

Capital Programme Update

1 April 2019



Agenda Item No: 8.3

Trust Board Report

Meeting Date:	1 st of April 2019
Title:	Final Five Year Capital Programme 19/20 – 23/24
Executive Summary:	<p>The following report details proposals for the 5 year programme 19/20 to 23/24 and are submitted to the TMC for comment in advance of formal approval. Feedback from the Board and TMC will be taken into consideration in this final version submitted to the March Board and TMC meetings.</p> <p>The report identifies changes since the last 5 year programme approved in March 18. The main points of note are planned construction of the Multi-Storey car park and the omission of the demolition of Wrekin House in future plans. Due to the continued use of Wrekin House for Physiotherapy services, it is considered appropriate to remove demolition from the programme. The 5 year programme sets aside regular allocations for ‘business as usual’ capital expenditure for medical equipment, IM&T, backlog and divisional requirements with the remainder spend for strategic schemes.</p> <p>The programme also differentiates between capital spend from trust own capital and secured funding sources and potential STP bids for the major strategic projects. Capital priorities for medical equipment, backlog and IM&T continue to be risk assessed as part of the prioritisation process. Backlog capital allocations reflect the backlog condition survey completed in 2018.</p> <p>The 19/20 programme is oversubscribed by £1.6M approximately which is a planning assumption to offset any potential slippage in the programme due to changing circumstances. Over the five year programme the plan is over-subscribed by £4M approximately and will therefore require further prioritisation.</p>
Action Requested:	Approve
For the attention of the Board	The attached capital programme is aligned to the annual Capital Resource Limits (CRL) which form part of the Trusts Long Term Financial model. The programme is subject to the overall financial and service strategy. The report also outlines changes made since the issue of the 18/19 Five year programme.
Assure	The 19/20 programme is in line with CRL limits (assuming slippage and capital funding for Linac and Black Country Pathology). Additional strategic schemes are identified subject to potential future STP bid applications.
Advise	<ul style="list-style-type: none"> • Due to the limits on capital, the programme aims to address high risk capital requirements primarily. • The programme also addresses strategic capital requirements in line with all capital sources including charitable and potential STP.
Alert	<ul style="list-style-type: none"> • Programme addresses high and medium risk requirements for capital • Further programme prioritisation will be required.

Author + Contact Details:	Will Nabih Head of Estates Development, Capital Planning and Property Management Tel 01902 695347 Email w.nabih@nhs.net
Links to Trust Strategic Objectives	1. Create a culture of compassion, safety and quality 2. Proactively seek opportunities to develop our services 3. To have an effective and well integrated local health and care system that operates efficiently 5. Maintain financial health – Appropriate investment to patient services 6. Be in the top 25% of all key performance indicators
Resource Implications:	Capital: CRL Capital Limit Funding Source: Capital Programme 19/20, Charitable, STP and PDC
CQC Domains	Safe: patients, staff and the public are protected from abuse and avoidable harm. Effective: care, treatment and support achieves good outcomes, helping people maintain quality of life and is based on the best available evidence. Responsive: services are organised so that they meet people's needs. Well-led: the leadership, management and governance of the organisation make sure it's providing high-quality care that's based around individual needs, that it encourages learning and innovation, and that it promotes an open and fair culture.
Equality and Diversity Impact	None
Risks: BAF/ TRR	BAF - SR11: Condition of the existing Estate - Quality and flexibility
Risk: Appetite	Risks to the trust are kept as current and managed by eliminating or mitigating all high and medium risk to estate and services.
Public or Private:	Public
Other formal bodies involved:	Board Committees CRG – Pending TMC - Pending
References	N/A
NHS Constitution:	In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: <ul style="list-style-type: none"> • Equality of treatment and access to services • High standards of excellence and professionalism • Service user preferences • Cross community working • Best Value • Accountability through local influence and scrutiny

Report Details	
1	<p>The attached appendix provides a summary of the major projects and categories of spend for the 5 year capital programme 2019/2020 to 2023/2024 with the relevant funding assumptions.</p> <p>Capital Programme 19/20 Significant investment in the multi-storey car park. Capital pots for medical equipment, IM&T, backlog have reviewed to ensure urgent high risk schemes are accounted for in the programme.</p> <p>The attached appendix provides a summary of the major projects and categories of spend for the Capital Programme 2019/20 and the Five Year programme to 23/24 together with the relevant funding assumptions. The plan assumes a total spend of £85M approximately</p>

excluding any future STP bids for capital. Over the five year period there is a decrease from the planned £93M in the current five year plan. The plan assumes no revenue capital transfer over the period. This reflects the impact of The Trusts current financial position and the necessity to limit capital spend to depreciation and external funding sources over the period of the plan.

West Park is included in the capital programme, however it is assumed that it would be funded fully via an STP bid.

The 'business as usual' categories contained within the plan are Medical Equipment, IM&T and Divisional Schemes, and Backlog (including statutory and fire). The remainder allocation is dedicated to Strategic Capital Schemes. The requirements for Capital are in excess of the allocations. The indicative allocations in the attached programme have been subject to a risk based prioritisation methodology. It is however likely that further changes to the programme may be required bringing the programme into balance and accounting for any unforeseen slippage.

Due to the reduction in available funding, a number of changes are proposed compared to the current Five Year Plan. These are summarised below:

- **Income**

- Capital Resource Limit cannot exceed depreciation, unless additional funding is identified (e.g. STP, PDC schemes or Charitable funding)
- Black Country Pathology has been managed from 18/19 to 19/20 in line with delays in approvals and central government funding.
- Additional funding source assumed Linac 4 FY 19/20 from PDC.

- **Overarching Assumptions**

- The programme accounts for Black Country Pathology through STP funding.
- Receipt of Stroke funding via STP in 18/19
- Capital receipt for the sale of the Eye Infirmary site in for FY 18/19
- Capital implications with regard to Vertical Integration are not included
- Capital funding for ACM cladding on Heart and Lung received in FY 18/19 and 19/20

- **Capital Programme 19/20 Onwards**

- FY 19/20 is oversubscribed by £1.6M approximately and will require further prioritisation.
- £1.1M available to medical equipment in 19/20. £1.75M available each year thereafter for medical equipment replacement.
- £2.1M is available for the Divisional Schemes pot for 19/20, rising thereafter to £4.5M annually to account for potential requirement for theatre and ward refurbishments.
- No PC replacement for 19/20 then allocation at £500k per year thereafter
- No Ward refurbishment planned in 19/20, any urgent works to be undertaken as a minor refurbishments

• Major Strategic Schemes

- New multi-storey car park to start in 19/20 in conjunction with the construction of the Black Country Pathology Extension.
- New Radiopharmacy and aseptic unit may not be complete until 20/21 subject to external funding and approval. It is envisaged that this scheme would incorporate expansion capability for MRI and CT as one scheme.
- Outpatients reconfiguration at New Cross deferred to 20/21 subject to STP funding.
- Wrekin House demolition omitted from 5 year programme allowing its continued use for Physiotherapy services.
- A Maternity increased capacity scheme to be designed in 19/20 and may be delivered in 20/21 and will be subject to STP bid.
- Design of new Inpatient ward block project 20/21.
- The option to vacate the West Park site has been identified in the programme for FY 20/21 and 21/22 funded from external sources.

TMC is asked to comment on the programme in order that the finalised plan can be approved at March Trust Board meeting.

Appendices

1	Refer to Appendix – Five Year Capital Plan 19/20 – 23/24
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Five Year Capital Plan 19/20 - 23/24

5 Year Capital Expenditure Prediction	2019-20	2020-21	2021-22	2022-23	2023-24	Notes
Depreciation only (after MEA/Alternative Site Revaluation)	14,283,000	14,283,000	14,283,000	14,283,000	14,283,000	
<i>Brought Fwd - Underspend</i>						
<i>Additional funding source - capital receipts from sales</i>						
<i>Charitable/Additional Revenue Funding Potential</i>						
<i>Additional funding source - Linac</i>	1,600,000					
<i>Stroke - Monies</i>						
<i>Winter Funds</i>						
<i>Additional NHSI ACM -</i>	1,294,220					
<i>STP Agreed: Black Country Pathology</i>	4,767,539	919,000				
<i>Additional BCP Funding (£1.847,587-70%)</i>	1,293,310					
Indicative Total Funding Prior to potential STP bids - subject to NHSI Confirmation	23,238,069	15,202,000	14,283,000	14,283,000	14,283,000	81,289,069
STP Bids Yet to be made - OPD/Radio/Asceptic/Maternity/MRI/Vascular Cancer/Ward Block	6,000,000	20,500,000	52,700,000	17,000,000		96,200,000
INDICATIVE TOTAL FUNDING - (Including potential STP bids)	29,238,069	35,702,000	66,983,000	31,283,000	14,283,000	177,489,069
MEDICAL EQUIPMENT						
Medical equipment replacement - Carry Forward	200,000					
Replacement of Stack Systems	250,000	500,000	500,000	500,000		
Medical equipment - Risk Prioritised Replacement Programme	650,000	1,250,000	1,250,000	1,250,000	1,750,000	
Total Medical Equipment	1,100,000	1,750,000	1,750,000	1,750,000	1,750,000	8,100,000
IMT SCHEMES						
Network Upgrade C/F	100,000					
Windows 10 Operating System C/F	168,000					
Other C/F	431,500					
IM&T - PC Replacement / MS Office		500,000	500,000	500,000	500,000	
Teletracking Upgrade	128,500					
Server Hardware Refresh	200,000					
IT Storage Area Network Renewal		428,000				
In Year Priorities and Reactive Spend	270,500	800,000	1,250,000	1,250,000	1,250,000	
Total IM&T Schemes	1,298,500	1,728,000	1,750,000	1,750,000	1,750,000	8,276,500
DIVISIONAL SCHEMES						
Radiology C/F	250,000					
Fracture Clinic C/F	400,000					
Ophthalmology C/F	300,000					
Facilities Management Bids	150,000	150,000	150,000	150,000	150,000	
Theatre Refurb (Front End Remodelling)		650,000	650,000	650,000	650,000	
Ward refurbishment programme - All sites		2,000,000	2,000,000	2,000,000	2,000,000	
Other In Year Divisional Priorities and Business Cases	1,000,000	1,700,000	1,700,000	1,700,000	1,700,000	
Total Divisional Schemes	2,100,000	4,500,000	4,500,000	4,500,000	4,500,000	20,100,000
Backlog / Critical Infrastructure / Statutory / Fire / Improvement of Retained Estate						
Fire / RRO / Complinace	200,000	200,000	200,000	200,000	200,000	
Carry Forward (Deansley Gen/ LV)	400,000					
Electrical Infra-structure	600,000	700,000	700,000	700,000	700,000	
Backlog Fabric Schemes NX / CCH	300,000	1,500,000	1,500,000	1,500,000	1,500,000	
Backlog Engineering NX/CCH		1,500,000	1,500,000	1,500,000	1,500,000	
Heart and Lung Chillers	300,000					
Cannock CHP	500,000					
Other	100,000	1,100,000	600,000	600,000	600,000	
Total Estates, Backlog and Compliance	2,400,000	5,000,000	4,500,000	4,500,000	4,500,000	20,900,000
MAJOR STRATEGIC SCHEMES						
Incinerator Cary Over						
Linac Construction	700,000					
Linac Purchase	1,600,000					
Fit Out / Minor Refurbs						
AEC Shell						
Radiopharmacy + Asceptic - MRI - CT STP Application	6,000,000	7,000,000				
Inpatient Bed Development - Ward Block - STP Application		2,000,000	20,000,000	8,000,000		
Vascular Surgery Hub / Hybrid Theatre - STP Application		3,000,000	4,000,000			
Cancer Centre - Existing Application - STP Application			20,000,000	9,000,000		
2nd Floor OPD / assessment area - CCH (Outpatients) - STP Application / South Staffs		1,000,000	1,000,000			
Radiotherapy Equipment Planning System						
Demolition of Wrekin House (Hollybush)	0	0				
Outpatients Re-configuration NX - STP Application to be made		3,000,000	2,000,000			
Black Country Pathology (Extension/ Refurb/ IT/ ESL	7,900,582	919,000				
Muulti Storey Car Park (Design £200K + £1.85M yr 1 bld)	5,070,000					
Parking Other (Wrekin £490K+Other £204K)						
West Park Closure (cost-neutral / funded jointly with Wolverhampton Council and STP)		2,000,000	3,200,000			
Winter Schemes (£1,850) - Funded						
ACM Cladding - Funded	1,294,220					
Stroke carry forward						
Maternity Expansion		2,500,000	2,500,000			
Maternity Infrastructure C/F	200,000					
Other In Year Strategic Priorities	1,400,000	2,000,000	2,500,000	2,500,000	2,500,000	
Total major strategic excluding STP Bids - (trust own capital and approved funding)	18,164,802	2,919,000	2,500,000	2,500,000	2,500,000	28,583,802
TOTAL major strategic schemes including STP bids yet to be made	24,164,802	23,419,000	55,200,000	19,500,000	2,500,000	124,783,802
Residual Expenditure on completed Projects (offset by VAT reclaim)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	
TOTAL - Excluding Future STP Bids	24,913,302	15,747,000	14,850,000	14,850,000	14,850,000	85,210,302
POSITION AGAINST CRL (Excluding Potential STP)	(1,675,233)	(545,000)	(567,000)	(567,000)	(567,000)	(3,921,233)