

Greater Glasgow & Clyde NHS Board

Board Meeting

23rd June 2015

Paper No. 15/29

Proposed Capital Plan 2015/16 to 2017/18

RECOMMENDATION

Members are asked to:

- Approve the proposed allocation of funds for 2015/16;
- Note the current indicative allocations for 2016/17 and 2017/18;
- Delegate, to the Capital Planning Group, the authority to allocate any additional available funds against the 2015/16 capital plan throughout the year.

1 INTRODUCTION

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

1.2 During 2014/15, the Board worked with SGHSCD colleagues to agree the level of capital funding which is likely to be available for 2015/16 to 2017/18. These discussions have enabled the Board to agree an initial capital funding allocation for 2015/16, together with indicative allocations for 2016/17 and 2017/18, that can be used for planning purposes.

1.3 As in previous years, funding for 2015/16 will include:

- ring-fenced funding for specific projects;
- the return of amounts brokered with SGHSCD during 2014/15;
- the Board's share of new national capital funding for 2015/16, 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 and Adult Mental Health. 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 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 current forecast total capital resources available to the Board in 2015/16 amount to £88.584m.
- 1.7 The purpose of this paper is to set out how the Board plans to deploy this initial allocation of capital funds on individual schemes in 2015/16. Allocations for 2016/17 and 2017/18 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 2015/16.
- 1.8 The paper confirms a balanced capital position for 2015/16 with planned gross expenditure of £88.584m being matched by an equivalent level of funding.

2 AVAILABLE CAPITAL RESOURCES

- 2.1 As part of the process to submit and finalise the Board's 2015/16 Local Delivery Plan, detailed discussions have taken place with SGHSCD to agree the level of Capital Resources to be made available to NHS Greater Glasgow & Clyde.
- 2.2 These discussions have resulted in agreement on a level of Capital Resources that will enable NHSGGC to invest a total of £88.584m in Capital Investment during 2015/16. This sum includes the return of £15m Brokerage from 2014/15, and also includes an initial estimation for VAT recovery on qualifying capital expenditure.
- 2.3 The discussions with SGHSCD have also included the extent to which the Board will be able to retain the capital element of planned Land Receipts locally to support essential local investment in respect of the reprovision of the Outpatient Department and associated services in the west of Glasgow.

3 PROPOSED CAPITAL PLAN

- 3.1 Detailed reviews of the Board's existing capital programme for 2015/16 have been undertaken by the Capital Planning 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.
- 3.2 A full list of individual schemes is contained within Appendix 1 of this paper. These have been listed mainly on a site basis to more accurately reflect the new organisational structure.
- 3.3 Funding for schemes at the Gartnavel Campus includes an amount to further develop plans, and the Outline Business Case, for the permanent relocation of the Outpatient Department from the Western Infirmary, together with funds for the continued upgrade of infrastructure within the main tower at GGH to enable future service transfers. On completion and approval of the Outline Business Case, the

forecast costs associated with the Preferred Option will be incorporated into the indicative plans for 2016/17 onwards. It is currently expected that the expenditure requirements associated with this development will be a major call against the remaining unallocated balance of capital resources currently reflected in 2016/17 and 2017/18.

- 3.4 An amount of £1.1m has been set aside in 2015/16 for existing commitments in respect of the continued investment at the Dental Hospital.
- 3.5 Funding has been set aside for various work at the RAH to enable essential service reconfigurations, including work in respect of relocating Gynaecology.
- 3.6 The plan also reflects continued investment in the New South Glasgow University Hospitals' campus and includes funding for the final Multi Storey Car Park, remaining equipping requirements, and completion of work at the new Office Block and Teaching & Learning Centre.
- 3.7 An amount of £11.3m is currently included under Corporate schemes for local formula projects in 2015/16. Local formula allocations allow for expenditure on minor works, normally of an estates/ building nature. These works tend to be of a value less than £500k, and include minor building upgrades, refurbishments, backlog maintenance, legislative works, HAI and Health & Safety Requirements
- 3.8 The 2015/16 Capital Plan includes an allocation of £2.5m in respect of Medical Equipment. This figure has been set lower than historic levels in recognition of the substantial investment recently made in Medical Equipment as part of the migration to the New South Glasgow University Hospitals. An indicative amount of £5m has presently been set aside in both 2016/17 and 2017/18.
- 3.9 Allowances of £3m and £2.5m have been incorporated in 2015/16 and 2016/17 respectively in relation to the initial transitional ward moves associated with the Mental Health Services and Estates Strategy. A report, brought to the Quality & Performance Committee in January 2015, noted that a further investment of £25m was anticipated as being required to implement the Strategy and also noted that a Business Case would be developed to explore funding options and to confirm the final investment requirement and associated phasing. The full capital costs connected to this strategy will be incorporated into the Board's Capital Plan on receipt and approval of the Business Case.
- 3.10 Capital provision has been made within the plan for the capital expenditure requirements of the Board's front-runner Hub Schemes. In 2015/16, this includes the purchase of land for the Gorbals Health Centre together with funding requirements for the Subordinated Debt associated with the Gorbals, Woodside and Inverclyde projects. An allowance has also been incorporated within the indicative plan for 2016/17 for the estimated Subordinated Debt for the two proposed Health Centres to be developed as part of the second phase of the Hub programme.

4 Financial Summary

4.1 The table below summarises the financial position of the Capital Plan for 2015/16.

| <u>Table 1: Summary Capital Plan – 2015/16</u> | <u>2015/16</u> <u>£'000</u> |
|-------------------------------------------------------|----------------------------------------------|
| Estimated Available Resources | £88,584 |
| Forecast Capital Expenditure (Appendix 1) | £(88,584) |
| Surplus/(Deficit) on Capital Programme | £0 |

4.2 Table 1 confirms that the Board is planning to balance forecast expenditure with available funding in the forthcoming year.

5 Monitoring Arrangements

5.1 Expenditure on all capital schemes will be monitored throughout the year and reported to the Capital Planning Group to ensure that a balanced capital position is maintained for 2015/16. The Capital Planning Group is scheduled to meet on a bi-monthly basis throughout the forthcoming year in order to oversee the process of managing expenditure levels within available funds.

Capital Plan 2015/16

| | <u>Allocation</u> <u>2015/2016</u> <u>£'000</u> | <u>Indicative</u> <u>Allocation</u> <u>2016/2017</u> <u>£'000</u> | <u>Indicative</u> <u>Allocation</u> <u>2017/2018</u> <u>£'000</u> |
|---------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Forecast Capital Resources | £88,584 | £85,665 | £46,721 |
| <u>Expenditure</u> | | | |
| <u>Gartnavel Hospitals Campus</u> | | | |
| OPD Transfer from WIG to GGH | £1,669 | tbc | tbc |
| Refurbishment of Laboratory at GGH | £500 | £0 | £0 |
| GGH Infrastructure | £458 | £0 | £0 |
| Relocation of Mammography Unit | £275 | £0 | £0 |
| GGH Theatre Suite -Same Day Access Unit & 2nd Stage Rec | £500 | £3,300 | £0 |
| Winter Beds Provision - Levels 6 and 7 GGH | £500 | £1,500 | £0 |
| Relocation of Drumchapel Hospital to GGH (Level 8) | £2,000 | £0 | £0 |
| Demolition of Shelley Court at GGH | £276 | £0 | £0 |
| Car Parking Provision at Gartnavel Hospitals | £0 | £600 | £0 |
| West House & Associated Moves | £300 | £4,500 | £3,200 |
| Greenspace Allocations - GRH | £58 | £0 | £0 |
| Total Gartnavel Hospitals Campus | £6,536 | £9,900 | £3,200 |
| <u>Glasgow Dental Hospital</u> | | | |
| Dental Hospital Phased upgrade | £1,114 | £0 | £0 |
| Total Glasgow Dental Hospital | £1,114 | £0 | £0 |
| <u>Glasgow Royal Infirmary</u> | | | |
| Urology transfer to GRI | £250 | £0 | £0 |
| GRI Extension of Assessment Unit | £304 | £0 | £0 |
| GRI Infrastructure Services | £136 | £0 | £0 |
| GRI Upgrade Wards 7 and 16 | £60 | £0 | £0 |
| Demolition of Lister Building at GRI | £438 | £0 | £0 |
| GRI Upgrade Wards 29 and 32 | £36 | £0 | £0 |
| GRI Upgrade Wards 20 and 21 | £0 | £1,616 | £0 |
| Further Phase of GRI Ward Upgrade Programme | £0 | £0 | £1,680 |
| Total Glasgow Royal Infirmary | £1,224 | £1,616 | £1,680 |
| <u>Inverclyde Royal Hospital</u> | | | |
| Total Inverclyde Royal Hospital | £0 | £0 | £0 |
| <u>Royal Alexandra Hospital</u> | | | |
| RAH - Refurbishments and Reconfiguration | £1,135 | £1,000 | £0 |
| Demolition of Residency Block at RAH | £83 | £0 | £0 |
| Total Royal Alexandra Hospital | £1,218 | £1,000 | £0 |

Capital Plan 2015/16

| | <u>Allocation</u> <u>2015/2016</u> <u>£'000</u> | <u>Indicative</u> <u>Allocation</u> <u>2016/2017</u> <u>£'000</u> | <u>Indicative</u> <u>Allocation</u> <u>2017/2018</u> <u>£'000</u> |
|-------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <u>South Glasgow Campus</u> | | | |
| <u>New South Glasgow Hospitals & Laboratory Funding</u> | | | |
| Technical Advisor, Supervisor and Design Fees etc | £259 | £26 | £0 |
| NSGH - Main Works | £6,628 | £897 | £0 |
| NSGH - Remaining Works, including S.75 Payments | £2,588 | £8,226 | £0 |
| NSGH - Equipment | £8,039 | £0 | £0 |
| Teaching & Learning Centre (NHS Element) | £1,119 | £0 | £0 |
| Office Accommodation | £1,256 | £0 | £0 |
| Remaining Car Parking Provision | £14,035 | £5,211 | £0 |
| Sub-total NSGH | £33,924 | £14,360 | £0 |
| <u>SGH Refurbishment - Remaining Accommodation</u> | | | |
| Work at 210 Bed Unit at SGH (Dermatology) | £200 | £0 | £0 |
| INS - Ward 66 A/B | £300 | £0 | £0 |
| INS - Overcladding & Window Upgrade | £1,492 | £2,340 | £0 |
| Neuro - Ward 68 | £460 | £0 | £0 |
| SGH Enabling Works - HV/LV Cable | £2,413 | £0 | £0 |
| INS Infrastructure | £2,010 | £0 | £0 |
| Demolition of SGH Buildings following NSGH Migration | £3,388 | £0 | £0 |
| Office Accommodation - CMB at SGH | £200 | £0 | £0 |
| NHSGGC Floor in ICE Building | £230 | £5,500 | £1,270 |
| Sub-total Refurb | £10,693 | £7,840 | £1,270 |
| Total South Glasgow Campus | £44,617 | £22,200 | £1,270 |
| <u>Stobhill Hospital</u> | | | |
| Enabling Works for Stobhill site Rationalisation | £724 | £0 | £0 |
| Accommodation for Storage of Pathology Slides | £0 | £700 | £0 |
| Total Stobhill Hospital | £724 | £700 | £0 |
| <u>Vale of Leven Hospital</u> | | | |
| Total Vale of Leven | £0 | £0 | £0 |
| <u>Yorkhill Hospital</u> | | | |
| OPD Enabling Works at Yorkhill Site | £1,315 | £0 | £0 |
| Interim Office Accommodation at Yorkhill | £500 | £0 | £0 |
| Total Yorkhill Hospital | £1,815 | £0 | £0 |
| <u>Diagnostics</u> | | | |
| Radiotherapy Equipment Replacement | £1,866 | £5,874 | £5,090 |
| Radiotherapy Equipment Satellite Centre | £6,900 | £0 | £0 |
| Total Diagnostics | £8,766 | £5,874 | £5,090 |

Capital Plan 2015/16

| | <u>Allocation</u> <u>2015/2016</u> <u>£'000</u> | <u>Indicative</u> <u>Allocation</u> <u>2016/2017</u> <u>£'000</u> | <u>Indicative</u> <u>Allocation</u> <u>2017/2018</u> <u>£'000</u> |
|--------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <u>Corporate</u> | | | |
| <u>Board Wide Formula Allocation for Works Schemes - to be allocated</u> | £11,309 | £10,000 | £10,000 |
| - Backlog Maintenance | | | |
| - Health & Safety | | | |
| - Service Developments | | | |
| - HAI | | | |
| Infrastructure Works (Fees/Surveys) | £60 | £0 | £0 |
| Decontamination | £537 | £0 | £0 |
| Laundry Equipment | £500 | £0 | £0 |
| Medical Equipment | £2,552 | £5,000 | £5,000 |
| Carbon Emissions (Purchase of Carbon Credits) | £300 | £300 | £300 |
| Total Corporate | £15,258 | £15,300 | £15,300 |
| <u>HI&T Schemes</u> | | | |
| HI&T Formula | £2,350 | £4,100 | £4,650 |
| TOTAL HI&T | £2,350 | £4,100 | £4,650 |
| <u>Mental Health</u> | | | |
| Adult Mental Health Programme | £3,000 | £2,500 | £0 |
| Total Mental Health | £3,000 | £2,500 | £0 |
| <u>Investment in Hub Schemes</u> | | | |
| Enabling Costs re Hub Schemes (Land Acquisitions) | £160 | £0 | £0 |
| Invt of Subordinated Debt in respect of Potential Hub Schemes | £1,659 | £1,140 | £0 |
| Equipping requirements of Hub Schemes | £143 | £1,314 | £1,578 |
| Capital Contribution to Hub Schemes | £0 | £0 | £2,400 |
| Total Investment in Hub Schemes | £1,962 | £2,454 | £3,978 |
| <u>Total Spend</u> | £88,584 | £65,644 | £35,168 |
| <u>(Over-commitment) /Unallocated</u> | £0 | £20,021 | £11,553 |

NHSGGC Board Meeting – June 2015
Glossary of Terms

| | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| CMB | Central Medical Block |
| GGH | Gartnavel General Hospital |
| GRH | Gartnavel Royal Hospital |
| GRI | Glasgow Royal Infirmary |
| HAI | Healthcare Associated Infections |
| 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. |
| HV/LV | High Voltage/ Low Voltage |
| ICE | Imaging Centre of Excellence |
| INS | Institute of Neurological Sciences |
| NSGH | New South Glasgow Hospitals |
| OPD | Out-Patient Department |
| RAH | Royal Alexandra Hospital |
| SGH | Southern General Hospital |
| SGHSCD | Scottish Government Health & Social Care Directorates |
| VAT | Value Added Tax |
| WIG | Western Infirmary |
| | |