

Proposed Capital Plan 2012/13

RECOMMENDATION

Members are asked to:

- Approve the proposed allocation of funds for 2012/13;
- Note the current indicative plans for 2013/14 and 2014/15;
- Delegate, to the Quality & Performance Committee and Capital Planning Group, the authority to allocate any additional available funds against the 2012/13 capital plan throughout the year in accordance with existing approval limits.

1 INTRODUCTION

- 1.1 During 2011/12, the Board has worked with SGHD colleagues to confirm the level of capital funding which is likely to be available for 2012/13 to 2014/15. These discussions have enabled the Board to agree with SGHD a capital funding allocation against which it can plan for 2012/13 together with indicative allocations for 2013/14 and 2014/15.
- 1.2 The initial 2012/13 Capital Allocation for NHSGGC was confirmed by SGHD in February 2012 as £336.4m.
- 1.3 Similar to last year, funding for 2012/13 comprises four elements. These are
 - ring-fenced funding for specific projects
 - funding for existing legal and other irrevocable commitments entered into by the Board prior to the commencement of 2011/12 (when the revised arrangement for managing Capital Resources within NHS Scotland were introduced under the requirements of CEL 32 (2010))
 - funding returned by the Board to SGHD during 2011/12 to support SGHD in managing capital expenditure within available funding across NHS Scotland as a whole; SGHD has confirmed that this will be available to the Board in 2012/13, and
 - the Board's share of new national capital funding for 2012/13, made available on a formula basis to all Health Boards.

- 1.4 Schemes classified as “ring-fenced” include the New South Glasgow Hospitals project, Possilpark Health Centre, The Vale Centre for Health and Care, GRI University Tower and Radiotherapy Equipment Replacement. Funding made available by SGHD in 2012/13 for each project will not exceed actual expenditure incurred on each individual project with any slippage/underspend on individual projects being returned to SGHD in year.
- 1.5 In addition, the Board will require to ensure that total spend incurred on each project does not exceed the total funding allocation approved for that project. Any overspend which occurs will require to be covered by the Board from within its share of the national formula capital allocation.
- 1.6 The second category of funding relates to existing commitments on projects entered into prior to the commencement of the 2011/12 financial year.
- 1.7 The third element represents the agreed reprovision by SGHD of funding which was returned to SGHD during 2011/12 to assist with supporting the national position.
- 1.8 The fourth element relates to the Board’s share of the national formula allocation for 2012/13. This will be utilised by NHSGGC to address prioritised requirements in areas such as HAI/ HEI and Health & Safety, and to fund other schemes aimed at statutory compliance and also Medical Equipment.
- 1.9 The purpose of this paper is to set out how the Board plans to deploy its allocation of capital funds on individual schemes in 2012/13. Provisional allocations for 2013/14 and 2014/15 have only been issued by SGHD as indicative sums at the present time. The figures contained within Appendix 1 for future years are therefore provided for information purposes only, to assist members in understanding the likely scale of ongoing capital commitments beyond 2012/13.
- 1.10 As detailed in Appendix 1, the proposed Capital Expenditure for 2012/13 amounts to £336.4m which matches the confirmed initial funding allocation. Therefore NHSGGC currently has a balanced Capital Plan for 2012/13.

2 PROPOSED CAPITAL PLAN

- 2.1 Detailed reviews of the Board’s existing capital programme for 2012/13 have been undertaken by the Capital Planning Group which has prioritised and phased expenditure to ensure that plans match available confirmed resources.
- 2.2 Table 1, below, summarises the outcome of these reviews, setting out an updated capital expenditure plan, incorporating proposed Capital Schemes across Acute Services (including New South Glasgow Hospitals), Partnerships including Mental and Oral Health, ICT and Board (including Board wide Medical Equipment). Table 1 also includes anticipated schemes which are currently progressing through the respective governance processes and that therefore remain subject to formal approval.

Table 1 – Summary of Proposed Capital Schemes	<u>2012/13</u> <u>£'000</u>
Acute Schemes (including New South Glasgow Hospitals)	£258,857
Partnerships, Mental Health and Oral Health Schemes	£50,759
ICT Schemes	£7,400
Board Schemes (including Medical Equipment)	£13,287
Schemes Subject to Approval	£6,097
TOTAL	£336,400

- 2.3 Further details on the main schemes included in the Board's Capital Plan are contained within Appendix 1 of this paper.
- 2.4 Included within "Acute Schemes" and "Partnerships, Mental Health and Oral Health Schemes" are provisions for Local Formula allocations amounting to a combined total of £15.6m. These represent the proportion of the Board's share of national formula capital. It is provided to each Division to allow for expenditure on minor works, normally of an estates or building nature and it includes minor building upgrades and refurbishments. A main priority for local formula allocations during 2012/13 will continue to be HAI and HEI requirements, also addressing Health & Safety and Legislative Compliance issues.
- 2.5 It should be noted that in both of the preceding years, it was necessary to scale back the base local allocations of formula capital by one third (relative to historic 2009/10 level) as a result of the reduced availability of capital funding during these years. As a result of increased capital availability in 2012/13 it has been possible to increase the base levels of local formula allocations within Acute and Partnerships back to the higher levels of £12m and £3m respectively, prior to adjusting for the impact of balances carried forward from 2011/12.
- 2.6 A similar local allocation for ongoing ICT expenditure has been included at £2m per annum. For 2012/13, £1m of this allocation has been set aside for costs relating to the implementation of the PMS.
- 2.7 The 2012/13 Capital Plan also includes an allocation of £8.380m in respect of Medical Equipment. This amount comprises a base allocation of £8m plus an amount of £380k which was carried forward from 2011/12 to complete the procurement of essential equipment early in 2012/13. As with local formula allocations, due to limited capital availability, it had been necessary to scale back the medical equipment allocation during 2011/12, in this case by 25%. Again, as a result of increased capital availability in 2012/13 it has been possible to reinstate the original base level of the medical equipment allocation back to the higher level of £8m.

Monitoring Arrangements

- 2.8 Expenditure on all capital schemes will be monitored throughout the year and reported to the Capital Planning Group to ensure that a balanced capital position for 2012/13 is maintained.

3 REVENUE FUNDED INVESTMENT

- 3.1 In addition to the capital allocations, the Scottish Government is also supporting the procurement of health and care facilities through the recent development of the hub initiative. NHSGGC currently has four schemes which it is proposed will be delivered under hub. Initial Agreements for each of these schemes are currently being prepared for submission and approval. Details of the proposed schemes, together with indicative capital equivalent costs, are noted in Table 2 below. It is proposed that Eastwood Health and Care Centre will be a joint development in conjunction with East Renfrewshire Council and it should be noted that the indicative capital equivalent cost noted below relates only to the NHS element. Provision for any forecast capital requirements for enabling costs (e.g. land purchases) has been made within the allocations set out in Appendix 1.

Table 2 - Proposed Hub Schemes	<u>Estimated Capital Value</u> £'000
Eastwood Health and Care Centre*	£10,000
Gorbals Health Centre	£13,500
Maryhill Health Centre	£11,500
Woodside Health Centre	£12,000
TOTAL	£47,000

*- NHS Element only

4 CAPITAL PLANNING PROCESS

- 4.1 The Capital Planning Group continues to meet routinely on a quarterly basis, with additional meetings as required, in order to oversee the process of managing expenditure levels within available funds. In line with recent guidance the Capital Planning Group will review the potential for schemes to be delivered through Scottish Government revenue financed models e.g. HUB Initiative.

**Board Meeting – June 2012
Capital Plan 2012/13 to 2014/15**

	<u>Proposed</u> <u>Allocation</u> <u>2012/13</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2013/14</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2014/15</u> <u>£'000</u>
<u>Main Schemes</u>			
<u>Acute Division</u>			
New South Glasgow Hospitals	£221,576	£253,662	£93,603
GRI University Tower	£11,683	£3,017	£0
Reconfiguration IRH/RAH	£2,648	£2,400	£0
Radiotherapy Equipment Replacement	£2,109	£5,439	£8,577
Local Formula Allocation - Acute	£12,697	£12,000	£12,000
Other	£8,144	£1,400	£1,000
	£258,857	£277,918	£115,180
<u>Partnerships, Mental Health and Oral Health</u>			
The Vale Centre for Health & Care	£16,854	£1,814	£0
Possilpark Health Centre	£9,400	£0	£0
Adult Mental Health - Leverndale	£7,118	£0	£0
Perinatal Mother & Baby Unit - Leverndale	£1,918	£1,200	£0
Older Peoples Mental Health - Phase 1	£5,900	£0	£0
East Pollokshields Modernisation	£2,300	£0	£0
Local Formula Allocation - Partnerships	£2,859	£3,000	£3,000
Other	£4,410	£3,500	£0
	£50,759	£9,514	£3,000
<u>ICT</u>			
Patient Management System	£4,300	£0	£0
ICT Scanning	£750	£0	£0
Local Formula Allocation - ICT	£1,000	£2,000	£2,000
Other	£1,350	£0	£0
	£7,400	£2,000	£2,000
<u>Other Board Schemes</u>			
Medical Equipment	£8,380	£8,000	£8,000
IFRS Conversion	£3,099	£3,099	£3,099
Capital Grant - Quarriers	£1,000	£0	£0
Other	£808	£300	£300
	£13,287	£11,399	£11,399
<u>Schemes Subject to Approval</u>			
Older Peoples Mental Health - Phase 2	£1,027	£6,000	£0
Capital Enabling Costs for Hub Schemes	£2,000	£0	£0
OPD Transfer from WIG to GGH	£470	£2,500	£0
Low Secure Refurb and SGH moves to Leverndale	£1,000	£1,000	£0
LDU Dental & Podiatry	£1,600	£0	£0
RAH Renal Unit	£0	£5,785	£0
SGH - Refurbishment of Retained Estate	£0	£500	£10,000
	£6,097	£15,785	£10,000
Remaining Funds Pending Allocation	£0	£3,241	£14,208
TOTAL	£336,400	£319,857	£155,787

Board Meeting – June 2012
Glossary of Terms

GGH	Gartnavel General Hospital
GRI	Glasgow Royal Hospital
HAI	Healthcare Associated Infections
HEI	Health Environment Inspectorate
HUB	A Scottish Government Initiative intended to improve the planning, procurement and delivery of infrastructure that supports community services.
ICT	Information and Communication Technology
IRH	Inverclyde Royal Hospital
IFRS	International Financial Reporting Standards
LDU	Local Decontamination Unit
NSGH	New South Glasgow Hospitals
OPD	Out-Patient Department
PCAT	Primary Care Audit Tool
PMS	Patient Management System
RAH	Royal Alexandra Hospital
SGH	Southern General Hospital
SGHD	Scottish Government Health Directorates
WIG	Western Infirmary