

## Greater Glasgow and Clyde NHS Board



### BOARD

Tuesday 18 April 2006

Board Paper No: 2006/14

Director of Acute Services Strategy Implementation and Planning

### PROPOSED CAPITAL PLAN 2006/2007 – 2007/2008

#### RECOMMENDATIONS

Members are asked to:

- i approve the proposed allocation of capital funds for 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 2006/07; and
- iv note the capital planning process for 2006/07.

#### A INTRODUCTION

The purpose of this paper is to set out proposals for the allocation of available capital resources for 2006/07; it also describes the capital planning process which will be introduced with effect from 1 April 2006. The paper covers the allocation of capital funds for the “Greater Glasgow” area only. A subsequent paper will deal with the “Clyde” area.

#### B AVAILABLE CAPITAL RESOURCES

The Board has received confirmation of its allocation of capital funds from the Scottish Executive Health Department (SEHD) for 2006/07 and 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 2005/06’s capital allocation, has been included to provide a complete picture of available capital resources.

	2006/07 £’000	2007/08 £’000
Formula Allocation	66,760	80,162
Medical Equipment Allocation	6,088	7,367
<b>Sub Total</b>	<b>72,848</b>	<b>87,529</b>
Beatson Funding	35,611	365
Total funding carried forward from 2005/06	5,364	
Anticipated Land Sales	6,000	
<b>Total Available Resources</b>	<b>119,823</b>	<b>87,894</b>

Anticipated land sales are forecast to come from the sale of surplus land on the former Woodilee Hospital site. The current book value of the site will become available as an additional source of capital funding.

In addition, SEHD has recently announced that a further £8.3m of capital funding will be made available, spread over 2006/07 and 2007/08. This funding, from the Primary and Community Care Premises Modernisation Programme, will fund projects at Springburn Health Centre, Drumchapel Integrated Child and Family Centre and Partick Centre for Community Health –Phase 2. Funding and expenditure plans will be updated when the division of expenditure between 2006/07 and 2007/08 is confirmed.

The Minister for Health had also previously announced that £100m of capital funding will be made available to fund a new Children’s Hospital. Planning of this new facility will get underway during 2006/07 – 2007/08 with construction following on thereafter. When the phasing of expenditure is confirmed, the Capital Plan will be updated accordingly.

## **C REVIEW OF CURRENT CAPITAL PLAN**

To arrive at a proposed allocation of resources for 2006/07, the existing Capital Plan has been reviewed. This review has concentrated on 2006/07, at this stage, and included the following:

- i A full review of planned expenditure on those projects classified as “Approved Schemes” has been carried out to assess whether existing funding allocations remain appropriate. In addition, Directorates have submitted, prioritised, lists of proposed new capital schemes for consideration.
- ii Provisions for expenditure on “Acute Strategy” implementation have been reviewed to confirm that these remain appropriate and complete.
- iii An updated list of priorities for “IM&T and related schemes” has been prepared and reviewed.
- iv The level of provision for expenditure on medical equipment has been reviewed to determine an appropriate level of funding allocation for 2006/07.
- v The level of provision for expenditure on minor capital schemes has been reviewed to determine an appropriate level of funding allocation for 2006/07.

The outcome of this review is an updated proposal for the allocation of capital resources in 2006/07, which is set out in Section D below. A proposal for 2007/08 will follow in due course.

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

It is proposed that the level of funding earmarked for schemes should be updated as set out below. Expenditure commitments beyond 2006/07 for each scheme are shown for completeness:

	2006/07			2007/08			NOTES
	Existing Plan £'000	Additional Proposal £'000	Current Plan £'000	Existing Plan £'000	Additional Proposal £'000	Current Plan £'000	
<b><u>Acute Division</u></b>							
<b><u>Diagnostics</u></b>							
Laboratories	3,630		3,630	1,317		1,317	
Imaging GGH and Beatson	1,100		1,100				
<b><u>Regional</u></b>							
Angiography Neuroradiology	1,060		1,060				
<b><u>Facilities</u></b>							
Decontamination	5,653	1,400	7,053		2,500	2,500	i
Boilerhouse Decentralisation	700		700				
<b><u>Women's &amp; Children's Services</u></b>							
Yorkhill Cath Lab	1,445		1,445				
<b><u>All Directorates</u></b>							
Other Existing Projects	3,846		3,846	25		25	ii
New Projects 2006/07		5,400	5,400				
	<b>17,434</b>	<b>6,800</b>	<b>24,234</b>	<b>1,342</b>	<b>2,500</b>	<b>3,842</b>	
<b><u>CHCPs/CHPs</u></b>							
<b><u>South West Glasgow</u></b>							
Pollok Health Centre	2,850	50	2,900				
SW Elderly Resource Centre	2,000		2,000				
<b><u>North Glasgow</u></b>							
Springburn Health Centre	1,100		1,100				
<b><u>East Glasgow</u></b>							
Mental Health Adolescent In-patient Reprovision	2,000		2,000	2,200		2,200	
<b><u>All CHCPs/CHPs</u></b>							
New Projects 2006/07		2,000	2,000				ii
	<b>7,950</b>	<b>2,050</b>	<b>10,000</b>	<b>2,200</b>		<b>2,200</b>	
<b><u>Mental Health Partnership</u></b>							
New Projects 2006/07		1,600	1,600				ii
		<b>1,600</b>	<b>1,600</b>				
<b><u>Board</u></b>							
Car Parking	900		900				
Energy Efficiency		799	799				iii
	900	799	1,699				
<b>TOTAL</b>	<b>26,284</b>	<b>11,249</b>	<b>37,533</b>	<b>3,542</b>	<b>2,500</b>	<b>6,042</b>	

## NOTES:

- i Since the Cowlares Decontamination scheme was approved, new guidance has been issued by SEHD which requires the provision of endoscope washer facilities on each acute site. The cost of this, together with associated building works, is anticipated to be £3.9m, spread across 2006/07 and 2007/08.

- ii It is proposed to establish general funding allocations, for new capital projects which will commence during 2006/07, for each of:
- a Acute
  - b CHCPs/CHPs
  - c Mental Health Partnership.

These will afford Directorates some flexibility to address those important new priorities which are identified within their updated proposals for 2006/07.

- iii Towards the end of 2005/06 SEHD made available £0.799m to support energy efficiency schemes. The funding has been carried forward to fund the cost of projects in 2006/07.

## 2 Acute Strategy Implementation

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

Scheme	2006/07			2007/08		
	Existing Plan £'000	Additional Proposal £'000	Current Plan £'000	Existing Plan £'000	Additional Proposal £'000	Current Plan £'000
Gyn to GRI	500		500	4,000		4,000
ACAD Enabling Works – North	4,750		4,750	333		333
ITU Phase 2/Ward 60 GRI					1,000	1,000
Relocation of lab from Lister					1,000	1,000
Beatson	35,611		35,611	365		365
SGH ASR Enabling Works	2,000		2,000		8,250	8,250
ACAD Enabling Works - South	1,243		1,243			
Acute Strategy Fees	3,500		3,500			
Victoria Land Purchase	4,000		4,000			
Obstetric Strategy	2,500		2,500	5,500		5,500
Other Schemes	1,112		1,112			
	<b>55,216</b>		<b>55,216</b>	<b>10,198</b>	<b>10,250</b>	<b>20,448</b>

The additional proposed funding allocations for 2007/08 remain indicative at present. Detailed plans are currently being developed which will enable a fully updated plan for 2007/08 to be presented in due course.

## 3 IM&T and Related Schemes

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

Scheme	2006/07		
	Existing Plan £'000	Additional Proposal £'000	Current Plan £'000
IM&T Base Allocation	2,000	2,000	4,000
PACS (including c/f)	1,769	500	2,269
	<b>3,769</b>	<b>2,500</b>	<b>6,269</b>

The increased level of provision for IM&T capital expenditure reflects a recalibration of the capital budget to address current investment priorities, and is based on a comprehensive review of IM&T related investment requirements recently carried out by the Board's Interim Director of IM&T. Major individual system investments planned for 2006/07 include the further development of an A&E system within the Acute Division and a Community Nursing system within Primary Care.

The current planned funding allocation for PACS combines an original provision of £0.600m and £1.169m carried forward from 2005/06.

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

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

Scheme	2006/07			2007/08
	Existing Plan	Additional Proposal	Current Plan	Current Plan
	£'000	£'000	£'000	£'000
Medical Equipment	6,088	3,000	9,088	TBA
Health and Safety/Formula	9,000		9,000	TBA
PET Scanner, Cyclotron		2,000	2,000	2,000
	<b>15,088</b>	<b>5,000</b>	<b>20,088</b>	<b>TBA</b>

It is proposed that expenditure on medical equipment in 2006/07 is maintained at an equivalent level of investment to 2005/06. Accordingly, it is proposed that the Board “top up” the specific allocation of funds of £6.088m provided by SEHD by allocating a further £3m from its general funding allocation for 2006/07.

The proposed Health and Safety/Formula allocations will provide Directorates with equivalent levels of funding to those allocated to Divisions in previous years to address local priorities for small capital schemes.

It is anticipated that SEHD will make additional capital resources available to procure a PET Scanner during 2006/07. The proposed funding allocation will not cover the cost of physically accommodating the Scanner, together with the associated Cyclotron which is required to produce the isotopes which will be used in conjunction with the Scanner. The additional proposed funding allocation of £4m, split £2m in 2006/07 and £2m in 2007/08, represents the anticipated cost of accommodating the PET Scanner, and the Cyclotron together with procurement of the Cyclotron.

#### 5 Financial Summary

	2006/07 £'000
Approved Schemes	37,533
Acute Strategy	55,216
IM&T and related Schemes	6,269
Equipment, Health and Safety/Formula Allocation	20,088
	<b>119,106</b>
Available Funds	119,823
<b>Residue of Funding Still to be Allocated</b>	<b>717</b>

## **E CAPITAL PLANNING PROCESS**

A Capital Planning Group (CPG) will be established during 2006/07, the first meeting of which is planned for 3 May 2006.

Membership will include:

- Director of Acute Services Strategy Implementation and Planning (Chair)
- Chief Operating Officer – Acute Division
- CH(C)P Director representative
- Mental Health Partnership Director
- Board Director of Finance
- Head of Capital Planning and Procurement
- Head of Finance (Capital)
- Director of IM&T

The CPG will be responsible for the development and maintenance of the Board's Capital Plan. This will be prepared annually and updated quarterly during the course of the financial year to take account of changes in planned expenditure due to timing changes, changes to specifications/expenditure and other factors. The exercise of this responsibility will include:

- i establishing priorities for the allocation of capital resources, preparing the Board's Capital Plan and submitting this for approval by the Board's Planning, Performance and Policy Group, thereafter to the NHS Board;
- ii overseeing the allocation of capital resources to projects in line with Board approval(s);
- iii allocating any residue of available capital resources, including slippage which is identified by Directorates/CHPs/other partnerships during the course of the financial year;
- iv monitoring capital expenditure compared to plan, preparing revised forecasts and report progress to PRG/NHS Board on a quarterly basis; and
- v reviewing business cases, as required, prior to submission for PRG approval.

The CPG will meet quarterly during the year and will provide a strategic overview as set out in i-v above. Individual projects will not be the focus of this meeting.

In addition to the above, the Head of Capital Planning and Procurement, or his representative, will meet separately with the Acute Division, CH(C)Ps and the Mental Health Partnership on a monthly basis to review individual project progress and related capital spend.

The CPG will connect with the joint capital planning groups which have been established with our Local Authority partners to review funding opportunities for joint projects. This will be achieved by common membership across the NHSGGC CPG and the joint capital planning groups.

**F        RECOMMENDATIONS**

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- iv      note the capital planning process for 2006/07.