

Greater Glasgow & Clyde NHS Board

Board Meeting

24th June 2014

Paper No. 14/40

Capital Plan 2014/15 to 2016/17

RECOMMENDATION

Members are asked to:

- Approve the proposed allocation of funds for 2014/15;
- Note the current indicative allocations for 2015/16 and 2016/17;
- Delegate, to the Quality & Performance Committee and Joint Capital Planning and Property Group, the authority to allocate any additional available funds against the 2014/15 capital plan throughout the year.

1 INTRODUCTION

1.1 A Glossary of Terms is contained within Appendix 2 of this paper.

1.2 During 2013/14, the Board worked with SGHSCD colleagues to confirm the level of capital funding which is likely to be available for 2014/15 to 2016/17. These discussions have enabled the Board to confirm with SGHSCD an initial capital funding allocation for 2014/15 together with indicative allocations for 2015/16 and 2016/17 that can be used for planning purposes.

1.3 As in previous years, funding for 2014/15 will include:

- ring-fenced funding for specific projects;
- the return of amounts brokered with SGHSCD during 2013/14;
- the Board's share of new national capital funding for 2014/15, 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, Radiotherapy Equipment Replacement, PET Scanner Replacement, Adult Mental Health, and Carbon Reduction Programme. Any final overall underspend with regard to the ring-fenced projects will require to be returned to SGHSCD for central reallocation.

1.5 In addition, the Board will require to ensure that the 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 resultant forecast total capital resources which will be available to the Board in 2014/15 amount to £179.520m.
- 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 2014/15. Allocations for 2015/16 and 2016/17 are only indicative sums at the present time. The figures contained within Appendix 1 for future years are chiefly provided for information purposes to assist members in understanding the likely scale of ongoing capital commitments beyond 2014/15.
- 1.8 The paper confirms a balanced capital position for 2014/15 with planned expenditure of £179.520m being matched by an equivalent level of funding.

2 AVAILABLE CAPITAL RESOURCES

- 2.1 Following the Scottish Parliament's approval of the 2014/15 Budget Bill in February 2014, an initial capital resource allocation of £169.4m was announced for NHS Greater Glasgow & Clyde.
- 2.2 Since this time further allocations have been confirmed by SGHSCD in respect of NHS Greater Glasgow & Clyde's capital programme and brokerage of £7m from 2013/14 to 2014/15 was also agreed. These adjustments result in revised capital resources for 2014/15 of £179.520m.

3 PROPOSED CAPITAL PLAN

- 3.1 Detailed reviews of the Board's existing capital programme for 2014/15 have been undertaken by the Joint Capital Planning and Property Group in conjunction with the Chief Executive and these reviews have resulted in a plan that addresses key priorities, whilst ensuring that expenditure levels match available resources. The Capital Plan set out in this paper was considered at the Quality & Performance Committee on 20th May 2014 and recommended for approval.
- 3.2 Table 1, below, summarises the proposed Capital Schemes across Acute Services, New South Glasgow Hospitals, HI&T, Board and Partnerships including Mental and Oral Health.

Table 1– Summary of Proposed Capital Schemes	2014/15 £'000
Acute Schemes – (excluding New South Glasgow Hospitals)	£28,381
New South Glasgow Hospitals	£121,867
HI&T Schemes	£3,087
Board Schemes (including Board-wide Formula)	£14,782
Partnerships, Mental Health and Oral Health Schemes	£11,403
TOTAL	£179,520

- 3.3 A full list of individual schemes is contained within Appendix 1 of this paper and further details on these schemes are included below.
- 3.4 Funding to enable the relocation of Urology from WIG to GRI, amounting to £250k, has been agreed for 2014/15.
- 3.5 The available options for procuring a solution to enable the OPD relocation from WIG to GGH have been discussed in preparation for the submission of an Initial Agreement to CIG. This exercise has included consideration of both capital and revenue funded schemes. The Head of Capital Planning has been in discussion with representatives from the Acute Division to plan timescales and establish a project board for the scheme. To allow the development of plans to proceed, the capital procurement team has commenced the process of appointing a design team and an allowance of £400k has been included within the 2014/15 plan to cover the associated costs of this preliminary work.
- 3.6 Ringfenced allocations for 2014/15 include Radiotherapy Equipment Replacement (£6.6m), PET Replacement (£2m) and continuing funding in respect of the Carbon Reduction Programme.
- 3.7 Costs and spend profiles for the work at the retained estate at the Southern General Hospital have been incorporated into the plan and amount to £5.4m in 2014/15 and £900k in 2015/16. This work chiefly relates to refurbishment works at the Neurosurgical and Maternity buildings. Additionally, an amount of £200k has been set aside in 2015/16 to address the anticipated cost implications associated with the relocation of Dermatology to the 210 Bed Unit.
- 3.8 The 2014/15 Capital Plan includes an allocation of £5m in respect of Medical Equipment. An indicative amount of £5m has also currently being set aside in 2015/16.
- 3.9 In addition to funding carried forward from 2013/14 to continue investment in infrastructure at GRI, Ward upgrades have been instructed for 2014/15 as follows:
- Wards 7/16 - £1,600k;
 - Ward 10 - £904k;
- 3.10 Programmes of work in 2014/15 at GRI Wards 29, 32, 20 and 21, amounting to £3,360k, have been included in the plan as markers pending confirmation from the Capital Procurement team that access arrangements can be agreed with the Acute Division. Similarly, work at Wards 12, 13, 14 and 15, amounting to £3,360k, in 2015/16 has also been noted as a marker only.
- 3.11 Demolition work that represents enabling schemes undertaken in advance of capital developments were approved as follows:
- 2014/15 – GGH Virology Lab (£90k) and the demolition of the Lister Building at GRI (£440k).

- 2015/16 – GGH Shelley Court (£276k) and RAH Residency Block (£122k);
- 3.12 Funding from SGHSCD for the NSGH in 2014/15 is based on the LDP submissions made in January 2013. Since that time, plans have been confirmed that the handover of the Adult & Children's Hospitals will occur approximately one month earlier than the original contractual date. The resultant impact of commencing the commissioning period one month earlier, chiefly accelerated equipment procurement, has been estimated at a high level to be c.£12m. SGHSCD has confirmed that it is unable to assist in managing the effects of this impact within the overall capital funding in 2014/15 and therefore NHSGGC needs to manage this internally. The current plans reflect the increased NSGH equipment spend in 2014/15 being managed via a reduced release of commitments against NHSGGC's share of national formula in 2014/15.
- 3.13 Currently, total investment of £6m has been set aside between 2014/15 and 2015/16 in respect of Health & Information Technology. The phasing of this investment reflects a forecast spend of £3.087m in 2014/15 and £2.913 in 2015/16 in line with the HI&T Capital Plan.
- 3.14 An amount of £10m is currently included under "Board Schemes" for local formula projects in 2014/15. This amount 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 within the Acute and Partnerships Divisions. An indicative amount of £10m has also currently been set aside in 2015/16.
- 3.15 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 and legislative works. A main priority for formula allocations during 2014/15 will continue to be HAI/ HEI requirements in addition to addressing Health & Safety and Legislative Compliance.
- 3.16 Funding of £250k has also been included in the 2014/15 plan in order to undertake necessary adaptations within a nursing home in Renfrewshire to allow NHSGGC to utilise 60 beds within the facility.
- 3.17 Within the "Glasgow & Clyde – Board" Section of the Capital Plan a net amount of £1.1m remains unallocated in 2014/15, after recognising the need to restrict the release of commitments against national formula by £12m, as explained in paragraph 3.12. An unallocated amount of £14m also remains in the indicative 2015/16 plan. 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.
- 3.18 £2.3m is included in the Capital Plan for 2014/15 to allow completion of construction works on the new health facility at East Pollokshields which commenced during 2013/14.
- 3.19 Funding of £3.1m has been set aside in 2014/15 to enable completion of the OPMH Ph 1 Scheme at Stobhill Hospital (Ward 47). A revised Business Case for this scheme was prepared and submitted to the Capital Planning & Property Group held

on 9th May 2014 and completion of this work sees the conclusion of the first phase of this initiative.

- 3.20 Costs and spend profiles for the Adult Mental Health Scheme (OPMH Ph2), to allow services to be transferred from Parkhead Hospital, have also been incorporated into the plan. The capital plan currently includes expenditure assumptions of £2m in 2014/15 and £3.5m in 2015/16, which is considered to be a more realistic profile than the associated funding profile of £5.5m in 2014/15. SGHSCD has confirmed that it is content for the Board to flex the timing of the expenditure as necessary to assist in balancing the overall capital position over the next few years.
- 3.21 An allocation to allow the acquisition of land for the Gorbals Health Centre, being procured under the hub initiative, has been carried forward from 2013/14. Similarly, funding to cover the subordinated debt requirements associated with all five hub DBFM schemes has also been carried forward from 2013/14. The level and timing of associated equipment for the hub developments is currently being refreshed to understand the expected spend profile over 2015/16 and 2016/17.
- 3.22 An amount of £1.5m has been set aside in 2014/15 for continued investment at the Dental Hospital and an indicative amount of £500k has been reflected in 2015/16 for similar investment.
- 3.23 One of the other major schemes noted in 2015/16 relates to the major medical equipment requirements associated with the proposed Satellite Radiotherapy Facility to be constructed at Monklands District General Hospital. Following approval of the Outline Business Case in 2013, which identified the preferred option as the Monklands site, project ownership transferred from NHS Greater Glasgow and Clyde to NHS Lanarkshire, which assumed lead responsibility for the development and construction of the facility on behalf of West of Scotland Boards. However, as the facility will be a satellite of the Beatson, West of Scotland Cancer Centre, NHSGGC will continue to have a role in the clinical management of the centre, including retaining responsibility for the procurement and management of all major medical equipment. It is for this reason NHSGG&C's Capital Plan for 2015/16 includes a national funding allocation amounting for £5.590m in respect of the facility's medical equipment.

4 Financial Summary

- 4.1 The table below summarises the financial position of the Capital Plan for 2014/15.

<u>Table 3: Summary Capital Plan – 2014/15</u>	<u>2014/15</u> <u>£'000</u>
Estimated Available Resources	£179,520
Forecast Capital Expenditure (Table 1)	£(179,520)
Surplus/(Deficit) on Capital Programme	£0

4.2 Table 3 confirms that the Board is planning to balance planned expenditure with available funding.

5 Monitoring Arrangements

5.1 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 2014/15. The Joint Capital Planning and Property 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

Capital Plan 2014/15

	<u>Budget</u> <u>2014/2015</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2015/2016</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2016/2017</u> <u>£'000</u>
<u>Glasgow & Clyde Acute</u>			
<u>Rehab & Assessment</u>			
Total Rehab & Assessment Projects	£0	£0	£0
<u>Surgery & Anaesthetics</u>			
Urology from WIG to GRI	£250	£0	£0
OPD Transfer from WIG to GGH	£400	tbc	tbc
Total Surgery & Anaesthetics Projects	£650	£0	£0
<u>Women's & Childrens Services</u>			
Total Woman & Childrens Projects	£0	£0	£0
<u>Regional services</u>			
Total Regional Services Projects	£0	£0	£0
<u>Diagnostics</u>			
Radiotherapy Equipment Replacement	£6,652	£2,536	£3,374
Radiotherapy Equipment Satellite Centre	£0	£5,590	£0
PET Scanner	£2,000	£0	£0
Total Diagnostics Projects	£8,652	£8,126	£3,374
<u>Emergency Care & Medical</u>			
Total Emergency Care & Medical Projects	£0	£0	£0
<u>Facilities</u>			
Carbon Reduction Programme	£1,589	£0	£0
Total Facilities Projects	£1,589	£0	£0
<u>Acute Directorates' Total</u>	£10,891	£8,126	£3,374
<u>Glasgow & Clyde - Acute Other</u>			
Formula-Acute	£112	£0	£0
Work at 210 Bed Unit at SGH	£0	£200	£0
Medical Equipment	£5,000	£5,000	£0
SGH Refurbishment - Remaining Accommodation	£5,372	£925	£0
Retrenchment at WIG	£0	£700	£0
GRI Infrastructure Services	£612	£0	£0
GRI Upgrade Wards 7 and 16	£1,600	£0	£0
GRI Upgrade Ward 10	£904	£0	£0
<u>Enabling Demolitions for Capital Reconfigurations</u>			
-Virology Lab at GGH	£90	£0	£0
-GRI - Lister Building	£440	£0	£0
-Shelley Court (GGH)	£0	£276	£0
-RAH Residency Block	£0	£122	£0
<u>Provisional Schemes</u>			
GRI Upgrade Wards 29 and 32 (Approval Pending)	£1,680	£0	£0
GRI Upgrade Wards 20 and 21 (Approval Pending)	£1,680	£0	£0
GRI Upgrade Wards 12,13,14 and 15 (Approval Pending)	£0	£3,360	£0
Sub-total	£17,490	£10,583	£0
<u>ASR Acceleration Schemes</u>			
Sub-total ASR Acceleration Schemes	£0	£0	£0
Total Acute Other	£17,490	£10,583	£0

Capital Plan 2014/15

	<u>Budget</u> <u>2014/2015</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2015/2016</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2016/2017</u> <u>£'000</u>
<u>Enabling works</u>			
Sub Total Enabling Works	£0	£0	£0
<u>New South Glasgow Hospitals & Laboratory Funding</u>			
Technical Advisor, Supervisor and Design Fees etc	£496	£291	£26
Site wide upgrade of drainage infrastructure.	£644	£329	£0
Other Demolitions	£217	£0	£0
Renewal of Water Mains Phase 2	£281	£217	£0
NSGH - Main Works	£56,478	£3,976	£1,112
NSGH - Supplementary Works	£1,070	£4,000	£5,499
NSGH - Equipment	£38,465	£11,529	£0
Teaching & Learning Centre (NHS Element)	£6,969	£1,168	£0
Office Accommodation	£16,221	£1,562	£0
Remaining Car Parking Provision	£1,026	£3,696	£4,723
Total New South Glasgow Hospitals & Laboratory	£121,867	£26,768	£11,360
Total Acute Strategy Main Schemes and Enabling Works & NSGH	£121,867	£26,768	£11,360
TOTAL GLASGOW & CLYDE ACUTE	£150,248	£45,477	£14,734
<u>HI&T Schemes</u>			
HI&T Formula	£3,087	£2,913	£0
TOTAL HI&T	£3,087	£2,913	£0
<u>Glasgow & Clyde - Board</u>			
Work at Renfrewshire Nursing Home	£250	£0	£0
Carbon Emissions	£300	£300	£300
IFRS Conversion	£3,099	£3,099	£3,099
Board Wide Formula Allocation for Works Schemes, including legislative etc.	£10,000	£10,000	£0
Management of Formula Capital to Reflect NSGH Acceleration	-£12,046	£0	£12,046
Unallocated Capital	£13,179	£14,070	£41,649
TOTAL GLASGOW & CLYDE - BOARD	£14,782	£27,469	£57,094

Capital Plan 2014/15

	<u>Budget</u> <u>2014/2015</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2015/2016</u> <u>£'000</u>	<u>Indicative</u> <u>Allocation</u> <u>2016/2017</u> <u>£'000</u>
<u>Glasgow - Partnerships</u>			
<u>South East Glasgow</u>			
East Pollokshields modernisation	£2,306	£0	£0
Total South East Glasgow	£2,306	£0	£0
<u>North/West Glasgow</u>			
Total North Glasgow	£0	£0	£0
Total Glasgow Partnerships	£2,306	£0	£0
<u>Clyde - Partnerships</u>			
<u>West Dumbarton</u>			
Total West Dumbarton	£0	£0	£0
Total Clyde Partnerships	£0	£0	£0
<u>Other CHCP's & CHP's</u>			
Formula Capital incl. H&S	£0	£0	£0
Greenspace Allocations	£160	£0	£0
Older Peoples Mental Health Inpatient Beds - Phase 1	£3,157	£0	£0
Adult Mental Health (East Glasgow)	£2,000	£3,500	£0
Enabling Costs re Hub Schemes (Land Acquisitions)	£160	£0	£0
Invnt of Subordinated Debt in respect of Potential Hub Schemes	£2,120	£0	£0
Total Other CHCPs and CHPs	£7,597	£3,500	£0
Total Glasgow & Clyde Partnerships	£9,903	£3,500	£0
<u>Mental Health</u>			
Total Mental Health	£0	£0	£0
TOTAL GLASGOW & CLYDE P'SHIPS & MENTAL HEALTH	£9,903	£3,500	£0
<u>Oral</u>			
Dental Hospital Phased upgrade	£1,500	£500	£0
Total Oral Schemes	£1,500	£500	£0
TOTAL PARTNERSHIPS (INCLUDING ORAL HEALTH)	£11,403	£4,000	£0
TOTAL GLASGOW & CLYDE CAPITAL	£179,520	£79,859	£71,828

Board Meeting – June 2014
Glossary of Terms

CIG	Capital Investment Group
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
H&S	Health & Safety
HUB	A Scottish Government Initiative intended to improve the planning, procurement and delivery of infrastructure that supports community services.
IFRS	International Financial Reporting Standards
LDP	Local Delivery Plan
NSGH	New South Glasgow Hospitals
OPD	Out-Patient Department
OPMH	Older Peoples Mental Health
PET	Positron Emission Tomography
RAH	Royal Alexandra Hospital
SGH	Southern General Hospital
SGHSCD	Scottish Government Health & Social Care Directorates
WIG	Western Infirmary