

Trust Board Report

Meeting Date:	14 th March 2011
Title:	Capital Programme 2010/11
Executive Summary:	To report progress (as at Month 10) 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 10 predicts a £146,424 under spend.
Public or Private: (with reasons if private)	Public Session
References: (eg from/to other committees)	From Capital Review Group 23 rd February 2011 and Trust Management Team 4 th March 2011.
Appendices/ References/ Background Reading	Attachment 1 – Month 10 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 10 for the 2010/11 Capital Programme at 31st March 2011 is £17,888,576. The Capital Resource Limit (CRL) is £18,035,000 which therefore equates to a potential under spend of £146,424 and shows an improvement of circa £430k since Month 9.</p> <p>The value of projects where the speed of progress indicates a potential risk of non-delivery has slightly improved in the month to £1,283,035, a change of £34,417 in the period.</p>
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The risk value referred to above can be categorised as follows:

- £409K: This is the value of new business cases approved with orders still in process but expected to be delivered by 31st March 2011.
- £728K: This is the value of orders to be placed for medical equipment and IT projects, all of which have short lead times with planned delivery by 31st March 2011.
- £146K of value has been released from deferring at risk schemes to 2011/12 or under spends on 2010/11 projects.

Progress of all live projects continues to be monitored weekly and mitigation plans have been actioned to bring appropriate projects forward from the 2011/12 programme.

Value of commitments improved by £904,662 from Month 9 reflecting the value of orders placed during the period. The total commitment value of £17,728,790 has reduced the variance to £306,210 behind the CRL.

The actual expenditure position at Month 10 is £12,468,276 against an initial target of £14,766,503 showing a £2,298,227 under spend. This is still being measured against the primary cash flow programme which has not been adjusted to take account of delays to the start of several larger projects. However, all projects are now progressing to programme and will be completed on schedule. These programmes and the associated cash flows continue to be 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
January 2010 M10 (Q4)

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 10	B	18,825,939	Excludes Appleby overspend
Variance to CRL	A-B	- 790,939	1 IT business case left to be formally approved delivery still expected by 31/3/11. Approvals for new projects to take place as required
Appleby overspend additional to business case	C	361,157	Overspend has reduced since Month 9 by £130K due to final account resolution
Value of projects approved to date inc total for Appleby	D	19,187,096	
Total Value of Projects either delivered or with certainty of delivery by year end	E	16,751,965	Small Improvement on Month 9 of £35K due to orders placed in month but which have been off set with further underspends on completed schemes
Value of Projects which carry varying levels of risk of non delivery	E-A	-1,283,035	Includes £409K of new projects for which orders not placed by 31/1/11. Orders still awaited for £728K of projects mostly equipment and IT items with short lead times and £146K due to further underspends or deferred schemes not yet allocated to new schemes
Previous value M9		-1,317,452	
Change in period		34,417	
Forecast Expenditure	L	17,888,576	
Variance to CRL	L-A	-146,424	
Previous value M9	M	17,446,841	
Change in period	M-L	-441,735	Change in period is due to new projects and carry forward projects from 11/12 being approved for delivery by 31st March 2011 and risk reduction on original projects

Action required: Continue to chase orders and deliveries for equipment and IT items in liaison with Procurement. Maintain build projects on programme

M10 - Delivery of Capital Programme Financial Position			
Commitment/Orders in year to date includes feasibility on projects not yet approved	F	13,853,168	
Value of Commitments in 2009/2010 for expenditure in 2010/2011	G	3,875,622	
Total	F+G	17,728,790	£1,070k additional orders have been placed since M10 - £750k 2011/2012 accrual = £320k + £17,729k = £18,049 therefore the CRL is £14k over committed with £70k still to be placed = £84k total over commitment.
Variance	(F+G)-A	-306,210	Awaiting approval of Business Cases, and orders for approved Business Cases not yet raised for Medical Equipment and IT projects.
Previous value M9		-1,210,872	
Change in period		904,662	Change in period reflects value of Orders placed M9 to M10
Action required: Outstanding orders to be placed by various parties			
Invoiced to date	H	10,242,572	
Work in progress	I	2,225,704	
Expenditure to date (including fees)	H+I=J	12,468,276	
Previous value M9		10,690,767	
Change in period		1,777,509	
Value of projects still to be completed against project commitments	F-J	5,260,514	circa £750k of this value will be in 2011/2012 accrual
Adjusted value (value of projects in line above - 2011/2012 accrual)		4,510,514	
Target cash flow expenditure at Month 10	K	14,766,503	
Variance	J-K	-2,298,227	Overall programme delayed against original plan.
Previous value M9		-2,388,881	
Change in period		90,654	
Action required: Achieve project programmes and monitor cash flow and goods received to achieve M11 and M12 forecast expenditure.			

Capital Programme Progress Report

APPENDIX 1 EXCEPTIONS REPORT

January 2010 M10 (Q4)

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						
Upgrading of fire doors throughout Trust	4136	12,597	15,173	2,576	20	Design Team Fees greater than Indication of Cost/Business Case allowance
Haematology/Oncology Inpatients (Deansley First Floor)	4032	41,015	49,996	8,981	22	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
Basement tug way doors, alarms and controls	4185	115,335	135,716	20,381	18	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	67,900	30,744	83	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	5,445,934	361,645	7	Final Reconciliation in progress - Finance/Estates Development
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.
WMI Roof	4048b	180,720	237,787	57,067	32	"Overspend" as a result of the development of scope of works.

Capital Programme Progress Report

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Scheme	No.	Business Case	Total predicted outturn	Variance to between total predicted out-turn and Business Case		Comments
		£	£	£	%	
Medical Illustration portacabin relocation	4046	282,500	446,500	164,000	58	Development of scope of works/Indication of Cost/Baseline greater than allocation included in Site Rationalisation Business Case. Overall the Site Rationalisation Business Case is forecast to "break even".
Total				700,575		
MPCE	4144	23,681	19,681	-4,000	-17	Value of order less than Business Case allowance
ENT Decontamination	4106	131,129	105,000	-26,129	-20	Forecast value of orders/commitments less than Business Case allowance
Mattress store	4111	83,907	75,000	-8,907	-11	Forecast value of orders/commitments less than Business Case allowance
Incinerator bin lift	4132	51,879	45,000	-6,879	-13	Forecast value of orders/commitments less than Business Case allowance
School of Nursing	4931	2,700,768	2,343,613	-357,155	-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	73,192	-64,006	-47	Contingency/risk allocation for repairs to roof deck not expended + saving on Professional Fees
Asbestos removal Hollybush House	4048a	98,107	76,749	-21,358	-22	Contractors final account costs less than Indication of Cost/Baseline allowances

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 January 2010 M10 (Q4)

Scheme	No.	Business Case	Total predicted outturn	Variance to between total predicted out-turn and Business Case		Comments
		£	£	£	%	
Main Corridor external wall	4048c	6,908	6,082	-826	-12	Forecast value of orders/commitments less than Business Case allowance
New Catering Facility inc VIE Tanks & Oil Tanks;	4930	5,605,049	4,404,121	-1,200,928	-21	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	Forecast value of orders/commitments less than Business Case allowance
Total				-1,758,797		