

## Trust Board Report

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| <b>Meeting Date:</b>  | 27 <sup>th</sup> June 2011   |
| <b>Title:</b>   | Capital Programme 2011/12  |
| <b>Executive Summary:</b>   | To report progress (as at Month 2) for the 2011/12 Capital Programme.<br><br>To report variance on project costs where these exceed +/- 10% or £50,000 of business case value. None in this year to date.  |
| <b>Action Requested:</b>  | Note and comment on.   |
| <b>Report of:</b>   | Acting Director of Estates Development   |
| <b>Author:</b>  | Brian Midgelow-Marsden Tel 01902 695947  |
| <b>Contact Details:</b>   | Email: <a href="mailto:brian.midgelow-marsden@nhs.net">brian.midgelow-marsden@nhs.net</a>  |
| <b>Resource Implications:</b>                                       | Delivery of Capital Programme 2011/12 to Capital Resource Limit. Year end position as at Month 2 predicts an under-commitment of £11,983.  |
| <b>Public or Private:</b><br>(with reasons if private)              | Public Session   |
| <b>References:</b><br>(eg from/to other committees)                 | From Capital Review Group 15 <sup>th</sup> June 2011.  |
| <b>Appendices/<br/>References/<br/>Background Reading</b>           | Attachment 1 – Month 2 Progress Report   |
| <b>NHS Constitution:</b><br>(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"> <li>✚ Equality of treatment and access to services</li> <li>✚ High standards of excellence and professionalism</li> <li>✚ Service user preferences</li> <li>✚ Cross community working</li> <li>✚ Best Value</li> <li>✚ Accountability through local influence and scrutiny</li> </ul> |

## Background Details

|          |   |
|----------|---|
| <b>1</b> | <p>The forecast outturn as at Month 2 for the 2011/12 Capital Programme at 31<sup>st</sup> March 2012 is £20,418,017. The Capital Resource Limit (CRL) is yet to be confirmed but the assumed figure remains at £20,430,000. The Month 2 outturn projection therefore equates to a potential under-commitment of £11,983.</p> <p>The assumption at Month 2 is that all projects within the Capital Programme will be delivered.</p> |
|----------|---|

The actual expenditure position at Month 2 is £1,152,027, a movement of £636,427 in the month and against a revised target of £1,079,094 which represents a value of £72,933 ahead of plan. The cash flow has been revised to reflect release of funds on the Emergency Portal Project but will require further amendment to reflect delays to the SHA approval of the Pathology Project.

**Detail**

Variances exceeding +/- 10% or £50,000 of business case value are nil as at Month 2.

**Risks to the Programme**

- CRL to be confirmed.
- Delay to SHA approval of Pathology project. Value of spend in Capital Programme represents a start on site date of 20<sup>th</sup> June 2011.
- Delivery of projects identified as a result of Interim Emergency Portal funding release.

**Capital Programme Progress Report  
May 2011 M2 (Q1)**

| Planned Programme Financial Position  | Reference | £'s                      | Narrative  |
|---|-----------|--------------------------|--|
| <b>CRL (includes £190K community services funding)</b>                                    | A         | <b>20,430,000</b>        | CRL to be confirmed  |
| Value of Business Cases approved to date Month 2  | B         | 12,414,955               | Value approved stated here represents value of spend in year only  |
| <b>Variance to CRL</b>  | A-B       | <b><u>8,015,045</u></b>  |  |
|   |           |                          | 76 business cases in total required for defined projects as at 31/5/11, 17 of these approved, with 59 scheduled for approval. Additional business cases for backlog maintenance and PCT projects yet to be scoped and for £1.7m of £2.7m funding released from Emergency Portal Project. |
| <b>Value of projects approved to date</b>   | C         | <b>12,414,955</b>        |  |
| <b>Total Value of Projects either delivered or with certainty of delivery by year end</b> | D         | <b>18,392,746</b>        |  |
| <b>Value of Projects which carry varying levels of risk of non delivery</b>               | D-A       | <b><u>-2,037,254</u></b> | Projects yet to be fully scoped  |
| Previous value  |           | 0                        |  |
| Change in period  |           | <b>-2,037,254</b>        |  |
|   |           |                          | £2.7m allocated to bring forward projects from 12/13 as a result of funding release from Emergency Portal Project  |
| <b>Forecast Expenditure</b>   | L         | <b>20,418,017</b>        | Project  |
| <b>Variance to CRL</b>  | L-A       | <b>-11,983</b>           |  |
| <b>Previous value - Month 1</b>   | M         | <b>20,461,000</b>        |  |
| <b>Change in period</b>   | M-L       | <b>42,983</b>            | Change due to realignment of budget due to release and re-allocation of funding from Emergency Portal Project  |

**Action required: Ensure approvals are delivered to programme. Identify risk early in programme**

**M2 - Delivery of Capital Programme Financial Position**

|  |           |                         |   |
|--|-----------|-------------------------|---|
| Commitment/Orders in year  | F         | 1,602,079               | Value of Commitments b/f from 2010/2011 = £1,296,850  |
| Value of Commitments in 2011/2012 for expenditure in 2012/2013               | G         | 0                       |   |
| <b>Total</b>   | F+G       | <b>1,602,079</b>        |   |
| <b>Variance</b>  | (F+G)-A   | <b>-18,827,921</b>      |   |
| Previous value   |           | -19,491,409             |   |
| Change in period   |           | <b>663,488</b>          |   |
| <b>Action required: Ensure approved projects are delivered to programme.</b> |           |                         |   |
| Invoiced to date   | H         | 536,924                 |   |
| Work in progress   | I         | 615,103                 |   |
| <b>Expenditure to date (including fees)</b>                                  | (H+I) = J | <b><u>1,152,027</u></b> |   |
| Previous value   |           | 515,600                 |   |
| Change in period   |           | <b>636,427</b>          |   |
| Value of projects still to be completed against project commitments          | (F+G) - J | <u>450,052</u>          |   |
| Adjusted value (value of projects in line above - 2012/2013 accrual)         |           | 0                       |   |
| Target cash flow expenditure at Month 2                                      | K         | 1,079,094               |   |
| <b>Variance</b>  | J-K       | <b><u>72,933</u></b>    |   |
| Previous value   |           | -168,351                | (1) IT schemes+£81k - expenditure incurred 1 month earlier than forecast.   |
| Change in period   |           | <b>241,284</b>          | (2) Carry Over Schemes -£84k - reduced forecast final cost.<br>(3) Design Team/Professional Fees - +£16k Procurement activity for new Building Works Framework<br>(4) Major Schemes +£48k Professional Fees incurred earlier than forecast & greater than forecast<br>(5) +£12k minor expenditure on Medical Equipment, Statutory Standards, Improvements in the Retained Estate and Residual Expenditure |

**Action required: Ensure approved projects are delivered to programme.**