

Healthier Communities Select Committee Supplementary Agenda

Tuesday, 18 March 2014
7.00 pm, Committee Room
Civic Suite
Lewisham Town Hall
London SE6 4RU

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Part 1

Item		Pages
4.	Lewisham and Greenwich NHS Trust PFI costs	1 - 4
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Healthier Communities Select Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Tuesday, 18 March 2014.

Barry Quirk, Chief Executive
Thursday, 6 March 2014

Councillor John Muldoon (Chair)	
Councillor Stella Jeffrey (Vice-Chair)	
Councillor Pauline Beck	
Councillor Peggy Fitzsimmons	
Councillor Helen Gibson	
Councillor Carl Handley	
Councillor Ami Ibitson	
Councillor Chris Maines	
Councillor Jacq Paschoud	
Councillor Alan Till	
Councillor Alan Hall (ex-Officio)	
Councillor Kevin Bonavia (ex-Officio)	

Agenda Item 4

Healthier Communities Select Committee			
Title	Lewisham and Greenwich NHS Trust PFI Costs		
Contributor	Scrutiny Manager	Item	4
Class	Part 1 (Open)	18 March 2014	

1. Purpose

- 1.1 The Deputy Director of Finance, from Lewisham and Greenwich NHS Trust, will attend the meeting to provide the Committee with an overview of the PFI costs of the Trust.

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**Lewisham Healthier Communities Select Committee Meeting
18th March 2014
Briefing on Trust PFI Schemes in Operation**

1. Introduction

The purpose of this report is to provide a brief summary on the Private Finance Initiative (PFI) schemes operated by the Trust at Lewisham Hospital (LH) and Queen Elizabeth Hospital (QEH).

2. PFI Schemes

The Trust presently has 3 PFI schemes in place: Lewisham Riverside Building, QEH Woolwich Building and QEH Medical Equipment.

3. What is a PFI?

A PFI is effectively a long-term lease under which the Trust has contracted with a provider for the provision and use of an asset such as a building or collection of medical equipment. A specific feature of the PFI contract is that the provider takes responsibility for the maintenance and routine availability of the asset over the life of the contract.

At the end of the PFI contracts ownership of the buildings automatically transfers to the Trust and, in the case medical equipment, an option to buy may be exercised.

4. PFI Asset Values and Costs

The table below summarises the main financial and comparator figures for each of the PFI contracts:

	Lewisham Riverside Building	QEH			LGT Total
		Woolwich Building	Medical Equipment	Total	
	£'000	£'000	£'000	£'000	£'000
Service	1,811	12,611	1,397	14,008	15,819
Interest Payment	4,608	12,416	246	12,662	17,270
Debt Repayment	1,387	1,332	2,731	4,063	5,450
Annual Unitary Payment (UP)	7,806	26,360	4,374	30,734	38,540
Monthly Payment	651	2,197	365	2,562	3,213
	PFI Committed Payments				
	#	#	#	#	#
Contract Years (Operating Term)	33	31	15		
	£'000	£'000	£'000	£'000	£'000
Total Payments over Term	303,653	858,821	60,347	919,168	1,222,821
Total Payments from 2013-14 onwards	258,637	591,911	16,227	608,138	866,775
	PFI Costs Relative to Income				
	£'000	£'000	£'000	£'000	£'000
Total Operating Income	241,470	217,790 ¹	217,790 ¹	217,790 ¹	459,260
	%	%	%	%	%
UP as %tage of Total Operating Income	3.23%	12.10%	2.01%	14.11%	8.39%
	Asset Values				
	£'000	£'000	£'000	£'000	£'000
Opening Capital Value	57,959	83,755	-	83,755	141,714
Assets Provided	-	-	25,017	25,017	25,017
Total Value of Assets Provided	57,959	83,755	25,017	108,772	166,731
	£'000	£'000	£'000	£'000	£'000
Net Book Value as at 31 Mar 2013	50,977	127,208	- ²	129,292	180,269

1. This is an approximation as SLHT did not report income at a site level
2. No value is shown as the QEH Medical Equipment was off-balance sheet

The key points to highlight from the table include:

- The relative low value of the Riverside PFI cost as a percentage (3.23%) of Lewisham total operating income
- The overall (14.11%) higher relative value of the Woolwich (12.10%) and Medical Equipment PFI costs (2.01%) as a percentage of QEH total operating income.

5. Summary

The Department of Health (DH) has agreed to provide on-going PFI support funding under the agreement covering the dissolution of South London Trust and merger of QEH. Support totalling £73.0m of support has been earmarked over the next 5 years; 2013-14 (£12.2m), 2014-15 (£12.7m), 2015-16 (£15.6m), 2016-17 (£16.0m) and 2017-18 (£16.5m).

The purpose of the PFI support is to mitigate some of the additional burden that the overall QEH PFI cost represents as a percentage (14.11%) of total operating income.

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...serving our local communities



**Feedback on the
February 2014
CQC Inspection**

The CQC wanted to know about our Trust.....

- Is it Safe?
- Is it Effective?
- Is it Caring?
- Is it Responsive?
- Is it Well Led?

They looked at our data, produced an LGT data pack and then decided on key lines of enquiry to follow up during their visit.



The Inspection Itself

- Involved and inspection team of around 50 people
- There were two listening events for members of the public, one in Lewisham and one in Greenwich
- They spent one full day on the UHL site, one full day on the QEH site and half a day on the QMS site. The last day saw some of the team at Lewisham and some at QEH
- They requested an enormous amount of data from us. Much beforehand that informed the data pack and then over 130 more pieces of information during the inspection week
- The team interviewed specific members of staff in pre-arranged interviews and also inspected a large number of wards and departments, often interviewing front line staff as they went
- High level feedback was presented to the Board at the end of the inspection



We ran our own CQC Project Plan

- Our own mock inspections found:
 - Staffing issues re vacancies/shift fill
 - Majority of staff report working hard but enjoying their teams
 - Communications down to front line staff needs to be improved
 - Majority of patients appreciated how busy nurses were but said they worked hard and the patients were happy with their care
 - Issues around call bells not being answered promptly
 - Few patients knew how to complain, had they wanted to
 - Some weaknesses in documentation
 - Some weaknesses in staff knowledge around major incidents, names of safeguarding leads and information governance



Outcome of the Inspection

- We have only received very high level feedback so far and there may be an unannounced inspection still to come as follow up
- The CQC team were very complimentary about the responsiveness of the LGT team during the preparation for the visit, to meeting their requirements and particularly in delivering the data requests
- There were no urgent concerns that had to be addressed on the day of the feedback
- There were issues that arose during the inspection that were corrected immediately, relating to confidential and clinical waste management, some blood on a blood gas analyser in UHL's Emergency Department and an unattended cleaning trolley left in Children's Emergency Department at UHL
- They also praised the positive feedback from staff, the particularly well attended focus groups and the Trust being very open and friendly
- They raised issues around the Emergency Department at QEH, the medical model, the clinical management structure, cross site working and how teams have integrated, staffing recruitment and capacity, and complaint handling



Next steps

- We receive a copy of their report for factual accuracy
- There is to be a quality summit that includes NHS commissioners, providers, regulators and other public bodies (date to be advised but probably May)
- The report will be made available to the public
- We are already working on an action plan to address issues that were raised, either by our own inspections or by the CQC. We will expand on this when we know the contents of the report
- We will merge this into our normal quality improvement work
- We will keep partners informed of our progress

