

Proposed Capital Plan 2013/14 to 2015/16

RECOMMENDATION

Members are asked to:

- Approve the proposed allocation of funds for 2013/14;
- Note the current indicative allocations for 2014/15 and 2015/16;
- Delegate, to the Quality & Performance Committee and Joint Capital Planning and Property Group, the authority to allocate any additional available funds against the 2013/14 capital plan throughout the year in accordance with existing approval limits.

1 INTRODUCTION

- 1.1 A Glossary of Terms is contained within Appendix 2 of this paper.
- 1.2 During 2012/13, the Board worked with SGHD colleagues to confirm the level of capital funding which is likely to be available for 2013/14 to 2015/16. These discussions have enabled the Board to agree with SGHD a capital funding allocation against which it can plan for 2013/14 together with indicative allocations for 2014/15 and 2015/16.
- 1.3 As in previous years, funding for 2013/14 will include:
 - ring-fenced funding for specific projects;
 - the return of amounts brokered with SGHD during 2012/13;
 - the Board's share of new national capital funding for 2013/14, which is 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, Vale Centre for Health & Care, GRI University Tower and Radiotherapy Equipment Replacement. Any underspend with regard to the ring-fenced projects will require to be returned to SGHD for central reallocation.
- 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 would require to be covered by the Board from within its share of the national formula capital allocation.

- 1.6 The resultant forecast total capital resources available to the Board in 2013/14 amount to £295.289m.
- 1.7 The purpose of this paper is to set out how the Board plans to deploy its allocation of capital funds on individual schemes in 2013/14. Allocations for 2014/15 and 2015/16 are only indicative sums at the present time. The figures contained within Appendix 1 for future years are therefore only provided for information purposes to assist members in understanding the likely scale of ongoing capital commitments beyond 2013/14.
- 1.8 The paper confirms a balanced capital position for 2013/14 with expenditure of £295.289m being matched by an equivalent level of funding. Of this, an amount of £2.269m remains unallocated at the present time.

2 AVAILABLE CAPITAL RESOURCES

- 2.1 Following the Scottish Parliament's approval of the 2013/14 Budget Bill on 6 February 2013, initial revenue and capital resource allocations were announced by the Cabinet Secretary for Health and Wellbeing on 8th February 2013. A letter, dated 8th February 2013, from the Director-General Health & Social Care and Chief Executive NHS Scotland confirmed the initial gross capital resource allocation for NHS Greater Glasgow & Clyde was £293.615m.
- 2.2 Since this time a further capital allocation of £374k has been awarded to NHS Greater Glasgow & Clyde by SGHD in respect of the Detect Cancer Early Programme. Additionally, a further amount of brokerage from 2012/13 to 2013/14, amounting to £1.3m, was agreed with SGHD during March 2013. These adjustments result in a revised capital resources figure for 2013/14 of £295.289m.

3 PROPOSED CAPITAL PLAN

- 3.1 Detailed reviews of the Board's existing capital programme for 2013/14 have been undertaken by the Joint Capital Planning and Property Group which has prioritised and phased expenditure to ensure that plans match available resources. The Chief Executive has also discussed the plan with senior representatives from the Acute and Partnerships' Divisions and papers on the indicative Capital Plan for 2013/14 to 2015/16 were discussed at the Corporate Management Team at the end of February 2013 and the Quality & Performance Committee on 21st May 2013. Further minor adjustments were agreed to the final Capital Plan for 2013/14 to 2015/16 at the Joint Capital Planning and Property Group held on 28th May 2013.
- 3.2 Table 1, below, summarises the outcome of these reviews, setting out an updated capital expenditure plan, incorporating proposed Capital Schemes across Acute Services (including Acute Strategy), New South Glasgow Hospitals, Health Information & Technology (HI&T), Board and Partnerships including Mental and Oral Health.

Table 1– Summary of Proposed Capital Schemes	2013/14 £'000
Acute Schemes – (including local Formula, Medical Equipment and Acute Strategy allocations)	£34,455
New South Glasgow Hospitals	£218,624
HI&T Schemes	£4,500
Board Schemes	£5,668
Partnerships, Mental Health and Oral Health Schemes	£32,042
TOTAL	£295,289

- 3.3 A full list of individual schemes is contained within Appendix 1 of this paper.
- 3.4 An amount of £8.931m is included within “Acute Schemes”. This represents the proportion of the Board’s share of national formula capital which is provided as a general allocation of funds for minor value capital projects to the Acute Division. The amount comprises a base allocation of £12m less the value of work which was accelerated during 2012/13 to counterbalance the effects of slippage elsewhere in the Board’s 2012/13 Capital Plan. Indicative base funding levels for both 2014/15 and 2015/16 have been set at £11m. In a similar vein, an amount of £1.425m in 2013/14 is included within “Partnerships, Mental Health and Oral Health Schemes” in respect of formula capital. This amount comprises a base allocation of £3m offset by the net effect of acceleration adjustments required to assist in balancing the Board’s 2012/13 capital position, together with the subsequent acceleration of funding from 2014/15 in order to provide a more appropriate spend profile over the three year period.
- 3.5 Local formula allocations allow for expenditure on minor works, normally of an estates/ building nature. These works are normally of a value less than £500k, and include minor building upgrades/ refurbishments. A main priority for formula allocations during 2013/14 will continue to be HAI/ HEI requirements, also addressing Health & Safety and Legislative Compliance issues.
- 3.6 The 2013/14 Capital Plan also includes an allocation of £5.797m in respect of Medical Equipment. This amount comprises a base allocation of £8m offset by amounts accelerated during 2012/13. The base level of indicative funding for 2014/15 and 2015/16 has been maintained at £8m per year.
- 3.7 In recent years a base allocation of £2m per year was included in the Capital Plans in respect of Health Information & Technology (HI&T) formula requirements. At the Joint Capital Planning and Property Group meeting in April 2013, it was noted that a draft Capital Investment Plan 2013-2016 had been prepared by the HI&T Directorate which had identified that the actual expenditure needs of the organisation were in excess of these allowances. Following further discussion at the Joint Capital Planning and Property Group on 28th May 2013, it was agreed that pending the submission of the finalised Investment Plan by the HI&T Directorate the following amounts should be set aside within the Board’s Capital Plan: 2013/14 - £4.5m; 2014/15 - £4.26m and 2015/16 - £3.4m.

- 3.8 Within the “Glasgow & Clyde – Board” Section of the Capital Plan an amount of £2.269m remains unallocated in 2013/14, with a forecast over-commitment of £7.28m in 2014/15 and further unallocated capital of £8.508m in 2015/16. As such over the three year period 2013/14 to 2015/16 the plan is largely breakeven, however, as in previous years, it will be necessary to closely monitor and adjust in-year spend as necessary to ensure the plan remains in balance on an annual basis.
- 3.9 It should also be noted that the following new bids have been highlighted at previous Joint Capital Planning & Property Groups and are in the process of being developed in greater detail prior to further consideration in the future and are therefore excluded from the figures contained within Appendix 1:

Table 2: Potential New Bids Under Consideration	2013/14 £'000	2014/15 £'000	2015/16 £'000
Equipment Replacement at Laundry/ TSSU	£1,000	£1,000	£1,000
Dental Hospital – Phased Upgrade	£1,000	£1,000	£1,000
Refurbish and upgrade West House, Phase 2	tbc	tbc	tbc

Financial Summary

- 3.10 The table below summarises the financial position of the Capital Plan for 2013/14.

Table 3: Summary Capital Plan – 2013/14	2013/14 £'000
Estimated Available Resources	£295,289
Forecast Capital Expenditure (Table 1)	£(295,289)
Surplus/(Deficit) on Capital Programme	£0

- 3.11 Table 3 confirms that the Board is planning to balance planned expenditure with available funding.
- 3.12 Expenditure on all capital schemes will be monitored throughout the year and reported to the Joint Capital Planning and Property Group to ensure that a balanced capital position is maintained for 2013/14.

4 REVENUE FUNDED INVESTMENT

- 4.1 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 five schemes which it is proposed will be delivered under Design, Build, Finance and Maintain (DBFM) contracts under hub. Initial Agreements for each of these schemes have been approved by SGHD's Capital Investment Group and Outline Business Cases have been prepared and submitted to the Capital Investment Group for consideration at its July Meeting in respect of the proposed Eastwood Health and Care Centre and Maryhill Health Centre. Details of all five proposed schemes, together with indicative capital equivalent costs, are

noted in Table 4 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 4 - Proposed Hub Schemes	<u>Estimated Capital Equivalent Value £'000</u>
Eastwood Health and Care Centre*	£10,000
Gorbals Health Centre	£13,500
Maryhill Health Centre	£11,500
Woodside Health Centre	£12,000
Inverclyde NHS Adult & Older Peoples Continuing Care Beds	£6,800
TOTAL	£53,800

5 CAPITAL PLANNING PROCESS

- 5.1 The former Capital Planning and Property Groups have now been consolidated into one group. The combined group is scheduled to meet on a monthly basis throughout the forthcoming year in order to oversee the process of managing expenditure levels within available funds.

Appendix 1

Board Meeting - June 2013 Capital Plan 2013/14 to 2015/16

	<u>Proposed Allocation</u>	<u>Indicative Allocation</u>	<u>Indicative Allocation</u>
	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Main Schemes</u>			
<u>Acute Division</u>			
New South Glasgow Hospitals	£218,624	£110,784	£26,814
GRI University Tower	£2,030	£0	£0
Reconfiguration IRH/RAH	£2,662	£0	£0
Radiotherapy Equipment Replacement	£3,355	£8,577	£0
Local Formula Allocation - Acute	£8,931	£11,000	£11,000
Medical Equipment	£5,797	£8,000	£8,000
Other	£7,094	£4,000	£500
	£248,493	£142,361	£46,314
<u>Partnerships, Mental Health and Oral Health</u>			
The Vale Centre for Health & Care	£3,135	£0	£0
Possilpark Health Centre	£6,268	£0	£0
Older Peoples Mental Health - Phase 1	£4,075	£0	£0
SGH Psychiatry Relocations (to Leverndale)	£3,218	£0	£0
Perinatal Mother & Baby Unit	£2,740	£0	£0
East Pollokshields Modernisation	£1,741	£928	£0
Local Formula Allocation - Partnerships	£1,425	£2,000	£3,000
Hub Enabling Schemes (Land and Subordinated Debt)	£4,120	£0	£0
Other	£2,820	£2,000	£2,000
	£29,542	£4,928	£5,000
<u>ICT</u>			
Local Formula Allocation - ICT	£4,500	£4,260	£3,400
	£4,500	£4,260	£3,400
<u>Other Board Schemes</u>			
IFRS Conversion	£3,099	£3,099	£3,099
Other	£300	£300	£300
	£3,399	£3,399	£3,399
<u>Schemes Subject to Approval</u>			
OPD Transfer from WIG to GGH	£1,586	£11,000	£1,500
SGH - Refurbishment of Retained Estate	£3,000	£11,000	£0
Adult Mental Health In-patient Services	£1,000	£6,000	£0
Low Secure Inpatient Ward - Leverndale - Phase 2	£1,500	£0	£0
	£7,086	£28,000	£1,500
Unallocated Capital/ (Anticipated Slippage)	£2,269	-£7,280	£8,508
TOTAL	£295,289	£175,668	£68,121

Appendix 2

Board Meeting – June 2013

Glossary of Terms

DBFM	Design, Build, Finance and Maintain
GGH	Gartnavel General Hospital
GRI	Glasgow Royal Infirmary
HAI	Healthcare Associated Infections
HEI	Health Environment Inspectorate
HI&T	Health Information & Technology
HUB	A Scottish Government Initiative intended to improve the planning, procurement and delivery of infrastructure that supports community services.
IRH	Inverclyde Royal Hospital
IFRS	International Financial Reporting Standards
OPD	Out-Patient Department
RAH	Royal Alexandra Hospital
SGH	Southern General Hospital
SGHD	Scottish Government Health Directorates
TSSU	Theatre Sterile Services Unit
WIG	Western Infirmary