

Tuesday 23 June 2009

Paper No. 09/31

Director of Acute Services Strategy Implementation and Planning

**Capital Plan
2009/10 – 2011/12**

RECOMMENDATION

The Board is asked to:

- Note the total allocations of funds for 2009/10 approved by the Performance Review Group in May 2009;
- Note the current indicative allocations for 2010/11 and 2011/12;
- Delegate, to the Capital Planning Group, the authority to allocate any additional available funds against the 2009/10 capital plan throughout the year.

1 INTRODUCTION

- 1.1 The Performance Review Group (PRG), considered and approved the Board's Capital Plan 2009/10 to 2011/12 at a meeting held on 19th May 2009. This paper provides Board members with a high level overview of the approved capital plans.
- 1.2 The purpose of this paper is to set out how the Board plans to deploy its allocation of capital funds across the various Divisions in 2009/10 and also to set out indicative plans on how the Board plans to deploy its prospective allocations of capital funds in 2010/11 and 2011/12. The level of available capital funding for 2010/11 and 2011/12 remain indicative at this stage.

2 AVAILABLE CAPITAL RESOURCES

2.1 The table below outlines the anticipated level of capital funding available for the years 2009/10 to 2011/12. The amounts within Table 1 detail the Board's core Capital funding and therefore exclude allocations in respect of the funding for the New South Glasgow Hospitals and Laboratory development.

Table 1 – Available Resources	2009/10 £'000	Indicative 2010/11 £'000	Indicative 2011/12 £'000
National Formula	£98,920	£100,423	£100,423
Medical Equipment	£7,874	£7,874	£7,874
Primary Care Modernisation Fund	£5,500	£16,000	-
Radiotherapy Equipment Replacement	£2,417	£3,608	-
Renal System	£784	-	-
IT PMS	£4,000	£2,000	-
IT PACS	-	£2,000	£3,000
IT Scanning	£1,500	-	-
Renfrew/ Barrhead Health Centres	£7,000	-	-
Proceeds from Sale of Whittinghame Gardens	£640	-	-
Mobile Decontamination Units	£220	-	-
Brokerage from 2007/08	£38,140	-	-
Brokerage from 2008/09	£8,875	-	-
Total Available Resources	£175,870	£131,905	£111,297

2.2 The resources are made up of the Board's national formula and medical equipment allocations from the Scottish Government Health Directorate (SGHD). The national formula allocation is the main source of capital funding that is provided to the Board on an annual basis. The Medical Equipment allocation is an enhancement to the national formula funding specifically to improve the quality of medical equipment in the service. The amounts contained within Table 1 in respect of these allocations are based on the figures contained within the letter from SGHD, dated 9th February 2009, confirming the Capital Allocation for 2009/10 and providing an indicative Capital Allocation for 2010/11. Pending the receipt of further information the 2010/11 indicative Capital Allocation has also been used to forecast the level of funding for 2011/12.

2.3 Funding in respect of the Primary & Community Care Premises Modernisation Programme 2009/10 and 2010/11 (PCCPMP) reflects the information contained in the revised bid submitted in December 2008 and confirmed in the aforementioned SGHD letter of 9th February 2009.

EMBARGOED UNTIL DATE OF MEETING.

- 2.4 Funding for IT PMS in 2009/10 includes £2m carried forward from 2008/09.
- 2.5 Brokerage totalling £47.015m, being £38.140m carried forward from 2007/08 and £8.875m carried forward from 2008/09, is currently reflected as being received in full during 2009/10. This, together with other specific allocations, result in the increased level of resources available to the Board in 2009/10.

3 PROPOSED CAPITAL PLAN

- 3.1 The Board's Capital Planning Group considered the component parts of the Capital Plan at a meeting on the 1st May 2009.
- 3.2 Table 2, below, summarises the proposed Capital Schemes across Acute Services, Acute Services Strategy, ICT, Board and Partnerships including Mental Health.

Table 2 – Summary of Proposed Capital Schemes	2009/10 £'000	Indicative 2010/11 £'000	Indicative 2011/12 £'000
Acute Schemes – Directorates	£21,442	£22,104	£12,237
Acute Schemes – Other (Formula and Medical Equipment)	£22,363	£18,638	£19,874
Acute Strategy – Main Schemes	£66,536	£34,865	£9,430
Acute Strategy – Enabling Works	£7,891	£2,450	£1,835
ICT Schemes	£11,510	£13,250	£5,000
Board Schemes	£4,617	£1,370	£400
Partnerships and Mental Health Schemes	£41,511	£40,475	£21,600
TOTAL	£175,870	£133,152	£70,376

- 3.3 For 2009/10, an amount of £13.680m is included within "Acute Schemes – Other" in respect of the Acute Division's Formula allocation. Similarly, an amount of £2.750m is included within the Partnerships and Mental Health Schemes in respect of Formula allocations.

The Acute Formula allocation includes an amount of £2.944m carried forward from 2008/09 whilst the Partnerships and Mental Health Formula allocation has been reduced to reflect an amount of £250,000 which was previously accelerated from 2009/10 to 2008/09.

Formula allocations allow for expenditure on minor works, normally of an estates/building nature. These works are normally of a value less than £500k, such as minor building upgrades/refurbishments. Bids for funding in excess of £500k would be considered by the Capital Planning Group before receiving specific approval. Other priorities that this allocation would cover are "Invest to Save" schemes, Infection Control, Fire Precautions, Health & Safety, Road Improvements, Flooring Upgrades and the requirements of the Disability Discrimination Act.

Contribution to New South Glasgow Hospitals and Laboratory Funding (NSGH)

- 3.4 At the Board Meeting held on 19th February 2008, Paper (08/10) confirmed that the Outline Business Case for the New South Glasgow Hospital, New Children's Hospital and New Laboratory Build included a figure of £135 million which represented a funding contribution to be made by NHSGGC from its core Capital Programme over a five year period from 2010/11 to 2014/15.

However, the first instalment of this contribution, amounting to £2.430m, was recognised during 2008/09 in respect of necessary expenditure incurred on the project. The next contribution, currently forecast at £33.175m, is now planned for 2011/12.

Financial Summary

- 3.5 The table below summarises the financial position of the core Capital Plan for the three years 2009/10 to 2011/12:

Table 3 – Financial Summary (Non NSGH Capital Expenditure)	2009/10 £'000	Indicative 2010/11 £'000	Indicative 2011/12 £'000
<u>Non NSGH Capital</u>			
Core CRL Funding (Table 1)	£175,870	£131,905	£111,297
Non NSGH Capital Expenditure (Table 2)	(£175,870)	(£133,152)	(£70,376)
Contribution to NSGH Funding (Section 3.4)	-	-	(£33,175)
Anticipated Slippage 2010/11 to 2011/12	-	£1,247	(£1,247)
In Year Surplus/ (Deficit)	£0	£0	£6,499

Table 3 reflects a provision of £1.247m for anticipated slippage during 2010/11. Based on past experience it is considered that this amount can be easily managed through the capital planning process.

Monitoring Arrangements

- 3.6 The expenditure on all capital schemes will be monitored throughout the year and reported to the Capital Planning Group to allow for the required decisions to be made to ensure that a balanced capital position is maintained. In addition, it is emphasised that the figures contained within the plan for 2010/11 and 2011/12 are indicative at this stage and will also be reviewed by the Capital Planning Group on an ongoing basis to ensure that expenditure plans match the resources available.

4 CAPITAL PLANNING PROCESS

- 4.1 The Capital Planning Group (CPG) continues to meet every quarter, with additional extraordinary meetings as required, in order to monitor progress with the plan ensuring sufficient connections are made with the work of joint planning groups established with Local Authority partners. The CPG also continues to ensure that required actions under the Design Action Plan are progressed.

5. RECOMMENDATION

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