

Trust Board Report

Meeting Date:	28 th November 2011
Title:	Capital Programme 2011/12
Executive Summary:	<p>To report progress (as at Month 7) for the 2011/12 Capital Programme.</p> <p>To report variance on project costs where these exceed +/- 10% or £50,000 of business case value.</p> <p>This report also includes a revised Capital Programme which seeks to deliver to the Trust's confirmed CRL of £20,240,000.</p>
Action Requested:	To note.
Report of:	Head of Estates Development
Author: Contact Details:	<p>Mike Goodwin Tel 01902 695947</p> <p>Email: mikegoodwin@nhs.net</p>
Resource Implications:	<p>Delivery of Capital Programme 2011/12 to Capital Resource Limit. Year end position as at Month 7 identifies an under-commitment of £505,286 against a CRL of £20,240,000.</p> <p>The revised Capital Programme in Attachment 2 identifies red risk projects valued at £2.3million.</p>
Public or Private: (with reasons if private)	Public.
References: (eg from/to other committees)	Capital Review Group 16 th November 2011.
Appendices/ References/ Background Reading	<p>Attachment 1 – Month 7 Progress Report.</p> <p>Attachment 2 – Revised Capital Programme including red risks.</p>
NHS Constitution: (How it impacts on any decision-making)	<p>In determining this matter, the Board should have regard to the Core principles contained in the Constitution of:</p> <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>Detail relating to Attachment 1</p> <p>The forecast outturn as at Month 7 for the 2011/12 Capital Programme is £19,734,714. The Month 7 outturn projection equates to a potential under-commitment of £505,286 against the confirmed CRL of £20,240,000.</p> <p>The actual expenditure position at Month 7 is £3,673,875, a movement of £1,037,299 in the month and against a target of £3,260,922 which represents a value of £412,953 ahead of the revised cash flow plan.</p> <p>Variances exceeding +/- 10% or £50,000 of business case value are detailed in Appendix 1 Exceptions Report.</p> <p>Risks to the Programme</p> <ul style="list-style-type: none">• Delivery of bring-forward projects. <p>Detail relating to Attachment 2</p> <p>An updated Capital Programme is included in Attachment 2. This programme identifies the red risk projects and potential further mitigation measures. The cash flow projection referred to above has been revised to reflect this new plan.</p> <p>The Trust's original strategy for mitigating the delay in the Pathology Project was to bring forward projects from 2012/13 including the Combined Heat and Power (CHP) Project.</p> <p>In September 2011, this position was re-assessed given the then progress and uncertainty around procurement options associated with the CHP Project. It was at this stage that a revised programme was submitted to the Trust Board identifying an under-spend of circa £3m against CRL.</p> <p>As a result of concerns that SHA funding may not be available to release an increase of £3m to RWHT in 2012/13 to make up for the shortfall in spend in 2011/12, a revised programme has been developed. This is included in Attachment 2.</p> <p>In developing the programme, the likelihood of project delivery has been RAG rated to identify the level of risk associated with this strategy. The red risk projects are also identified in the attached programme. These total £2.3m. Whilst it is envisaged that a number of these projects will be delivered or part-delivered in the financial year, it is likely that some will not come to fruition leaving some residual risk and a shortfall against CRL.</p>
---	---

Capital Programme Progress Report October 2011 M7 (Q3)			
Planned Programme Financial Position	Reference	£'s	Narrative
CRL	A	20,240,000	Original CRL.
Value of Business Cases approved to date Month 7	B	15,471,152	Value approved stated here represents value of spend in year only and not full business case value.
Variance to CRL	A-B	4,768,848	
Value of projects approved to date	C	15,471,152	104 business cases in total required for defined projects as at 31/10/11, 75 of these approved. Additional business cases continue to be developed for bring forward projects.
Total Value of Projects either delivered or with certainty of delivery by year end	D	15,977,934	
Value of Projects which carry varying levels of risk of non delivery Previous value - Month 6	D-A	-4,262,066 -4,850,173	£2.56m of this relates to bring forward projects which have yet to be fully scoped and approved and £0.5m represents unallocated monies. £1.2m relates to projects on the original programme not yet approved for delivery. However a number of these have been presented for approval at November CRG
Change in period		588,107	This shows an improvement due to business cases being finalised and presented for approval
Forecast Expenditure	L	19,734,714	Programme revised to include further bring forward projects with intention of spending to original CRL
Variance to CRL	L-A	-505,286	As yet unallocated to projects
Previous value - Month 6	M	17,280,888	
Change in period	M-L	-2,453,826	This shows an improvement due to inclusion of additional bring forward projects although delivery of these presents varying levels of risk
Action required: Scope bring forward projects as soon as possible and develop business cases for approval			
M7 - Delivery of Capital Programme Financial Position			
Commitment/Orders in year	F	11,214,096	Value of Commitments b/f from 2010/2011 = £1,296,850
Value of Commitments in 2011/2012 for expenditure in 2012/2013	G	6,898,506	
Total	F+G	18,112,601	
Variance	(F+G)-A	-2,127,399	
Previous value		-5,438,030	
Change in period		3,310,632	
Action required: Ensure approved projects are delivered to revised programme.			
Invoiced to date	H	2,739,100	
Work in progress	I	934,775	
Expenditure to date (including fees)	(H+I) = J	<u>3,673,875</u>	
Previous value		2,636,576	
Change in period		1,037,299	
Value of projects still to be completed against project commitments	(F+G) - J	<u>14,438,727</u>	
Adjusted value (value of projects in line above - 2012/2013 accrual)		0	
Target cash flow expenditure at Month 7	K	<u>3,260,922</u>	Revised plan
Variance	J-K	<u>412,953</u>	(1) IT schemes +£166k: Materials Management - expenditure earlier than planned
Previous value		-2,393,345	(2) Carry Over Schemes -£56k: awaiting Final Accounts, and Digital Breast Screening forecast expenditure not achieved.
Change in period		2,806,298	(3) Medical Equipment +£59k - TEM procurement ahead of programme
			(4) Major Schemes +£156k: Pathology (+£63) expenditure earlier than forecast; Womens Unit (+£50) MLU enabling works; Catering demolition (+£43) expenditure earlier than forecast
			(5) VAT Refund +£139k - refund not identified.
			(6) New Schemes +£63k - Diabetes expenditure earlier than forecast
			(7) -£114k: revised programmes for General Equipment(-£21k), Statutory Standards (-£50k), and Improvements in the Retained Estate (-£43k),
Action required: Ensure approved projects are delivered to revised programme.			

Capital Programme Progress Report
 APPENDIX 1 EXCEPTIONS REPORT
 October 2011 M7 (Q3)

Scheme	No.	Business Case	M7 - Total predicted overrun	Variance to between total predicted out-turn and Business Case	Variance to between total predicted out-turn and Business Case	Comments	M6 - M7: Change in period for reported projects	M6 - M7: Reason for change in period for reported projects
Projects that exceed 10% variance or £50k or greater		£	£	£	%		£	
Renal IT Business Case (Proton)	4145	190,350	214,289	23,939	13	Value of Orders greater than Business Case allowance due to requirement for additional servers identified after business case approved	0	n/a - no change from M4 Report
Women's Unit - Phase 2	4923	4,655,308	4,746,762	91,454	2	Approved scope of works for Fire/VIR works is greater than included in the Business Case. The forecast overspend for the Fire/VIR works of £151,855 is off-set by forecast savings on other projects within the Business Case	0	n/a - no change from M6 Report
Domestic waste compaction system	42081	79,810	88,369	8,559	11	Additional cost arising from unknown ground conditions	8,559	Works carried out in period
Washer for clinical waste bins	42083	125,656	143,848	18,192	14	Design development - remeasure and re-valuation of works under terms of Measured Term Contract	18,192	Works carried out in period
Total				142,144			26,751	

Wolverhampton NHS Trust - New Cross		Approved Allocation	Probability of delivery 25%(red) - unlikely 50%(amber) - probably 75%(green) - likely 100%(blue) - delivered/no further action	Red risk
Expenditure Prediction 11-12				
Approved Business Case	Project Number	2011-12 Total		
		£		
Capital Resource Limit (CRL)		20,240,000		
Medical Equipment				
	42001 Blood Gas Analysers carried over from 10/11x 5	103,400	25	103,400
✓	42003 Antares Ultrasound Machine (A4)	99,928	75	
✓	42004 Automation of radiochemical purity analysis	25,284	50	
✓	42006 Ultrasound Machine (NNU)	54,145	75	
	42007 Anaesthetic Machine - Theatres	14,400	50	
	42008 Cystoscope	20,400	50	
✓	42009 Bladder Scanner	6,750	75	
	42010 Washer Disinfector (H&L Theatres)	29,640	50	
	42011 Receiver (ECG-apexPro)	24,600	25	24,600
✓	42012 Haemofiltration Machines (H&L) x 5	64,800	100	
✓	42013 Ultrasound Scanner x 2 (H&L)	270,193	75	
	42014 ECG Recorder	6,600	50	
	42015 ECG Analyser Pathfinder x 2	67,680	100	
✓	42016 Phacovitrectomy machines x 2	158,000	50	
✓	42017 ENT Camera Stack	37,558	75	
✓	42018 All in one liquid scintillation counter, gamma counter and multichannel analyser	16,224	75	
	42019 Cinescan Ultrasound (ophthalmology)	63,000	50	
✓	42020 Critical care ultrasound equipment	91,287	100	
✓	42021 Intubating fibrescope	12,410	50	
✓	42022 TEM equipment	62,996	75	
	42023 HDU monitor	21,955	50	
✓	42024 Radiofrequency ablation	55,200	100	
✓	42025 Intrapartum foetal monitor	9,551	75	
	42026 Nasoendoscope	14,400	50	
✓	42027 Orthopaedic Power Tools	63,111	100	
✓	42028 ICCU Mattresses	140,316	75	
✓	42029 Ultrasound machine (Antenatal)	99,928	75	
✓	42030 Anterior Cervical Spine Surgery	53,112	75	
✓	42031 GEMs	11,394	75	
✓	42032 Casting Machine	7,858	100	
✓	42033 Lazer Welder	14,494	75	
✓	42034 Dental Monitor	10,933	75	
✓	42035 Histopathology Microscope	29,785	50	
✓	Histopathology Microtome (research funding)	0		
✓	Cryomatic Machine (charitable funding)	0		
	Arjo Hoist	7,504	25	7,504
	Additional medical equipment	808,924	50	
Medical Equipment Total		2,577,760		135,504
General Equipment				
✓	42042 Bariatric bed mover	16,000	75	
✓	42043 Jetting equipment	5,400	50	
General Equipment Total		21,400		-
Information Management & Technology				
Carry Over from 2010/11				
✓	4038 NHS Number	25,000	50	
✓	42051 Pathology Prompting and Alerting	66,270	25	66,270
✓	42052 Contact Centre review	47,118	25	47,118
✓	4145 Renal IT Business Case (Proton)	132,820	50	
✓	4103 Vitalpack	137,943	75	
✓	4103 Refund from vital pack	-61,000	50	
✓	4101 Acumentive 'Safe Hands'	120,549	75	
New Schemes				
	42053 Emergency Assessment systems implementation	56,340	25	56,340
	42054 Health Records Reconfiguration	10,000	25	10,000
✓	42055 Electronic Patient Record	9,200	75	
✓	42056 ePrescribing & Medicines Management	142,654	75	
	42057 eDischarge phase 2	14,100	25	14,100

Wolverhampton NHS Trust - New Cross		Approved Allocation	Probability of delivery 25%(red) - unlikely 50%(amber) - probably 75%(green) - likely 100%(blue) - delivered/no further action	Red risk
Expenditure Prediction 11-12				
Approved Business Case	Project Number	2011-12 Total		
		£		
Capital Resource Limit (CRL)		20,240,000		
	42058 Patient Level costing	50,000	25	50,000
✓	42059 PC Replacement	365,471	50	
✓	42060 Additional Wi-Fi	94,033	50	
✓	42061 Replacement of radiotherapy computer system servers	7,500	75	
✓	42062 Materials Management	514,222	50	
✓	42063 eGovernance (integration with PCT)	12000	100	
✓	42064 Hollybush House network upgrade	6143	50	
✓	42065 Rheumatology network installation	15749	50	
	Potential bring forward spend from 2012/13	386307	50	
IT Total		2,152,419		243,828
EFM/Statutory Standards (inc incinerator)				
	Bring forward from 2012/13	404,687	25	404,687
✓	42081 Domestic waste compaction system	79,810	75	
✓	42082 Piped oxygen and gases (D19, D20,D2, D5, D6)	114,277	75	
✓	42083 Washer for clinical waste bins	125,656	75	
✓	42084 Upgrading of air tube control equipment	185,313	50	
✓	42085 Incinerator refractory lining	80,136	75	
Statutory Standards Total		989,879		404,687
Residual Expenditure on Completed Projects (offset by VAT refund)				
	Residual Expenditure	12,579	100	
	VAT Refund	- 140,000	75	
Total		- 127,421		-
Improvement of Retained Estate budget				
✓	42086 Roads pathways and car parks upgrades	168,075	50	
✓	42087 Replacement of Lift 16 A&E block	132,912	75	
✓	42088 Antenatal roof adaption	43,481	75	
✓	42089 GUM roof adaption and skylights	60,210	75	
✓	42090 Replacement of Lift 2 medical block	157,416	75	
	tbc Remaining backlog	239,212	50	
✓	42091 Nurse Call D19/D20	56,981	75	
✓	42092 Sluices to medical and surgical wards	25,932	75	
✓	42093 Pond Lane digital TVs	10,852	100	
✓	42094 Incinerator (upgrade) additional works	69,800	75	
Improvement of Retained Estate Total		964,871		-
New Schemes				
	tbc PCT Transition	25,000	25	25,000
	42111 Heart and Lung offices	-		
	42112 Isolation cubicle PAU	50,000	50	
	42113 Adult Cystic Fibrosis facility	48,562	50	
✓	42114 Chest Drain Accommodation D20	9,048	75	
✓	42115 EAU Washroom Pods	31100	75	
	Vascular Ward Reconfiguration	500000	25	500000
✓	42116 Diabetes Extension	109780	75	
✓	42117 Simulated Clinical environment training suite	531486	50	
✓	42118 A&E Refurbishment	500,000	25	500,000
New Schemes Total		1,804,976		1,025,000
Carry Over 10/11 Schemes				
✓	4047 Modular Theatres	338,766	75	
✓	4123 Patient environment works - Dementia/EAU	58,161	75	
✓	4122 Digital Breast Screening	16,130	75	
	4119 Pharmacy	100,000	25	100,000
✓	4981 Catering (H&L replacement of regeneration equipment)	47,000	50	
Carry Over Schemes Total		560,057		100,000

Wolverhampton NHS Trust - New Cross			Approved Allocation	Probability of delivery 25%(red) - unlikely 50%(amber) - probably 75%(green) - likely 100%(blue) - delivered/no further action	Red risk
Approved Business Case	Project Number				
Expenditure Prediction 11-12			2011-12 Total		
			£		
Capital Resource Limit (CRL)			20,240,000		
Major Schemes					
Site Rationalisation					
Demolitions					
✓		Poplars demolition	600,000	50	
✓	4115	Lodge demolition	461,670	50	
Women's Unit					
	4923	Women's Unit Phase 2 completion and Phase 3	2,836,147	50	
		A5 and A6 + general communication on all floors	115,641	50	
		A4 Refurbishment and VIR on 3rd floor	25,000	50	
Emergency Centre					
	4932	Emergency Centre	200,000	50	
	42161	Catering Demolition	847,249	50	
Carbon Reduction					
		Additional funding b/w	400000	25	400000
✓	42171	Smart Metering	116,045	50	
✓	4115	Lodge closure			
	42172	Steam Trap Management	13,318	25	13,318
✓	42173	Steam flow meter Boiler house	39,940	75	
✓	42174	Thermal imaging camera	11,214	50	
Carbon Reduction Schemes Total			580,517		413,318
Integrated Pathology					
✓	4933	Pathology New build	5,124,549	75	
Major Projects inc Demolitions Total			10,790,773		413,318
GRAND TOTAL (Current Projected Spend)			19,734,714		2,322,337
Over or Under spend against Capital Resource Limit (CRL)			-505,286		

Risk values

Red risk projects	2,827,623	includes unallocated sum of £505286
Amber risk projects	9,171,557	
Green risk projects	7,855,453	
Completed projects	385,367	
Total	20,240,000	