







## Trust Board Report

<b>Meeting Date:</b>	27 <sup>th</sup> March 2017
<b>Title:</b>	Capital Programme 2017/18 and Five Year Capital Programme 2017/18 – 2021/22
<b>Executive Summary:</b>	This report outlines the Capital Programme for 2017/18 and the proposed Five Year Capital Investment Plan covering the period to 2021/22.
<b>Action Requested:</b>	To note the Capital Programme.
<b>Report of:</b>	Mike Goodwin, Interim Strategic Estates Advisor
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<b>Resource Implications:</b>	The Capital Programme is aligned to the annual Capital Resource Limits which are part of the Trusts Long Term Financial model. The Programme is subject to the overall financial strategy of the Trust. :
<b>Public or Private: (with reasons if private)</b>	Public Session
<b>References: (eg from/to other committees)</b>	Capital Review Group Attachment 1 – Capital Programme 2017/18 and Five Year Capital Programme to 2021/22
<b>Appendices/ References/ Background Reading</b>	See attached
<b>NHS Constitution: (How it impacts on any decision-making)</b>	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

Attachment 1 provides a summary of the major projects and categories of spend for the Capital Programme 2017/18 and the Five Year programme to 2021/22 together with the relevant funding assumptions. The plan assumes a total spend of £84,175,943 over the five year period which is a significant reduction from the planned £107 million in the previous five year plan. This reflects the impact of the Trusts current financial position and particularly the necessity to limit capital spend to depreciation and externally funded sources over the period of the plan.

The categories contained within the plan are Medical Equipment, IT and Divisional Bids, Statutory Standards/Improvement of Retained Estate and Major Schemes/Initiatives. The requirements for Capital are significantly in excess of the allocation and the indicative allocations in the attached programme have already been subject to prioritisation. It is however likely that further changes to the programme may be required in order to bring the programme into balance, especially in 2018/19 and 2019/2020, as there is a significant funding gap which will need further discussion both internally and externally with the NHSI to determine how this gap can be met.

Due to the significant reduction in planned funding, a number of changes are proposed compared to the current Five Year Plan. These are summarised below:

- **Income**

- Capital Resource Limit will not exceed depreciation, unless additional funding identified (eg PDC schemes)
- Additional funding source of £2m assumed for Stroke Unit in 17/18
- Additional funding source assumed for final two Linacs at a rate of one per year from 17/18
- It is assumed that a capital receipt for sales will be received in 2017/2018; the amount assumed is £1m

- **Overarching Assumptions**

- No account has been taken of potential impact of STP plans
- Potential costs associated with transfer of services for West Park are not included (including any capital receipts).
- Capital implications with regard to Vertical Integration are not included
- Potential capital impact of transfer of Vascular Services not included

- **Capital Programme Year 1 (17-18)**

- £1.5m available each year for medical equipment replacement, with the exception of approved carry forwards from 16/17 and only £950k in 17/18
- £800k available for Divisional bids for 17/18, rising to £1m for 18/19 and then to £2m onwards.
- Approved schemes that have been deferred from 16/17 will be funded in 17/18
- Schemes that were deferred, but no business case was received at the time of deferral will be re-prioritised by Divisions alongside other bids for 17/18
- IMT allocation reduced to £500k - no PC replacement as funded in 2016/17
- No Ward refurbishment programme in 17/18
- Refurbishment of old A&E into Outpatient Department will be deferred until 18/19, completing in 19/20
- Incinerator scheme in 17/18 will be funded from the capital programme
- Replacement of the third Catheter lab in Heart & Lung will be completed in

17/18

- £250k of scheme risk from 16/17 deferred into 17/18

- **Capital Programme assumptions years 2-5 (18/19-21/22)**

- Radiology equipment replacement at CCH deferred to 18/19
- New multi-storey car park will not be built until 19/20 at the earliest
- New radio pharmacy unit will not be built until 19/20 at the earliest
- Design of new Inpatient ward block project deferred until 21/22 at the earliest
- Ambulatory care centre will now be built in 18/19 – this has been brought forward since the draft programme was presented at February Trust Board, and the refurbishment of level 2 outpatient department at Cannock Chase Hospital has been deferred until 19/20, completing in 20/21
- Assumed that Wrekin House will be demolished in 18/19, with the remaining services being vacated in line with the refurbishment of the former A&E area

The Trust Board are asked to note the programme, which is subject to funding assumptions yet to be confirmed

## Five Year Capital Plan 17/18 - 21/22

5 Year Capital Expenditure Prediction	2017-18 Total £	2018-19 Total £	2019-20 Total £	2020-21 Total £	2021-22 Total £	Notes
<b>Depreciation only (after MEA/Alternative Site Revaluation)</b>	13,773,063	13,701,899	13,617,144	13,853,305	13,913,832	
<b>Brought Fwd - Underspend</b>	0	0	0	0	0	
<b>Charitable/Additional Revenue Funding Potential</b>	0	0	0	0	0	
<b>Additional funding source - linac (potential finance lease/PDC)- 3rd + 4th</b>	1,892,000	1,892,000				
<b>Additional funding source - Stroke Unit (potential other funding stream)</b>	2,000,000					
<b>Additional funding source - revenue / capital transfer</b>						
<b>Additional funding source - capital receipts from sales</b>	1,000,000					
<b>INDICATIVE TOTAL FUNDING - subject to LTFM update, agreement with KS in short term</b>	<b>18,665,063</b>	<b>15,593,899</b>	<b>13,617,144</b>	<b>13,853,305</b>	<b>13,913,832</b>	<b>75,643,243</b>
<b>EQUIPMENT, IT, DIVISIONAL BIDS &amp; MINOR SCHEMES</b>						
Medical equipment replacement	950,000	1,500,000	1,500,000	1,500,000	1,500,000	
Medical equipment - deferred 16/17 (anaesthetic machines + heater/coolers + recovery monitors)	394,530					
Medical equipment - pharmacy isolator (ordered Oct 16)	29,880					
Medical equipment - defibrillators	467,999					
IM&T	500,000	1,000,000	1,000,000	1,000,000	1,000,000	
IM&T - PC Replacement		500,000	500,000	500,000	500,000	
IM&T - E-prescribe phase 2	466,000					
Haemodialysis equipment replacement	600,000					
Bids from divisions / minor works schemes	800,000	1,000,000	2,000,000	2,000,000	2,000,000	
CARDAS carry forward	26,880					
R&D - McHale Reconfiguration	200,000					
Agile working	150,000					
Relocation of The Maltings		350,000				
Mortuary Fridge Compressor Replacement	190,000					
Radiology equipment replacement - CCH		600,000				
Ward refurbishment programme - All sites		2,000,000	2,000,000	2,000,000	2,000,000	
Theatre refurbishment - IPS + UPS - Beynon	400,000					
Theatre refurbishment programme - All sites	650,000	650,000	650,000	650,000	650,000	
<b>TOTAL EQUIPMENT, IT &amp; DIVISIONAL BIDS/MINOR SCHEMES</b>	<b>5,825,289</b>	<b>7,600,000</b>	<b>7,650,000</b>	<b>7,650,000</b>	<b>7,650,000</b>	<b>36,375,289</b>
<b>EFM / STATUTORY STANDARDS / IMPROVEMENT OF RETAINED ESTATE</b>						
EFM/Statutory Standards (fire) (assuming £180k spent in 16/17)	188,403	350,000	400,000	400,000	400,000	
Improvement of Retained Estate (Backlog maintenance) - NX	2,000,000	2,500,000	2,500,000	2,500,000	2,500,000	
Improvement of Retained Estate (Backlog maintenance) - CCH	500,000	1,000,000	500,000	500,000	500,000	
Ventilation upgrades - CCH (assuming £75k spent in 16/17)	272,226					
Electrical infrastructure - NX + CCH	750,000	1,000,000				
Community properties	200,000	500,000				
Women's Unit Drainage (assuming £250k spent in 16/17)	137,578	200,000				
Steam main (based on approx cost of scheme £550k, £30k spent in 16/17)	500,000					
Carbon reduction		100,000	100,000	100,000		
<b>TOTAL EFM / STATUTORY STANDARDS / IMPROVEMENT OF RETAINED ESTATE</b>	<b>4,548,207</b>	<b>5,650,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,400,000</b>	<b>20,598,207</b>
<b>MAJOR SCHEMES</b>						
Stroke Unit	2,000,000					
Radiopharmacy			1,000,000			
Replacement of cath lab 2 (3rd to be replaced) (based on approximate cost of £1.175m, £687k spent in 16/17)	488,000					
Inpatient bed development				1,000,000	1,000,000	
Demolition of Wrekin House & relocation of services		1,900,000				
Outpatient reconfiguration - NX		500,000	1,500,000			
3rd floor recovery / day case - CCH (assuming £675k spent in 16/17)	2,630,447					
2nd floor OPD / assessment area - CCH			500,000	1,500,000		
Multi-storey carpark			2,500,000			
Incinerator	1,200,000	1,500,000				
UECC - ambulatory care		1,500,000				
Radiotherapy equipment - CT scanner		500,000				
Radiotherapy equipment - Planning system			600,000			
Radiotherapy equipment - linac building work (assuming 2 in 17/18 + 1 in 18/19)	600,000	600,000	600,000			
Radiotherapy equipment - linac purchase	1,892,000	1,892,000				
Radiotherapy equipment - linac equipment (Patient equipment + QA equipment)	100,000	100,000	100,000			
<b>TOTAL MAJOR SCHEMES</b>	<b>8,910,447</b>	<b>8,492,000</b>	<b>6,800,000</b>	<b>2,500,000</b>	<b>1,000,000</b>	<b>27,702,447</b>
Programme risk - 16/17 Carry Over	250,000					
Residual Expenditure on completed Projects (offset by VAT reclaim)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	
<b>TOTAL</b>	<b>19,383,943</b>	<b>21,592,000</b>	<b>17,800,000</b>	<b>13,500,000</b>	<b>11,900,000</b>	<b>84,175,943</b>
<b>POSITION AGAINST CRL</b>	<b>(718,880)</b>	<b>(5,998,101)</b>	<b>(4,182,856)</b>	<b>353,305</b>	<b>2,013,832</b>	<b>(8,532,700)</b>