

Trust Board Report

Meeting Date:	18 th April 2011
Title:	Capital Programme 2010/11
Executive Summary:	To report progress (as at Month 11) 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 11 predicts a £11,143 over spend.
Public or Private: (with reasons if private)	Public Session
References: (eg from/to other committees)	From Trust Management Team 1 st April 2011 and Capital Review Group 6 th April 2011.
Appendices/ References/ Background Reading	Attachment 1 – Month 11 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 11 for the 2010/11 Capital Programme at 31st March 2011 is £18,046,143. The Capital Resource Limit (CRL) is £18,035,000 which therefore equates to a potential over spend of £11,143 and this value will be managed to within the CRL limit.</p> <p>The value of projects where the speed of progress indicates a potential risk of non-delivery has improved in the month to £182,785, a change of £1,100,250 in the period.</p>
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The risk value referred to above can be categorised as follows:

- £58K: This is the value of new business cases approved with orders still in process but expected to be delivered by 31st March 2011.
- £66K: 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.
- £59K 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 £1,167,541 from Month 10 reflecting the value of orders placed during the period. The total commitment value of £19,202,541 has exceeded CRL with the balance being for projects in 2011/12 Programme.

The actual expenditure position at Month 11 is £15,470,263, a movement of £3,001,987 in the month and against the initial target of £16,129,041 shows a £658,778 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
February 2011 M11 (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 11	B	19,421,816	Excludes Appleby overspend, and includes some Business Cases for 2011/2012 projects
Variance to CRL	A-B	- 1,386,816	All business cases approved therefore no further action required
Appleby overspend additional to business case	C	376,998	
Value of projects approved to date inc total for Appleby	D	19,798,814	
Total Value of Projects either delivered or with certainty of delivery by year end	E	17,852,215	
Value of Projects which carry varying levels of risk of non delivery	E-A	-182,785	Includes £58K of new projects for which orders not placed by 28/2/11. Orders still awaited for £66K of projects mostly equipment and IT items with short lead times and £59K due to further underspends or deferred schemes not allocated to new schemes as at 28/2/11
Previous value M10		-1,283,035	
Change in period		1,100,250	
Forecast Expenditure	L	18,046,143	
Variance to CRL	L-A	11,143	This figure will be managed down to =/< £0 by 31/3/11
Previous value M10	M	17,888,576	
Change in period	M-L	-157,567	Change in period is due to new projects and carry forward projects from 11/12 being approved for delivery by 31/3/11 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

M11 - Delivery of Capital Programme Financial Position

Commitment/Orders in year to date includes feasibility on projects not yet approved	F	15,326,918	
Value of Commitments in 2009/2010 for expenditure in 2010/2011	G	3,875,622	
Total	F+G	19,202,541	Circa £900k of this value is for 2011/2012 projects carry forward from 2010/2011
Variance	(F+G)-A	1,167,541	
Previous value M10		-306,210	
Change in period		1,473,751	Change in period reflects value of orders placed M10 to M11
Action required: all Orders placed - no action required			
Invoiced to date	H	11,899,653	
Work in progress	I	3,570,610	
Expenditure to date (including fees)	(H+I) = J	15,470,263	
Previous value M10		12,468,276	
Change in period		3,001,987	
Value of projects still to be completed against project commitments	(F+G) - J	3,732,278	Circa £900k of this value will be in 2011/2012 accrual Value of M12 Commitments; Expenditure required to meet CRL in M12 = £2,564,737
Adjusted value (value of projects in line above - 2011/2012 accrual)		2,832,278	
Target cash flow expenditure at Month 11	K	16,129,041	
Variance	J-K	-658,778	Overall programme delayed against original plan.
Previous value M10		-2,298,227	
Change in period		1,639,449	

Action required: continued pressure on Supply Chain to achieve key completion and delivery dates.

Capital Programme Progress Report
APPENDIX 1 EXCEPTIONS REPORT
February 2011 M11 (Q4)

Scheme	No.	Business Case	Total predicted outturn	Variance to between total predicted out-turn and Business Case	%	Comments	M11 - M10: Change in period	M11 - M10: Reason for change in period
		£	£	£			£	
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	0	No change
Haematology/Oncology Inpatients (Deansley First Floor)	4032	41,015	49,996	8,981	22	Design Team Fees greater than Indication of Cost/Baseline allowance	0	No change
Boiler 3rd economiser	4089	33,000	39,533	6,533	20	Design Team Fees greater than Indication of Cost/Baseline allowance	0	No change
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	0	No change
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	0	No change
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.	0	No change
Appleby Refurbishment	4027	5,084,289	5,499,241	414,952	8	Final Reconciliation in progress - Finance/Estates Development	-16,693	Cost reduction through release of Contingency following Reconciliation with Finance
A&E/WEL 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.	0	No change
WMI Roof	4048b	180,720	237,787	57,067	32	"Overspend" as a result of the development of scope of works.	0	No change
Stone Laser	4194	47,000	63,632	16,632	35	Value of order greater than Business Case allowance	16,632	Order placed in period
Relocate medical gas store	4005	46,565	55,000	8,435	18	Overspend as a result of the development of scope of works.	8,435	Increased in scope of works during period
Vital Pack/PDA System	4103	292,281	378,347	86,066	29	Overspend (by IT Dept) to be partially offset by £66k refund in 2011/2012 Capital Programme.	86,066	Costs identified in period
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".	0	No change
Total				865,015			94,440	
MPCE	4144	23,681	19,681	-4,000	-17	Value of order less than Business Case allowance	0	No change

Capital Programme Progress Report
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		£	£	£			£	%
ENT Decontamination	4106	131,129	105,000	-26,129	-20	Forecast value of orders/commitments less than Business Case allowance	0	No change
Mattress store	4111	83,907	74,129	-9,778	-12	Forecast value of orders/commitments less than Business Case allowance	-871	Adjustment arising from month end reconciliation
Incinerator bin lift	4132	51,253	45,000	-6,253	-12	Forecast value of orders/commitments less than Business Case allowance	626	Adjustment arising from month end reconciliation
School of Nursing	4931	2,700,768	2,343,696	-357,072	-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	83	Adjustment arising from month end reconciliation
C-Diff testing	4139	28,000	24,029	-3,971	-14	Value of order less than Business Case allowance	0	No change
Tractor	4198	26,816	23,982	-2,834	-11	Value of order less than Business Case allowance	0	No change
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	0	No change
Asbestos removal Hollybush House	4048a	98,107	76,749	-21,358	-22	Contractors final account costs less than Indication of Cost/Baseline allowances	0	No change
Main Corridor external wall	4048c	6,908	6,082	-826	-12	Forecast value of orders/commitments less than Business Case allowance	0	No change
New Catering Facility inc VIE Tanks & Oil Tanks;	4930	5,605,049	4,419,375	-1,185,674	-21	Equipment requirements confirmed by User and costs identified. Final forecast cost includes contingency for variations.	15,254	Additional works instructed in period
Yew Tree Court (29) Demolition	4911	160,000	131,254	-28,746	-18	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	900	Adjustment arising from month end reconciliation
Digital Breast Screening	4122	155,000	123,000	-32,000	-21	Value of order less than Business Case allowance	-32,000	Costs identified in period
Women's Ultrasound	4193	49,376	44,376	-5,000	-10	Forecast value of orders/commitments less than Business Case allowance	-5,000	Release of Contingency in period
Medical Illustration/Lung Function (43) Demolition	4911	75,000	34,134	-40,866	-54	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	-40,866	Release of Contingency in period
Lift refurbishment x 1	4130	144,225	108,182	-36,043	-25	Forecast value of orders/commitments less than Business Case allowance	-3,885	Release of Contingency in period
Total				-1,824,556			-65,759	