

Final Five Year Capital Programme 18/19 – 22/23 26 March 2018



Agenda Item No: 8.1

Trust Board Report

Meeting Date:	Monday 26 th of March 2018 Public
Title:	Final Five Year Capital Programme 18/19 – 22-23
Executive Summary:	<p>The following report details proposals for the 5 year programme 18/19 to 22/23 and is submitted to the Board for approval. Feedback from the Board and TMC has been taken into consideration in this final version submitted to the March Board meeting.</p> <p>The report identifies changes since the last 5 year programme approved in March 17. The main points of note are deferment of spend on the Multi-Storey car park and the inclusion and progress of the Black Country Pathology scheme in 18/19. In addition note the deferment of the demolition of Wrekin House and the completion of the Ambulatory Emergency Care Unit in 17/18. Also included is the option to vacate the West Park site site by FY 20-21 which is self-funding through external sources.</p> <p>The programme is separated into 5 capital pots; Medical Equipment, IM&T, Divisional Schemes, Backlog / Infrastructure / Statutory and Major Strategic. This reflects how each pot of schemes and business cases is put forward and assessed by the different committees and groups in the organisation. It should also be noted that schemes are now prioritised against the trust risk methodology except where there is a particular service and strategic need.</p> <p>The 18/19 programme is over-subscribed by £1.4M approximately which is a planning assumption to offset any potential slippage in the programme due to changing circumstances. Over the five year plan, the programme is over-subscribed by £2.37M and will therefore require further prioritisation. The following report and appendix details the proposed programme.</p>
Report of:	N/A
Action Requested:	Approve the draft programme. (The programme is subject to internal approval at CRG and TMC)
For the attention of the Board	The attached capital programme is aligned to the annual Capital Resource Limits (CRL) which form part of the Trusts Long Term Financial model. The programme is subject to the overall financial strategy. The report also outlines changes made since the issue of the 17/18 Five year programme.
Assure	<ul style="list-style-type: none"> The 18/19 programme is in line with CRL limits (assuming slippage and capital funding for Linac and Black Country Pathology).
Advise	<ul style="list-style-type: none"> Due to the limits on capital, the programme aims to address high risk capital requirements primarily. The programme also addresses strategic capital requirements in line with all capital sources including charitable.
Alert	<ul style="list-style-type: none"> Programme addresses high and medium risk requirements for capital Further programme prioritisation will be required.

Author + Contact Details:	Will Nabih - Head of Estates - Development Tel 01902 695947 Email: w.nabih@nhs.net
Links to Trust Strategic Objectives	<ol style="list-style-type: none"> 1. Create a culture of compassion, safety and quality 2. Proactively seek opportunities to develop our services 3. To have an effective and well integrated local health and care system that operates efficiently 5. Maintain financial health – Appropriate investment to patient services 6. Be in the top 25% of all key performance indicators
Resource Implications:	Capital: CRL Capital Limit Funding Source: Capital Programme 18/19, Charitable, STP and PDC
CQC Domains	<p>Safe: patients, staff and the public are protected from abuse and avoidable harm.</p> <p>Effective: care, treatment and support achieves good outcomes, helping people maintain quality of life and is based on the best available evidence.</p> <p>Responsive: services are organised so that they meet people's needs.</p> <p>Well-led: the leadership, management and governance of the organisation make sure it's providing high-quality care that's based around individual needs, that it encourages learning and innovation, and that it promotes an open and fair culture.</p>
Equality and Diversity Impact	None
Risks: BAF/ TRR	BAF - SR11: Condition of the existing Estate - Quality and flexibility
Risk: Appetite	N/A
Public or Private:	Public Session
Other formal bodies involved:	CRG – Pending TMC - Pending
References	N/A
NHS Constitution:	<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

Report Details	
	<p>The attached appendix provides a summary of the major projects and categories of spend for the Capital Programme 2018/19 and the Five Year programme to 22/23 together with the relevant funding assumptions. The plan assumes a total spend of £93.35M over the five year period which is an increase from the planned £84M in the current five year plan. This is as a result of the inclusion of the potential disposal of West Park (£11M) which is cost neutral to the trust. Excluding West Park (which is self-funding) the capital programme has been reduced by £2M approximately reflecting 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.</p> <p>The categories contained within the plan are Medical Equipment, IM&T and Divisional Schemes, Backlog/Statutory/Fire/ and Major Schemes/Initiatives. The requirements for Capital are in excess of the allocations. The indicative allocations in the attached programme have been subject to a risk based prioritisation methodology. It is however likely that further changes to the programme may be required bringing the programme into balance and accounting for any unforeseen slippage.</p> <p>Due to the reduction in available funding, a number of changes are proposed compared to the current Five Year Plan. These are summarised below:</p>

• Income

- Capital Resource Limit cannot exceed depreciation, unless additional funding is identified (e.g. STP, PDC schemes or Charitable funding)
- Black Country Pathology has been managed from 17/18 to 18/19 in line with delays in approvals and central government funding.
- Additional funding source assumed for Linacs 3 and 4 in FY 18/19 and 19/20 from PDC.

• Overarching Assumptions

- The programme accounts for Black Country Pathology through STP funding.
- The Trust has also bid for Stroke capital funding which if approved would provide additional resources for 2018/19 in respect of the costs incurred in 2017/18.
- Capital receipt for the sale of the Eye Infirmary site has been deferred to FY 19/20
- Capital implications with regard to Vertical Integration are not included

• Capital Programme 18/19 Onwards

- FY 19/20 is oversubscribed by £3.5M approximately and will require further prioritisation.
- £1.37M available to medical equipment excluding Defibrillators in 18/19. £1.5M available each year thereafter for medical equipment replacement.
- £3M is available for the Divisional Schemes pot for 18/19, rising thereafter to account for potential requirement for theatre and ward refurbishments. Divisional bids excluding ward and theatre refurbishments are between £1M and £2M in the programme.
- Schemes that were deferred (due to lack of business case) and carry forwards will be re-prioritised by Divisions alongside other bids for 18/19.
- Limited PC replacement for 18/19 then allocation at £500k per year thereafter due to significant investment in 17/18.
- No Ward refurbishment planned in 18/19 having completed Stroke refurbishment and the new Ambulatory Emergency Care Unit in 17/18. £2M allocated each year from 19/20 thereafter.
- Incinerator carry forward of £2.5M to 18/19.
- £700K for radiology equipment replacement at CCH deferred to 18/19.

• Major Strategic Schemes

- New multi-storey car park to start in 18/19 and complete in 19/20 in conjunction with the construction of the Black Country Pathology Extension.
- New Radiopharmacy unit may not be complete until 19/20
- Outpatients reconfiguration at New Cross deferred to 19/20 and 20/21.

	<ul style="list-style-type: none"> ○ Assumed that Wrekin House may be demolished in 20/21, with the remaining services being vacated. ○ Refurbishment of the former A&E space deferred to 21/22. It may be utilised in the interim with minimal capital spend. ○ A Maternity increased capacity scheme to be designed in 18/19 and may be delivered in 19/20 ○ Design of new Inpatient ward block project 21/22 ○ The option to vacate the West Park site has been identified in the programme for FY 19/20 and 20/21 funded from external sources. <p>Trust Board is asked to consider the programme, and approve accordingly in order that the plan is ratified.</p>
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Appendices	
1	Refer to Appendix – Five Year Capital Plan 18/19 – 22/23

Five Year Capital Plan 18/19 - 22/23

5 Year Capital Expenditure Prediction	2018-19 Total £	2019-20 Total £	2020-21 Total £	2021-22 Total £	2022-23 Total £	Notes
<i>Depreciation only (after MEA/Alternative Site Revaluation)</i>	13,650,000	13,617,000	13,853,305	13,913,832	13,913,832	
<i>Brought Fwd - Underspend</i>	(50,000)					
<i>Charitable/Additional Revenue Funding Potential</i>	100,000					
<i>Additional funding source - Linac (potential finance lease/PDC)</i>	1,892,000	1,892,000				
<i>Additional Funding Source - Black Country Pathology</i>	3,000,000	3,200,000				
<i>Additional funding source - revenue / capital transfer</i>		5,000,000	6,000,000			
<i>Additional funding source - capital receipts from sales</i>		1,000,000				
INDICATIVE TOTAL FUNDING - subject to NHSI Confirmation	18,592,000	24,709,000	19,853,305	13,913,832	13,913,832	90,981,969
MEDICAL EQUIPMENT						
Medical equipment replacement	1,370,000	1,500,000	1,500,000	1,500,000	1,500,000	
Medical equipment - defibrillators	380,000					
Radiotherapy Equipment - Linac (Patient and QA equipment)	100,000					
Radiotherapy Equipment - CT Scanner	600,000					
Radiology equipment replacement - CCH	700,000					
Haemodialysis equipment replacement						
Total Medical Equipment	3,150,000	1,500,000	1,500,000	1,500,000	1,500,000	9,150,000
IMT SCHEMES						
IM&T Schemes General	530,000	500,000	500,000	500,000	500,000	
Windows 10 Operating System Upgrade	400,000	380,000				
Winscribe	270,000					
IM&T - PC Replacement			500,000	500,000	500,000	
IPAC Replacement		400,000	260,000			
Server Chassis Replacement			450,000			
MS Office Replacement Programme		500,000	500,000	500,000		
Total IM&T Schemes	1,200,000	1,780,000	2,210,000	1,500,000	1,000,000	7,690,000
DIVISIONAL SCHEMES						
Bids from Divisions	1,425,000	1,000,000	2,000,000	2,000,000	2,000,000	
Facilities Management Bids	275,000					
A25 / ENT	300,000					
Fracture Clinic Alterations	350,000					
Theatre Refurb	650,000	650,000	650,000		650,000	
Ward refurbishment programme - All sites		2,000,000	2,000,000	2,000,000	2,000,000	
Total Divisional Schemes	3,000,000	3,650,000	4,650,000	4,000,000	4,650,000	19,950,000
Backlog / Critical Infrastructure / Statutory / Fire / Improvement of Retained Estate						
Fire / RRO / Complianace	350,000	400,000	400,000	400,000	400,000	
Electrical Infra-structure	1,250,000					
IPS UPS - Beynon	450,000					
Backlog Engineering and Fabric Schemes NX	1,700,000	2,500,000	2,500,000	2,500,000	2,500,000	
Backlog Engineering and Fabric Schemes CCH	50,000	500,000	500,000	500,000	500,000	
Carbon Reduction		100,000	100,000	100,000	100,000	
Capital Improvement schemes (Neuro Rehab / Deansley / Ophthalmology)	300,000	300,000	300,000	300,000	300,000	
Total Estates, Backlog and Compliance	4,100,000	3,800,000	3,800,000	3,800,000	3,800,000	19,300,000
MAJOR STRATEGIC SCHEMES						
Incinerator Cary Over	2,500,000					
Linac Construction	600,000					
Linac Purchase	1,892,000	1,892,000				
Fit Out / Minor Refurbs	170,000					
AEC Shell	200,000					
Radiopharmacy	30,000	1,000,000				
Inpatient Bed Development			1,000,000	1,000,000	1,000,000	
2nd Floor OPD / assessment area - CCH			500,000			
Radiotherapy Equipment Planning System			600,000			
Demolition of Wrekin House		1,900,000				
Outpatients Re-configuration NX		500,000	1,500,000			
Pathology Black Country Partnership	3,000,000	3,200,000				
Maternity Design Options	30,000	1,000,000				
Muilti Storey Car Park	300,000	3,200,000				
West Park Closure (expected to be cost-neutral / funded jointly with Wolverhampton Council)		5,000,000	6,000,000			
TOTAL MAJOR STRATEGIC SCHEMES	8,722,000	17,692,000	9,600,000	1,000,000	1,000,000	38,014,000
Residual Expenditure on completed Projects (offset by VAT reclaim)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(750,000)
TOTAL	20,022,000	28,272,000	21,610,000	11,650,000	11,800,000	93,354,000
POSITION AGAINST CRL	(1,430,000)	(3,563,000)	(1,756,695)	2,263,832	2,113,832	(2,372,031)

2,372,031