

Date of Meeting: 27th October 2022

Subject: Refurbishment and the Operationalisation of Galgorm accommodation.

Presented by: Diane Spence, Divisional Director, Community Care Division

Purpose

To provide an updated summary of the Capital Business Case for Trust Board approval for additional funding for the refurbishment and the operationalisation of Galgorm accommodation.

Background

The Trust has purchased premises in Galgorm Industrial Estate to relocate both Pharmacy Personal Protective Equipment (Pharmacy PPE) and the Community Equipment Service (CES).

The temporary accommodation lease of the Pharmacy PPE will be terminated by the landlord in January 2023 and the service requires a permanent location for the storage of PPE. The CES premises are located in Pennybridge and the physical condition of the premises has been identified as category D Bad - life expired and/or serious risk of imminent failure. It is intended that the Pennybridge premises will be disposed in the near future once it has been vacated.

A business case for funding the refurbishment and operationalisation of the Galgorm building was presented and approved at the January 2022 Trust Board. Recent tender returns for the required scope of work have established a significant increase in cost requiring the business case to be represented for approval.

Circumstances for update.

Recent tender returns for the required scope of work have established a significant increase in cost requiring the business case to be represented for approval.

Changes to the original estimated costs have arisen due to a number of factors. The principal factor is the price increases currently being experienced within the current construction industry. Increases of 40% in labour, plant and materials costs have been recorded. As a result, the tender quotations received for the works were considerably higher than originally estimated. Also, as the detailed design developed, further works to the fabric and services were noted which had not been

initially anticipated. Unfortunately this is not uncommon with refurbishment works within buildings that have limited historical records.

The key objective of this business case is to obtain approval to fund the increase cost for the refurbishment of the building at Galgorm to an acceptable standard, to facilitate the relocation and operational works required for Pharmacy PPE and the Community Equipment Service.

Options

Three options were reviewed for consideration within the capital business case.

Option 3 was selected as the preferred option.

Option 3 – This option requires capital investment for the refurbishment costs to bring the condition of the newly acquired building at Galgorm to an acceptable standard for a Trust accommodation and the operational works required for Pharmacy PPE and the Community Equipment Service at Galgorm. This option will see a programme of estates works that will meet the minimum requirements as laid out in the proposed business case objectives and be delivered in the 2023/24 financial year.

Benefits

- Pharmacy PPE located in a long term, trust owned building.
- CES located in a Trust owned building that is fit for purpose i.e. equivalent to 'C' or above standard in a 6 facet condition report.
- To improve the quality of public service by providing accommodation with the potential to increase the operational area to meet the current and future needs of the services.
- The provision of improved operational resources will increase operational effectiveness delivery to the customer.
- To improve working environment for Pharmacy PPE and Community Equipment Staff.
- Provide a platform for the introduction of the Assistive Technology Strategy that will provide the customer with an efficient, cost effective, person-centred approach.

Capital Cost Summary:

Total Capital Cost -

Description	2021/22	2022/23	2023/24	TOTAL
Works Total:	£64,705	£696,051	£467,500	£1,228,256
Fees based @10%	£0	£103,080	£13,275	£116,355
CES Racking	£0	£100,000	£0	£100,000
Total Works value	£64,705	£899,131	£480,775	£1,444,611
Total Equipment Costs	£0	£41,279	£9,430	£50,709
TOTAL SCHEME COSTS	£64,705	£940,410	£490,205	£1,495,320

Affordability: Funded from NHSCT General Capital

Revenue costs: The Trust is currently incurring total revenue costs of £350,134 in respect of overhead costs for the 3 sites, Pennybridge, Galgorm and leased accommodation (Lidl). Once the initial works are complete by March 2023, Pharmacy will terminate their lease at Lidl. CES will vacate from Pennybridge to Galgorm store by November 2023, when all works will be complete.

It is anticipated that Pennybridge store will remain vacant until it will be disposed of (as per the original business case). This will release revenue funding of £146,473 to fund the cost for Galgorm, which is currently a cost pressure for the Trust.

	2022/23	2023/24	2024/25	
Pennybridge – CES	£146,473	£97,648	£0	Vacant from December 2023
Leased Accommodation (Pharmacy PPE)	£173,227	£0	£0	Vacate lease March 2023
Galgorm Store – CES & Pharmacy	£85,109	£193,054	£193,054	Pharmacy move April 2023 & CES move in November 2023
Relocation costs - CES & Pharmacy - 3rd party logistics and labour	£0	£36,951	£0	Pharmacy move in April 2023 & CES relocate in November 2023
Total Revenue	£404,809	£364,605	£193,054	

The remaining costs associated with the vacant Pennybridge store will remain a cost pressure for the Trust until its disposal. Assuming that the building will be locked up, the only costs applicable will be Rates at an estimated cost of £4,457 per month.

Risks: There is an inherent medium risk associated with implementing a scheme of this nature. To mitigate against these risks, the scheme will be carefully project managed to minimise the impact on business continuity and compliance with Prince2 procedures and standards. The Project Manager will liaise closely with Capital Development to ensure any cost or programme risks are communicated and managed in a timely manner.

Failure to implement this project will lead to a high risk of the Trust being unable to meet our duty of care, meet service user

needs, ensure statutory compliance, health and safety and a positive service user experience.

Conclusion

The proposed works will provide a fit for purpose NHSCT premises that will meet the current and future needs of the Pharmacy PPE and Community Equipment Service.

Action required:

Authorisation of business case to approve funding to Refurbishment and the operationalisation of Galgorm accommodation.