

NHSBT Board

25 May 2016

Leeds/Sheffield Consolidation

1. **Status – Public**
2. **Executive Summary**

Following a series of operational consolidations over recent years our existing centres at Leeds and Sheffield are now much too big for our needs and are in need of considerable investment in the future. An objective review of the estate has concluded that the creation of a single new blood centre located between the two sites offers the best combination of financial and non-financial benefits.

The proposed new centre would be less than half the size of the existing centres combined. It would be a purpose-built, flexible, efficient and modern centre with scope for future expansion. Both existing centres would be closed and the land sold off.

The cash investment in the new centre is estimated to be £12.7m with proceeds from the sale of land assumed to be £2.4m. It would generate recurring savings of £1.3m per annum and avoid future maintenance of the existing sites, estimated to be £8m over the next 10 years, resulting in an estimated pay back within 3 years from point of first beneficial use. The new site would be operational in late 2019/20.

A new site mid way between the two existing sites would allow NHSBT to continue to provide services to existing customers within its service level agreements. Some customers will nevertheless see this as an adverse change to existing arrangements although we believe that most hospital customers now accept the proposed change and see advantages in creating a new 'hub' for multiple services.

A key consideration of this project is NHSBT's capacity to resource this proposal in parallel with the other major change initiatives, and primarily the Supply Chain Modernisation (SCM) and Core Services Modernisation (CSM) projects. The nature of this project should not lead to resourcing conflicts. The timetable will, however, be actively managed (with key milestones delayed as necessary) to ensure that the SCM and CSM projects are not compromised in any way.

3. Action Requested

The Board is asked to endorse the recommended direction of travel set out in this paper and that a detailed business case should now be prepared. It is anticipated that a detailed business case would be presented to the Board meeting in May 2017 at the latest.

4. Background

The existing blood centres in Leeds and Sheffield are much larger than required and their under-utilisation has been worsened by successive consolidations, notably in blood processing and donation testing. The impending move of manufacturing from Sheffield to Manchester in 2017 (the Supply Chain Modernisation project) will further exacerbate this situation. The centres are costly to operate and maintain and are significantly out-dated. Investment in both sites has recently been kept to the minimum in the expectation that major changes to the estate would be made. Maintaining the centres in their current form, even without extensive refurbishment or modernisation, will require an investment of more than £8m over the next 10 years.

The two centres are only 35 miles apart and hence a new site, mid way between the two will allow NHSBT to maintain all services to its customers within the terms of its service level agreements (SLAs). In addition there is scope to improve the effectiveness of our services through bringing together the following services that are currently provided from both locations:

- Hospital Services – stock holding units
- Logistics –including transport departments and warehouses
- Red Cell Immunohaematology (RCI)
- Stem cell services
- Estates & facilities, IT and Quality Assurance

ODT operates mainly out of Leeds but the impact on ODT is considered to be minimal due to the existing review of administration that is already underway.

The NHSBT Histocompatibility and Immunogenetics (H&I) service in the region is currently provided from Sheffield only. The Leeds Teaching Hospitals Trust has expressed interest, however, in receiving its H&I services from NHSBT if provided from a centre mid way between the two cities.

Blood collection teams operate from both centres but they are deemed to be well located relative to their collection venues and would not benefit from being relocated. Local team bases would therefore be retained in both cities.

There are two blood donor centres in Leeds; one at the Leeds blood centre (Bridle Path) and the second in the city centre (the Headrow). Blood Donation have indicated that they would have sufficient capacity from the Headrow and local mobile collection teams. The proposal therefore assumes that the Bridle Path donor centre would not be relocated to the new centre.

5. Proposal

It is proposed that the two existing blood centres, in Leeds and Sheffield, are both closed and the majority of functions consolidated into a new centre to be constructed mid way between the two, close to the M1 motorway.

An extensive option appraisal was undertaken which focused on eight shortlisted options. The single new centre option achieved both the highest non-financial benefit score and the best overall financial outcome and was therefore chosen as the preferred option. The primary driver for the project is the improvement in the efficiency of the estate as it will result in a significant reduction in the size of the estate from the current 14,200 sqm (roughly equal to Filton) to circa 6,400 sqm (ie smaller than the existing Leeds Centre). This then drives the following key cash flows:

- a total cash investment of £12.7m (£9.6m capital, £3.1m revenue)
- proceeds of £2.3m from the sale of the Leeds and Sheffield centres
- avoided costs of maintenance of the existing sites (estimated to be £8m over 10 years)
- recurring cost savings of £1.3m pa
- resulting in an estimated pay back of less than 3 years (from the point of first beneficial use) and an IRR of around 27% (excluding any terminal value).

With regard to non-financial considerations the primary issues are patient safety and the response from customers. Services from the new centre would continue to be supplied within the terms of our SLA and clinical risk assessments indicate that the proposals would not put patients at risk.

This proposal has been subject to extensive consultation, with both employees and customers, more so than any other project ever undertaken by NHSBT at OBC stage. As would be expected the impact on individual customers is driven by their location in relation to the new centre versus supply from one of the existing centres. Hence hospitals located very close to the existing centres may need to hold more stock and have longer delivery times but this will be mitigated through the increased number of routine deliveries (and ultimately introduction of vendor managed inventory). Similarly customers to the south of Sheffield have concerns regarding delivery times from a new centre to the north of Sheffield but we have been able to demonstrate that there would be no increase in their delivery times. The extensive engagement already undertaken culminated in an engagement day with customers held on 13th May, in advance of this paper being presented to the Board. Twenty six participants attended, representing sixteen hospitals covering a range of roles including Consultant Haematologist, Consultant Anaesthetist, Laboratory Manager, Transfusion Practitioner and Stem Cell Transplant Programme Quality Manager. The mood was very positive and many of the customers showed an understanding of the rationale and expressed support for the preferred single site option. There was active and positive debate regarding the opportunities that a single site offers and the actions necessary to co-create an effective service. As such we believe that customers are supportive of the proposal and are keen to contribute to making it a success.

Donors served by the mobile collection teams currently based at the two centres would not be impacted by the changes since replacement team bases

would be created in each location. As noted above Blood Donation has indicated that they would have sufficient capacity from the Headrow donor centre and local mobile collection teams and hence the proposal assumes that the Bridle Path donor centre would not be relocated to the new centre.

With regard to employees the extended travel to work distances will impact some staff and may impact on staff retention in some cases. Measures to mitigate this will be explored further in the detailed business case.

The reduction in size of the estate and the move to modern energy efficient buildings would together also reduce NHSBT's estates-related carbon emissions. This would be partly counterbalanced, however, by an increase in liveried fleet mileage. A full calculation of the net benefit will be made in the detailed business case but the impact is expected to drive a net positive benefit for carbon emissions.

The project is anticipated to take 4 years with relocation occurring in (late) 2019/20. It will require identification (and acquisition) of an appropriate site, design and costing, detailed business case approval (including Departmental approval) and then build and relocation. As noted above the Supply Chain Modernisation (SCM) and Core Services Modernisation (CSM) projects are clear priorities for NHSBT and the timetable for this project will be actively managed (with key milestones delayed as necessary) to ensure that the SCM and CSM projects are not impacted..

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