







Trust Board Report

Meeting Date:	14 th February 2011
Title:	Capital Programme 2010/11
Executive Summary:	To report progress (as at Month 9) for the 2010/11 Capital Programme. To report variance on project costs where these exceed +/- 10% or £50,000 of business case value.
Action Requested:	Note and comment on.
Report of:	Acting Director of Estates Development
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Resource Implications:	Delivery of Capital Programme 2010/11 to Capital Resource Limit. Year end position as at Month 9 predicts a £576,592 underspend.
Public or Private: (with reasons if private)	Public Session
References: (eg from/to other committees)	From Capital Review Group 24 th January 2011. From Trust Management Team 4 th February 2011.
Appendices/ References/ Background Reading	Attachment 1 – Month 9 Progress Report including Project Exception Report
NHS Constitution: (How it impacts on any decision-making)	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

Background Details

1	<p>The forecast outturn as at Month 9 for the 2010/11 Capital Programme at 31st March 2011 is £17,458,408. The Capital Resource Limit (CRL) is £18,035,000 which therefore equates to a potential under spend of £576,592. This financial position is typical for this point in the Capital Programme.</p> <p>The value of projects where the speed of progress indicates a potential risk of non-delivery has slightly worsened to £1,317,452, a change of £179,065 in the period.</p>
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This change is mainly due to competitive tendering bringing project costs under initial budgets and risk contingency release from completed schemes. Both aspects of this value generation have been delivered by proactive project management.

This value also includes a few projects which have been deferred into 2011/12 to eliminate the risk of late delivery.

The £1.3m referred to above can be categorised as follows:

- £353K: This is the value of business cases approved and orders are still in process.
- £523K: This is the value of business cases still to be approved as at 31st December 2010. Note; £333K of business cases were approved at the January 2011 CRG meeting leaving a balance of £190K.
- £441K of value has been released from deferring at risk schemes to 2011/12 or under spends on projects.

Progress of all live projects is being monitored weekly and mitigation plans are in place to bring appropriate projects forward from the 2011/12 programme.

The actual expenditure position at Month 9 is £10,690,767 against an initial target of £13,079,648 showing a £2,388,881 under spend. This is measured against the primary cash flow programme. This under spend position is mainly due to the late start of several large projects. However, all projects are now progressing to programme and will be completed on schedule. These programmes and the associated cash flows are being regularly monitored with detailed weekly reviews.

It is therefore anticipated that the CRL target will be met at 31st March 2011.

Detail

Variances exceeding +/- 10% or £50,000 of business case value are detailed in the Project Exception Report (Attachment 1, Appendix 1).

**Capital Programme Progress Report
December 2010 M9 (Q3)**

Planned Programme Financial Position	Reference	£'s	Narrative
CRL (includes £50K patient environment funding)	A	18,035,000	
Value of Business Cases approved to date Month 9	B	17,846,801	Excludes Appleby overspend
Variance to CRL	A-B	188,199	6 of 81 cases to be approved.
Appleby overspend additional to business case	C	491,157	
Value of projects approved to date inc total for Appleby	D	18,337,958	
Total Value of Projects either delivered or with certainty of delivery by year end	E	16,717,548	this figure has reduced since Month 8 by £188k Due to underspends on completed projects
Value of Projects which carry varying levels of risk of non delivery	E-A	-1,317,452	£353K - value of business cases approved but orders not yet placed. £523K value of business cases not yet approved (£333K worth of these due to be approved at Jan 11 CRG) Potential for all of these still to deliver by 31/3/11. £441K released by deferred schemes to 2011/12 or underspends on project
Previous value M8		-1,138,387	
Change in period		-179,065	
Forecast Expenditure	L	17,446,841	
Variance to CRL	L-A	-588,159	
Previous value M8	M	18,499,949	
Change in period	M-L	1,053,108	Change in period is due to deferring IT and Medical Equipment schemes to 2011/2012 and release of Contingency/Risk allowances.
Action required: Approval of remaining projects and placing of outstanding orders and bring forward of spend on carry over schemes in 2011/12 eg Womens Unit, Pathology, Medical Equipment and purchase of other emergency items			

M9 - Delivery of Capital Programme Financial Position			
Commitment/Orders in year to date includes feasibility on projects not yet approved	F	12,948,506	This includes expenditure year to date on Women's Unit which has not yet been approved
Value of Commitments in 2009/2010 for expenditure in 2010/2011	G	3,875,622	
Total	F+G	16,824,128	
Variance	(F+G)-A	-1,210,872	Awaiting approval of Business Cases, and orders for approved Business Cases not yet raised for Medical Equipment and IT projects.
Previous value M8		-1,098,022	
Change in period		-112,850	Change in period reflects value of Orders placed M8 to M9
Action required: Approval of Business Cases and outstanding orders to be placed by various parties			
Invoiced to date	H	9,401,853	
Work in progress	I	1,288,914	
Expenditure to date (including fees)	H+I=J	10,690,767	
Previous value M8		9,790,830	
Change in period		899,937	
Value of projects still to be completed against project commitments	F-J	6,133,361	circa £900k of this value will be in 2011/2012 accrual
Adjusted value (value of projects in line above - 2011/2012 accrual)		5,233,361	
Target cash flow expenditure at Month 9	K	13,079,648	
Variance	J-K	-2,388,881	Overall programme delayed against original plan. M10 to M12 expenditure to be re-profiled
Previous value M8		-1,837,654	
Change in period		-551,227	M10 to M12 - Forecast Expenditure to be re-profiled
Action required: Outstanding orders to be placed against approved business cases by various parties.			

Scheme	No.	Business Case	Total predicted outturn	Variance to between total predicted out-turn and Business Case	%	Comments
		£	£	£		
Projects that exceed 10% variance or £50k or greater						
A&E Fire panel	4133	40,854	45,571	4,717	12	Design Team Fees greater than Indication of Cost/Business Case allowance
Upgrading of fire doors throughout Trust	4136	12,597	17,801	5,204	41	Design Team Fees greater than Indication of Cost/Business Case allowance
Haematology/Oncology Inpatients (Deansley First Floor)	4032	41,015	51,996	10,981	27	Design Team Fees greater than Indication of Cost/Baseline allowance
Renal EMSA/BBV	4032	44,738	50,867	6,129	14	Design Team Fees greater than Indication of Cost/Baseline allowance
Boiler 3rd economiser	4089	33,000	39,533	6,533	20	Design Team Fees greater than Indication of Cost/Baseline allowance
Vital Pack/PDA System	4103	292,281	329,961	37,680	13	Value of orders greater than Business Case allowance
Basement tug way doors, alarms and controls	4185	115,335	138,061	22,726	20	Additional works required to areas outside of approved scope i.e. to Fire Alarm system and doors. Also, Design Team Fees greater than Indication of Cost/Baseline allowance
Piped oxygen Endoscopy (JAG)	4104	37,156	69,873	32,717	88	Additional works required to Oxygen supply infrastructure + works to attend to existing H&S issues instructed. Also, Design Team Fees greater than Indication of Cost/Baseline allowance
blood products fridge cl. Haematology	4196	15,596	17,078	1,482	10	Wrong value included in initial allocation. Change of price at procurement - price for 1 element exceeded budget estimate in business case.
Appleby Refurbishment	4027	5,084,289	5,575,934	491,645	10	Forecast final cost and expenditure based on remeasurement for final account completed by QS. Final Reconciliation in progress.
A&E/WEI intergration (disabled toilet)	4013	83,989	131,155	47,166	56	"Overspend" reported in 2009/2010 as a result of the development of scope of works.
Ward Regen Kitchens incl equipment	4981	687,428	744,719	57,291	8	"Overspend" reported in 2009/2010. "Overspend" due to increased work required to some kitchens in addition to that expected due to condition and 2 additional regen trollies for additional wards not included in business case
Medical Illustration portacabin relocation	4046	282,500	475,944	193,444	68	Development of scope of works/Indication of Cost/Baseline greater than allocation included in Site Rationalisation Business Case
Total				917,715		
MPCE	4144	23,681	19,681	-4,000	-17	Value of order less than Business Case allowance
School of Nursing	4931	2,700,768	2,343,511	-357,257	-13	This scheme forms part of the Site Rationalisation Business Case. Overall the Site Rationalisation Business Case is forecast to "break even" as other elements have "over-spent" e.g. Relocation of Medical Illustrations
C-Diff testing	4139	28,000	24,029	-3,971	-14	Value of order less than Business Case allowance
Tractor	4198	26,816	23,982	-2,834	-11	Value of order less than Business Case allowance
Block 85 (old EAU) roof replacement	4109	137,198	75,192	-62,006	-45	Contingency/risk allocation for repairs to roof deck not expended + saving on Professional Fees
Asbestos removal Hollybush House	4048	98,107	79,226	-18,881	-19	Contractors final account costs less than Indication of Cost/Baseline allowances
New Catering Facility inc VIE Tanks & Oil Tanks;	4930	5,605,049	4,660,118	-944,931	-17	Equipment requirements confirmed by User and costs identified. Final forecast cost includes contingency for variations. Negotiations ongoing with Contractor/Administrator
Yew Tree Court (29) Demolition	4911	160,000	130,354	-29,646	-19	This scheme forms part of the Site Rationalisation Business Case. Overall the Site Rationalisation Business Case is forecast to "break even" as other elements have "over-spent" e.g. Relocation of Medical Illustrations
Lift refurbishment x 1	4130	144,225	112,067	-32,158	-22	Value of order less than Business Case allowance
Total				-1,455,685		