

Trust Board

TB2008.35

From: Mr Ian Humphries, Director of Estates & Facilities
Date: May 2008
Subject: **Capital Programme for 2008/09 and five years to 2012/13**
For: **Information**

Synopsis

This paper sets out the Capital Programme for 2008/09, together with the draft framework for the period to 2012/13. Trust Board did approve the headline totals in March 2008, but the programme and detail attached is for information and comment.

Since that point, the IRP has reported on the Horton proposals and consequently lines coloured salmon (page 2), will be subject to PCT direction and possible funding. For 2008/9 this means that £320k is available for other schemes or projects brought forward. These will be dealt with in a second tranche which will be presented to Trust Board in the summer.

The 2008/09 programme proposes expenditure of £53 million (gross), of which £22 million is for new and thus far unapproved schemes and initiatives. The net cost of the programme, after external funding, is £41.8 million.

A leasing programme is proposed to support the acquisition of equipment with a capital purchase equivalent value of £5.8m.

These expenditure plans for 2008/09 align with the Trust's overall budgetary proposals for 2008/09, the future framework plans align to the Long Term Financial Model (LTFM) and are fully supported by the Physical Resources Group.

Appendix 1 shows the overall programme for 2008/09 and framework to 2013 – as can be seen for a number of schemes, business case approval internally and externally are still outstanding and these will be individually reviewed by Executive Board.

Appendix 2 sets out details of specific items over £100k within the 2008/09 programme.

Trust Board is asked to support the advancement of the 2008/09 programme and to note and comment on the future year framework.

Financial, legal and risk impact

A five year programme of capital investment has been developed as part of the Trust's five year Integrated Business Plan. Proposed Trust capital expenditure for 2008/09 is £41.8m. This programme will be largely funded by "internally generated resources" – that is, cash from depreciation collected in PbR income and cash set aside from the retained surplus in the year – as opposed to new borrowing.

Next year's plans assume that £5.9m of this total capex will be suitable and cost effective for leasing. In scaling the programme, an initial allowance of £2.3m has been made for in-year programme slippage – that is, a planned over-commitment of this amount has been built into the plans. The proposed revenue Budget for 2008/09, considered and approved by Executive Board at its last meeting, makes appropriate provision for the revenue consequences of this programme (as does the LTFM beyond this point).

Capital Programme 2008/09 and Five Year Programme to 2012/13

1. The detailed proposals for the 2008/09 Capital Programme (capital expenditure and leasing acquisitions) are set out in the yellow highlighted column of the version 7.5 Capital Programme.

The programme also sets out framework draft proposals for the period until 2012/13.

Specific approval is sought for the 2008/09 proposals and details of all schemes/initiatives with costs in excess of £100k are set out below and in more detail in Appendix 2.

The Board is asked to note and comment upon the future framework proposals.

2. The 2008/09 Programme details have been developed with Divisional representatives via the Physical Resource Group and aligns with the Trust LTFM with regard to the capital expenditure plan, leasing programme and subsequent impact on revenue plans.

The programme takes account of anticipated in year slippage.

3. The profiling of the scheme allocation is based on the relative risk rating of items put forward by divisions, and work is ongoing to update the risk assessments of all schemes. Work is also being carried out currently to formally link each proposed scheme with the Trust's strategic objections.
4. Agreement of the draft programme will still require individual business case approval by EB for items over £100k if schemes are not part of the "maintenance of the existing asset base" (see first section on capital programme version 7.5). Items falling into the latter category will be approved as grouped items and have already been prioritised by the Medical Equipment Prioritisation Group (MEPG), the Information Technology Steering Group and the Estates & Facilities Senior Management Team respectively. Specific individual items proposed for advancement are set out below where they are over £100k.
5. Schemes which are £3m or over also need specific business case approval from the Strategic Health Authority as well and will only be advanced when the full business case is approved.

6. Maintenance of the existing asset base:

There is an overall current backlog investment need of £56m for medical equipment, the estate and IT systems.

The funding available for 2008/09 allows for £14.8m to be allocated against these needs.

This is proposed to be allocated as follows:

- Medical Equipment £6.9m
- Estates & Facilities £5.7m
- Information Technology £2.1m

7. Continuation of RI Relocation Schemes

Work to complete planned roadway and bus terminal proposals have been delayed until 2010/11; this year a new bus terminal with costs of circa £200k will be advanced.

Additionally the final works to complete the new Geratology Inpatient Accommodation will be undertaken, involving expenditure of £1.65m all as per the approved business case.

8. Cancer Centre Associated Works and Equipment:

Expenditure of £5.54m is planned here, including:

- Medical equipment £5m
- Re-use of vacated building £0.27m.

9. Performance Improvements and 18 week Wait Initiative:

£1.2m is allocated here with principal initiatives including:

- JRH second MRI £0.85m
- Innovation fund £0.3m.

10. Horton General Hospital Services Investment Plans

A range of business cases to support the possible IRP outcomes have been drafted with total costs approaching £11m, with a likely roll-out programme of five years. These business cases will have to be refined and approved by the PCT and £320k will be released in 2008/9. Funding might well be available from the PCT for these schemes. Other "Horton" issues on page 2 of the programme will still need to go ahead.

11. Divisional Priorities and Investment Programme

£2.6m is proposed to be allocated here to support a wide range of priorities:

These plans include:

- Division A £0.355m (new schemes)
- Division B £0.500m (new schemes)
- Division C £0.97m (£0.82m new schemes)
- Division D £0.545m (new schemes)

In addition it is recommended that each division is allocated a further £50k each as a discretionary allowance (£200k)

12. Capitalisation of the PFI Unitary Payment

£1.95m is allocated for this unavoidable accounting adjustment.

13. Other Schemes Initiatives with external funding streams/bids

13.1 Biomedical Research Centre

Plans include for schemes to be funded via resources of £1.57m brokered forward from 2007/08 and a further potential allocation of £1.325m in 2008/09.

(All schemes here are required to be approved by BRC Steering Group.)

13.2 Energy and Sustainability Fund Bids

First stage bids of £6.2m submitted to DH and awaiting feedback.

Should support be given, business cases will be prepared.

13.3 Cardiac Expansion Scheme

Progress and expenditure will continue through 2008/09 in line with approved business case and total cost of £29.1m.

13.4 Oxford Acute Vascular Imaging Centre

This scheme is being advanced in parallel with the Cardiac Expansion and is totally funded by Oxford University.

13.5 Paediatric EEG

Plans here include for the relocation of EEG from the Park Hospital to the West Wing with costs of £200k being met by OBMHT.

13.6 A summary table is shown below showing the split between new and so far unapproved schemes or allocations, with schemes with a capital spend in 2008/9, but previously approved. It also shows a net cost to the Trust after income specific to the scheme is netted off:

Oxford Radcliffe Hospitals

Applications	Schemes already approved	New schemes	Income	Net Total
	£m	£m	£m	£m
Maintenance of the existing asset base				
Medical equipment	2.9	4.0	-0.2	6.7
The Estate	0.2	5.5	-0.4	5.3
Information Technology	0.9	1.2		2.1
Sub total	4.0	10.7	-0.6	14.1
Continuation of RI Relocation schemes				
	1.9			1.9
Cancer Centre associated business cases				
	4.9	0.6		5.5
Performance Improvements				
	0.9	0.3		1.2
Horton General Hospital Investment Plans (awaiting Secretary of State IRP report)				
	0.3	0.6		0.9
Divisional Priorities				
Division A		0.4		0.4
Division B		0.6		0.6
Division C	0.1	0.9		1.0
Corporate (Division D)		0.6	-0.4	0.2
Sub total	0.1	2.5	-0.4	2.2
Capitalisation of the PFI unitary payments				
	1.9			1.9
Other requirements (contingency etc)				
		0.1		0.1
Other schemes with external funding or bids				
Biomedical Research Centre	1.6	1.3	-1.3	1.6
Energy and Sustainability Fund bids		6.2	-6.2	0.0
Cardiac Expansion Scheme (DoH funding in CRL)	13.2		-0.6	12.6
Oxford Acute Vascular Imaging Centre (Univ)	1.8		-1.8	0.0
Paediatric EEG	0.1		-0.2	-0.1
Sub total	16.7	7.5	-10.1	14.1
Grand Total				
	30.7	22.3	-11.1	41.8
Source of funding				
NHS Capital Resource Limit (CRL)				33.6
Leasing strategy.				5.9
Presumed slippage from year to year				2.3
Total				41.8

Recommendations

Trust Board is asked to approve the 2008/09 capital and leasing programme as set out in 2008/09 Capital Programme, and to note and comment on the Framework 2009/10 to 2012/13 plan.

Appendix 1 shows the overall programme proposal

Appendix 2 (available on request) sets out details of specific items within the 2008/09 programme and with individual costs in excess of £100k.

Marion Fiddes

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13 May 2008