguration of Calderdale and Huddersfield NHS Foundation Trust hospital services, resulting in the FBC being passed to NHS Improvement and our two local Clinical Commissioning Groups (CCGs) for next stage approvals over the next couple of months.

2. CONTEXT

- 2.1. In 2015, the Trust was placed under an enforcement undertaking by its then regulator Monitor (now NHS Improvement) and was required to produce a five year strategic and sustainability plan which was approved by the Trust Board in December 2015. It should be noted that the enforcement undertaking is still formally in place at the time of writing this report.
- 2.2. The five year strategic plan described that the existing hospital service model was challenged by a number of significant and interconnected quality, safety, workforce and financial risks. The plan proposed a future hospital service model that would mitigate these risks by consolidating the provision of emergency and unplanned services at Calderdale Royal Hospital (CRH) and providing planned hospital services at Huddersfield Royal Infirmary (HRI). The service model proposed was agreed with Clinical Commissioners and endorsed by the Yorkshire and Humber Clinical Senate.
- 2.3. During 2016, Calderdale and Greater Huddersfield CCGs led the “Right Care, Right Time, Right Place” formal public consultation on the proposals and subsequently made the decision that the proposals should be further developed in a full business case. NHS Improvement (NHSI) and NHS England (NHSE) confirmed support for the Trust to develop the Full Business Case for the reconfiguration of hospital services.
- 2.4. Through the process of consultation members of the public along with Members of Parliament have expressed a high level of concern about the proposed changes in the hospital service model. In particular, a belief that services in the broader Kirklees Council catchment area and for the town of Huddersfield will be reduced as result of these changes.
- 2.5. As an example of this depth of feeling, the most recent deputations made at the recent Joint Health Overview and Scrutiny Committee (JHOSC) is

captured on webcast at the following link: https://kirklees.public-i.tv/core/portal/webcast_interactive/286084/start_time/301000.

3. SUMMARY CONTENT

- 3.1. Given the regulatory expenditure cap and approvals process of £50,000 imposed on NHS Trusts regarding the use of external consultancy firms to undertake work such as business case development, the FBC has largely been developed by CHFT staff with support from NHS Improvement, NHS England and the Department of Health. It has subsequently been through a process of review and development with the CHFT Board during July and discussed at summary level with representatives of the two CCGs in preparation for submission to this August Board meeting.
- 3.2. The purpose of the Full Business Case as agreed with NHS Improvement, NHS England and our local CCGs is to:
- Provide a plan for improving the quality and safety of hospital services provided by the Trust;
 - Make best possible use of the total Trust estate;
 - Eliminate the Trust's underlying deficit and contribute to improvement of the wider system affordability and sustainability;
 - Secure NHS Improvement, NHS England, Department of Health and Department of Treasury approval to progress a proposed capital funding option to implement estate developments that will enable the reconfiguration of hospital services.
- 3.3. The key summary points contained within the FBC are:
- The proposed clinical model and its impact on patient activity remains largely unchanged from what was consulted on with local people.
 - We anticipate that patient activity across both hospital sites will equate to 721,000 (430,000 at CRH and 291,000 at HRI).
 - Across both sites there would be 738 beds and 20 theatres overall; with 8 theatres and 64 beds at the new build Acre Mills facility and this is based on a clinically led belief that many more elective procedures will be day cases and more complex surgery will be done at CRH where there will be access to intensive care.
 - It is not anticipated that there will be a need for compulsory redundancies as a part of these proposals but it is estimated that the workforce will reduce through retirements and personal job choice by a total of 479 staff over the next decade.
 - The FBC compares the financial implications of maintaining our current two hospital sites as they exist now against the proposed model. This shows that HRI needs around £94M worth of maintenance to keep it going for the next 10 years. After that it would need to be rebuilt at a cost of around £379M. The proposed model would cost around £298M.
 - The most likely way that the new buildings will be funded is through PFI2 as we have been advised that there is no publicly financed capital funding available from the Departments of Health and Treasury.

- The proposed reconfiguration of our hospital services would enable the Trust to achieve and maintain a financial surplus in eight years' time (by 2024/25).

4. JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE

- 4.1. On Friday 21 July 2017 the Joint Health Overview and Scrutiny Committee (JHOSC) met to look at the responses from the Trust and the two local Clinical Commissioning Groups to their 19 recommendations.
- 4.2. The JHOSC confirmed that maintaining the status quo is not an option and that they understand the clinical and quality case for change. However, the JHOSC voted by 5 votes to 3 in favour of exercising its right to refer the proposed reconfiguration to the Secretary of State for Health on the grounds that:
 - It is not satisfied with the adequacy of content of the consultation with the Joint Committee.
 - The amended proposals presented to the Joint Committee are not consistent with the proposals originally consulted on by the CCGs in 2016.
 - It considers that the proposal would not be in the interests of the people of Calderdale and Greater Huddersfield and hence not in the interests of the health service in the area.
- 4.3. With this in mind, we have considered the potential future procurement risk associated with full publication of the FBC. However, we believe at this stage that the need for local people to know and scrutinise the detail of the business case takes precedent. Therefore, we have made the FBC publicly available in its entirety without any form of redaction.
- 4.4. As referenced earlier in this report there were a number of very important deputations from a number of local stakeholders including campaign groups, politicians and the Local Medical Committee (LMC) of Huddersfield. It is important that we continue to recognise the strength of feeling and we will continue to work with JHOSC, Members of Parliament; campaign groups and local people as the process of referral is undertaken by the Secretary of State.

5. NEXT STEPS

- 5.1. Subject to Board approval of the FBC, the Trust will then formally submit the FBC to NHS Improvement. Calderdale and Greater Huddersfield CCGs' governing bodies will meet in the next two months to consider whether the FBC is in line with the model that was consulted on; is affordable; and provides a sustainable plan not only for the Trust but the wider Calderdale and Greater Huddersfield System of care.
- 5.2. Should these steps be followed it is anticipated that the FBC will then be forwarded to the Secretary of State's office as a part of his deliberations with regard to the referral from the JHOSC.

6. RECOMMENDATION

Members of the Trust Board are requested to approve the content of the Full Business Case and its submission to NHS Improvement and our two CCGs for further approval(s).