West Hertfordshire Hospitals NHS
NHS Trust

Agenda Item 105/10

Trust Board Meeting – 29th July 2010

Decontamination Compliance Programme – Update and Signature of Contracts
To update the Board on progress with the Decontamination Compliance Programme and seek delegated authority for the Chief Executive and Chair/ Director of Finance to sign the necessary contracts once finalised.

Report by: Sarah Wiles, Director of Strategy & Infrastructure

1 Purpose

1.1 This paper is intended to brief the Trust Board on progress with the Decontamination Compliance Programme. The paper seeks endorsement of decisions made relating to the timing of transition for the TSSU out-sourcing project and implementation of the Endoscopy decontamination projects.

1.2 Further the paper seeks delegated authority for the Chief Executive and Chair (or Director of Finance) to sign the contracts for the out-sourcing of the TSSU service to a private provider and the necessary construction contracts to deliver the Receipt and Distribution points at SACH and WGH.

2 Background

2.1 The Trust's current TSSU and Endoscopy decontamination facilities do not comply with the detailed technical aspects of national guidance. For the avoidance of doubt the Trust's current services are safe and do not put patients or staff at risk. However they do not technically comply with the most recent guidance.

2.2 For the Theatre Sterile Supply Units (TSSU's) there is no option of investing in the current locations. The Trust had been working towards compliance as part of a National Programme consortium. The Trust Board considered an options appraisal at the July 2009 Board and agreed the optimum approach for achieving compliance as being to out-source the TSSU work to a private provider through a framework contract, rather than continue the original consortium procurement effort.

2.3 The endoscopy decontamination projects deliver a capital investment at both Watford and Hemel Hempstead that secures full compliance with the applicable guidance.

3 Key Matters of Interest

3.1 <u>Sterile Services Implementation Project</u>

3.1.1 The Project Team has progressed the project to the point where they have had their recommendation to sign the contract with the private provider endorsed by the Decontamination Compliance Programme Board.

3.1.2 A significant amount of very detailed analysis has been conducted on the:

- Original instrument tray categorisation
- Original forecasts of activity
- Suggested contractual volume
- Contract schedules describing the detailed services required
- Logistics planning and delivery processes
- Construction details of the necessary Receipt & Distribution (R&D) points at SACH and WGH
- Procurement strategy for construction works

3.1.3 The Project Team and Programme Board have endorsed the resulting detailed contractual activity and approach. The scope of works for the construction activity has been minimised in order to maintain the maximum possible sum for mitigating the surgical instrument availability risk resulting from the instruments being off-site for decontamination.

3.1.4 The overall financial envelope required for the contracted service and the retained staff team to enable the receipt and distribution of the instruments has increased substantially from the original options appraisal. This is due to a number of factors summarised in the bullet points below, but discussed in more detail at Appendix A describes:

- Inflation of original 08/09 unit prices to 10/11.
- Reflects corrected categorisations of instruments (prior work has been demonstrated to be flawed)
- Full understanding of Receipt & Distribution (R&D) Team required on site (staff numbers higher than originally thought)
- Original assumption had been to replace TSSU with a new Theatre to earn income thereby releasing capital charges.
- Allowance for utilities due to shift in tactics on R&D locations

3.1.5 The Board can be reassured that the increased financial parameters have not shifted sufficiently to justify any change to the strategy decision made in July 2009.

3.1.6 The Project Team has worked hard to ensure that the Trust and provider are in a position to "transition" in November this year. However the recent re-calculation of the forecast operating costs of the internal team, contract value and other financial consequences of the revised strategy, has identified that, if the "go-live" date were kept as November, the Trust would need to absorb a circa £500k cost pressure, much of which relates to a risk contingency on redundancy payments. The Programme Manager, Programme Director and Chief Executive have discussed the benefits and risks of a delaying transition until January 2011 in order to minimise and mitigate against the in year cost pressure for 10/11.

3.1.7 The downside is that the Trust will not achieve compliance with the decontamination agenda until the new calendar year, albeit compliance for TSSU will be achieved within financial year. Given matters discussed later in this paper, a declaration of full compliance with the Decontamination agenda will not be achievable in 2009/ 10 anyway.

3.1.8 A delay will not only benefit the financial position but also:

- Increase the staff TUPE consultation period.
- Enable procurement of necessary surgical instruments to be conducted in a more appropriate timescale
- Provide a longer window of opportunity is created for finding suitable alternative employment for any staff at risk of redundancy thereby off-setting the need for some of the redundancy allowance identified.
- Eliminate transition risk over Christmas holiday period

3.1.9 A revised "transition" date in January/ February 2011 is therefore recommended to the Board.

3.1.10 The Decontamination Compliance Programme Board seeks the Board's endorsement of its recommendation that the TSSU outsourcing contract be signed and that the Chief Executive and Chair (or Director of Finance) be given delegated authority to sign the contract with the private provider (IHSS) and any necessary enabling construction work contracts.

3.2 <u>Endoscopy Decontamination Projects</u>

3.2.1 There are 2 endoscopy decontamination projects underway within the Programme. The first delivers compliant facilities at Hemel Hempstead, the second at Watford. The Hemel scheme had capital allocated this financial year to enable implementation of the scheme.

3.2.2 The Watford project had an allocation in this financial year only for the development of a detailed feasibility study.

3.2.2 The Watford site was acknowledged to be a challenging one to address for Endoscopy Decontamination owing to adjacencies, layouts and space constraints. Preliminary schemes were developed with indicative budgets in excess of £3m. These were considered to be unaffordable and the Project Team has now identified a new means of delivering compliance with an innovative washer system from a company called BES. The BES solution will cost circa £780k to implement.

3.2.3 The Project Manager and Team have put significant effort in to establishing robust business cases for the implementation of these schemes. As a result of this effort a number of substantial issues have been identified including:

- Increased revenue costs of running compliant decontamination services
- Substantially higher cost to achieve compliance at WGH than allowed in the current Capital Programme for the WGH feasibility study
- Substantial costs for additional 'scopes if capacity to be maintained through compliant decontamination facilities.

3.2.4 The Project Team, Programme Board and Capital Programme Group (CPG) have reviewed the business cases for the capital investment in endoscope decontamination. All groups endorsed and approved the case for capital made, although further work was indicated as being necessary to finalise revenue costs.

3.2.5 The additional operating costs forecast following the achievement of compliance are to be reviewed and signed off by the Medicine finance team. Additional costs are expected to be in the region of £50-75k/ annum at each site. This will represent a further cost pressure for the Trust, but this is considered to be a necessary pressure if compliance is to be both achieved and maintained.

3.2.6 In order to manage the capital programme, it was agreed that the un-spent WGH feasibility study funds should be slipped (as the scheme is now priced and prepared for delivery) and the full £780k scheme prioritised for delivery early in 2011/12. The HHGH scheme is to progress and is forecast to deliver marginally within its allocated capital allowance, although any underspend will be targeted to either ENT decontamination or additional 'scopes.

3.2.7 The slipping of the WGH scheme will mean that the Trust will not be able, as had initially been hoped, to declare compliance with the Decontamination regulatory regime in 2010/11. The Decontamination Compliance Programme Board discussed the consequences of this and concluded that as the Joint Assessment Group (the body controlling award of cancer screening contracts) would not be inspecting either of the Trust sites until 2012, the risks associated with slipping were minimal. This has been discussed and agreed with the Chief Executive and Medical Director.

3.2.8 The Decontamination Compliance Programme Board therefore seeks the Trust Board's endorsement of their recommendation that HHGH endoscopy project progress to delivery now and that the WGH scheme be delayed to 2011/12 and flagged as an immediate priority for delivery in year.

3.2.9 It is recommended that the Board delegate authority to sign the necessary construction and decontamination equipment purchase contracts to the Chief Executive and Chair (or Director Finance).

3.2.10 A second business case is considered necessary in order to fully justify the need for additional 'scopes and consider options on the procurement approach for those 'scopes. The Project Team is generating that business case currently for CPG's review and prioritisation within the Capital Programme.

4 Recommendations

4.1 It is recommended that the Board agree a revised target transition date of January/ February 2011 for the Sterile Services Implementation Project.

4.2 It is recommended that delegated authority be granted to the Chief Executive and Chair (or Director of Finance) to sign the Decontamination Services Agreement with the private provider (IHSS).

4.3 It is recommended that the HHGH Endoscopy scheme be progressed forthwith and that delegated authority be granted to the Chief Executive and Chair (or Director of Finance) to sign the necessary construction and equipment purchase contracts.

4.4 It is recommended that the WGH Endoscopy scheme be slipped to 2011/12 but is set as an immediate priority for delivery in 2011/11. The Board is asked to acknowledge and accept that this means full compliance with the Decontamination agenda will not be achievable in 2010/11 as had previously been anticipated.

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