

Greater Glasgow NHS Board

BOARD

Tuesday 17 May 2005

Board Paper No: 2005/42

Acting Director of Finance

**PROPOSED CAPITAL PLAN
2005/06 – 2007/08**

RECOMMENDATIONS:

Board Members are asked to:

- i Approve the proposed allocation of capital funds for 2005/06 and 2006/07.
- ii Note that a proposed allocation of capital funds for 2007/08 will be submitted for approval in due course.
- iii Delegate to the Chief Executive authority to allocate the residue of available capital funds in 2005/06 and 2006/07.
- iv Approve the development of a scheme of delegation to govern the authorisation of expenditure on capital schemes following the principles outlined in section 6.

A INTRODUCTION

The purpose of this paper is to set out proposals for the allocation of available capital resources for the period 2005/06 – 2007/08.

B AVAILABLE CAPITAL RESOURCES

The Board has received confirmation of its allocation of capital funds from SEHD for the period 2005/06 to 2007/08. The total amount of available resources is set out in the table below. Funding made available to carry out the Beatson project, together with funding carried forward from 2004/05's capital allocation, has been included so as to provide a complete picture of available capital resources.

	2005/06 £'000	2006/07 £'000	2007/08 £'000
SEHD General Allocation	55,661	66,760	80,162
SEHD Allocation for Primary Care Modernisation Fund Projects	2,193		
SEHD Allocation for Medical Equipment	9,925	6,088	7,367
TOTAL	67,779	72,848	87,529
Special Funding Allocation for Beatson Project	30,000	16,390	
Funding carried forward from 2004/05	7,427		
TOTAL AVAILABLE RESOURCES	105,206	89,238	87,529

It is recognised that there is some potential for capital receipts to accrue during 2005/06 and 2006/07. It is not proposed to include these as a source of capital funds at this stage, but rather to hold these in reserve to cover potential additional non recurrent expenditure required to achieve waiting times targets in 2005/06.

C REVIEW OF CURRENT CAPITAL PLAN

To arrive at a proposed allocation of resources, the current capital plan has been reviewed. This review has concentrated on 2005/06 and 2006/07 only at this stage, with a review of 2007/08 to follow. For 2005/06 and 2006/07, a complete review of those projects previously classified as “approved” has been carried out to assess whether planned funding allocations remain appropriate. Provisions for expenditure on “Acute Strategy” schemes have also been reviewed to confirm their completeness/appropriateness. In addition, Divisions have submitted refreshed prioritised lists of proposed capital schemes which they “aspire” to add to the “approved” list. An updated list of priorities for IM&T initiatives has also been submitted. Each of these submissions has been reviewed to identify additional items which can be regarded as priorities for investment in 2005/06 and 2006/07. The outcome of this review is an updated proposal for the allocation of capital resources in 2005/06 and 2006/07. It is planned that an updated proposal for 2007/08 will follow in due course. It should be noted that in arriving at a proposed allocation of capital resources for 2005/06 and 2006/07, provision has been made for full allocation of those funds made available by SEHD for expenditure on medical equipment.

D PROPOSALS FOR ALLOCATION OF CAPITAL RESOURCES***1 Approved Schemes (excluding IM&T)***

It is proposed that the level of funding earmarked for “approved” schemes be increased as set out below:

DIVISION	2005/06			2006/07		
	Current Plan £'000	Additional Proposed £'000	Total Proposal £'000	Current Plan £'000	Additional Proposed £'000	Total Proposal £'000
NORTH						
Laboratories project (NHS contribution only)	2,199	(1,419)	780	2,800	1,700	4,500
Decontamination project	3,298	2,500	5,798	-	3,800	3,800
Other Project	2,346	-	2,346	25	-	25
Sub Total	7,843	1,081	8,924	2,825	5,500	8,325
SOUTH						
Laboratories project	950	-	950	-	-	-
Other Projects	980	-	980	-	-	-
Sub Total	1,930	-	1,930	-	-	-
YORKHILL						
Dental Suite	-	200	200	-	225	225
Other Projects	552	-	552	-	-	-
Sub Total	552	200	752	-	225	225
PRIMARY CARE						
Pollok/Cambuslang Health Centre	4,386	-	4,386	-	-	-
Other Projects	400	-	400	-	-	-
Sub Total	4,786	-	4,786	-	-	-
TOTAL	15,111	1,281	16,392	2,825	5,725	8,550

This would update capital expenditure level on major projects such as laboratories and decontamination services to reflect latest forecasts. Approval to proceed with new expenditure would still remain subject to approval of an appropriate Business Case.

2 Acute Strategy Implementation

It is proposed that the level of funding earmarked for schemes be updated as set out below:

SCHEME	2005/06			2006/07		
	Current Plan £'000	Additional Proposed £'000	Total Proposal £'000	Current Plan £'000	Additional Proposed £'000	Total Proposal £'000
Gyn to GRI	2,933	-	2,933	2,110	-	2,110
ACAD Stobhill	570	2,000	2,570	-	-	-
Paeds A&E	750	-	750	-	-	-
Centralisation						
Gartnavel Entrance	1,000	-	1,000	-	-	-
Acute Strategy Fees and Procurement	3,000	-	3,000	3,500	-	3,500
Victoria Land Purchase	11,500	-	11,500	-	-	-
Obstetric Strategy	2,000	-	2,000	5,000	-	5,000
ACAD Equipment	-			10,000	-	10,000
ACAD Victoria	-	680	680	-	-	-
Beatson	30,589		30,589	33,322		33,322
SGH Dining Room	-	-	-	2,000	-	2,000
SGH Library/Walton	-	-	-	2,000	-	2,000
SGH Medical Block	500	-	500	1,300	-	1,300
Other Schemes	1,932	-	1,932	1,164	-	1,164
	54,774	2,680	57,454	60,396	-	60,396

This would provide for required capital expenditure levels on enabling works for the Victoria and Stobhill ACADs in line with current forecasts. Approval to proceed with the "Gyn to GRI" and Obstetrics Strategy schemes remains subject to approval of an appropriate Business Case.

3 IM&T and Related Schemes

It is proposed that the level of funding earmarked for schemes be updated as set out below:

SCHEMES	2005/06			2006/07		
	Current Plan £'000	Additional Proposed £'000	Total Proposal £'000	Current Plan £'000	Additional Proposed £'000	Total Proposal £'000
IM&T Base Allocation	2,000	1,000	3,000	2,000	-	2,000
PACS Enabling Expenditure	-	2,000	2,000	-	600	600
	2,000	3,000	5,000	2,000	600	2,600

This would provide for the maintenance of existing funding commitments on IM&T schemes and allow further provision for additional funding to be made available in 2005/06 to address additional unavoidable pressures. No provision is made for further expenditure on the portal implementation beyond completion of Stage 3, pending approval of an appropriate Business Case. Provision is made for local enabling costs associated with PACS implementation.

4 **Equipment, Health and Safety/Formula Capital Allocation**

It is proposed that funding allocations for the above are set at the following levels:

	2005/06 Proposed £'000	2006/07 Proposed £'000
Medical Equipment	9,925	6,088
Waiting Times – equipment provision	2,500	-
Health and Safety/Formula Capital Allocation	6,000	9,000
	18,425	15,088

This would provide for expenditure on medical equipment in line with SEHD requirements and also cover the potential requirement for procurement of additional equipment associated with achievement of waiting times targets in 2005/06. This includes procurement of an additional CT Scanner for West Glasgow in 2005/06.

5 **Financial Summary**

	2005/06 £'000	2006/07 £'000
Approved Schemes	16,392	8,550
Acute Strategy	57,454	60,396
IM&T and Related Schemes	5,000	2,600
Equipment, Health and Safety and Formula Allocation	18,425	15,088
TOTAL	97,271	86,634
Available Funds	105,206	89,238
Residue of Funding Still to be Allocated	7,935	2,604

6 **Delegated Limits**

SEHD has confirmed that NHSGG will have the following delegated limits for Capital Schemes, without the requirement to revert to SEHD for approval, with effect from 1 April 2005:

- Non IM&T Schemes: £10 million
- IM&T Schemes: £2 million

It is intended that the exercise of these delegated limits be overseen by the PRG of the NHS Board. It will be necessary to put in place an appropriate internal scheme of delegation to support PRG in the exercise of this responsibility. This will seek to devolve to Divisions power to manage capital expenditure locally up to an appropriate level, with only larger schemes coming before PRG for approval. In this regard, it is proposed to establish a scheme based on the following outline principles:

- a For individual schemes of value up to £1.5 million, Divisions are given fully devolved power to authorise expenditure with no requirement to seek approval from PRG.
- b For individual schemes of value £1.5 million - £5 million, Divisions are required to develop a mini business case (content to be defined) and submit this for approval by PRG.

D R A F T

- c For schemes of value £5 million - £10 million, Divisions are required to develop a business case (content to be defined) and submit this for approval by PRG.
- d For individual IM&T schemes of value up to £500k, delegated authority to authorise expenditure is given to the IM&T Steering Group of the NHS Board.
- e For individual IM&T schemes of value £500k up to £1 million, a mini business case is required which should be submitted for approval by PRG.
- f For individual IM&T schemes of value in excess of £1 million a business cases should be developed and submitted for approval by PRG.

A revised scheme of delegation will be developed for the Business Unit structure currently being developed.

E RECOMMENDATIONS

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