

Borders NHS Board**CAPITAL INVESTMENT PLAN 2013/14****Aim**

To advise the Board of NHS Borders capital allocation for 2013/14 and to ask the Board to approve a capital investment plan for 2013/14.

Background

The NHS in Scotland following the Comprehensive Spending Review in 2010 was required to plan for significantly reduced capital resource. The NHS Borders capital allocation for 2013/14 has been confirmed by Scottish Government. As part of the Local Delivery Plan a draft plan was submitted, but following internal consultation NHS Borders needs to finalise its capital investment plan for 2013/14.

During the latter half of financial year 2012/13 NHS Borders was able to access additional capital funding as a result of slippage of expenditure within the national investment programme. A number of high priority projects, principally Huntlyburn House and Borders General Hospital outpatients and the Ward 6 bed surge capacity annexe, were taken forward, although these projects had not been scoped in detail or were not ready for immediate mobilisation of the essential enabling works contracts.

Due to the fact these projects were initiated late in the financial year completion will be during 2013/14. The speed of such development, the refining of project briefs and specifications all concurrent with enabling works on site was considered a risk and as a result there have been a number of amendments to the schemes which have impacted in the new financial year.

Allocation

The NHS Borders capital allocation for 2013/14 has been confirmed by Scottish Government as follows:-

| Allocation 2013/14 | £m |
|--|-----------|
| Confirmed Formula allocation | 2.108 |
| Confirmed legally committed funding – Lauder Health Centre | 0.790 |
| Confirmed legally committed funding – Gala Roxburgh Street Health Centre | 0.500 |
| Central Energy Efficiency Fund | 0.679 |
| Radiology Imaging Allocation | 0.036 |
| Confirmed SGHD Capital Resource | 4.113 |

| | |
|---|-------|
| Capital receipts, through sale of NHS Borders Surplus properties as at 31 st August 2013 | 0.315 |
| | |
| Total 2013/14 Capital Resource as at 31 st August 2013 | 4.428 |

The following should be noted:-

1. Proposed utilisation of the formula allocation is detailed within the following section.
2. Lauder allocation is the planned expenditure balance for 2013/14.
3. The legally committed sum for the community health centre project for Galashiels was agreed with Scottish Government for the current year as detailed in the capital programme paper presented to the Board in January 2013 although the scheme is unlikely to start until financial year 2014/15.
4. As part of the LDP process the Scottish Government has agreed that NHS Borders can retain any capital sales proceeds generated during financial year 2013/14. Details of the properties that the Board has declared surplus and are currently being marketed are detailed in the attached appendix 1. To date sales proceeds have been received for Ayton Clinic and a firm offer has been received and accepted for the Nurses Flats in Melrose.

Capital Projects Update

- Huntlyburn House - carried as the number 1 Patient Safety risk within the Board the availability of capital enabled two project options to be considered to address the risk issues to patient safety in this ward area. The option chosen committed capital in the development of a facility which would provide nineteen en-suite bedrooms with a limited degree of supporting accommodation within the first phase of works, Huntlyburn House new wing. As such the first phase of works was progressed, from December 2012 to May 2013. A second phase provided the balance of the essential support / rehabilitation accommodation, this within the old Huntlyburn House. This phase completed 7th August with patients transferring back from their temporary decant at Crumhaugh House on 12th August 2013. The two phase approach spread capital investment across two financial years and incorporated a degree of backlog maintenance in restoring defective heating and plumbing services as well as rectifying structural defects within flooring, unknown at the onset of the works.
- BGH Out Patient Department (OPD) - the OPD project included redevelopment of the Physiotherapy, rehabilitation and audiology areas of the ground floor plus enabling works to:-
 - Redevelop Ward 10 to create the area to a long term facility for Physiotherapy and Rehabilitation services.
 - Adapt Ward 14 to accommodate the transfer of Ward 10.
 - Relocate Surgical Pre Assessment to adapted ground floor accommodation.

Initial planning had set the project to commence following the 2012 festive break. However due to specification design brief changes and the impact of the sequencing of the above enabling works the main contract was delayed until

February 2013. Work is currently progressing within the revised programme. An agreed phased handover enabled the completion of audiology on the 19th July 2013. Occupation of the remaining accommodation is scheduled by 16th September 2013.

- BGH Ward 6 surge capacity annexe – details of the internal layout were finalised timeously, with a physical link to Ward 12 being incorporated enabling access to the annexe to be gained from either Ward 6 or Ward 12. To aid in the introduction of the essential engineering services the accommodation below, Lindean, was decanted to Galavale Hospital. The cost of the mechanical and electrical works has proven to be expensive, linking appropriate capacity to this new facility. The scheme completed 19th July 2013.
- Lauder Health Centre - work on site commenced within a phased programme during the autumn of 2012 to a predetermined affordability cap of £1,265,437. Work has progressed within this target figure and the project was successfully brought to completion within timescale which saw the official hand over to NHS Borders on Friday 9th August 2013.
- Central Energy Efficiency Fund – during the financial year 2012/13, NHS Borders was allocated central funding by SGHSCD for carbon reducing projects to be carried out during 2012/13 and 2013/14. During 2012/13 several projects were initiated and completed totalling £389K including:-
 - Installation of 200 photovoltaic panels on the roof of the Borders General Hospital.
 - Upgrading of internal and external lighting to new technology LED lights.
 - Replacement of old technology electric storage heaters with new electric gel heaters.
 - Introduction of two biomass boilers at a community hospital site and a health centre site.

During 2013/14, an investment of £679K has been approved for the installation of a further six biomass boilers at four in-patient sites and two health centres, projects which will be completed by March 2014.

The completion of all the centrally funded carbon reducing projects will result in the organisations carbon emissions reducing by 993 tonnes on an annual basis.

- Radiology Imaging Allocation - bids were invited by SGHSCD against £1.5M capital resources available for the Year 2 Detect Cancer Early Programme. NHS Borders bid was evaluated against criteria that specifically supported the aims and objectives of the programme with the Board being awarded £36K. The funding has been utilised to support the purchase of a replacement bronchoscope and PACS Radiology workstation.
- Rolling programmes of investment - As a result of the financial pressures on the schemes carried forward from last financial year the departments responsible for such programmes of work have been instructed at this point to suspend all investment and to risk assess the implications of delaying such investment. This work is in progress. It should be noted that:-
 - High risk backlog within Estates has reduced from 35.59% to 15.09% of total reported within PAMS 2012 / 2013. The remaining highest risks relating to patient care refer to BGH Ward upgrades (HAI/HEI). As a result of substantial investment within such areas in recent years, the

patient safety issues have been addressed, the outstanding works relate to inpatient ward upgrades, as undertaken within Ward 6, 8 and 9. A rescheduling of such investment will be addressed, dependent on access and future year's availability of Capital funds.

- Medical equipment, investment during 2012/13 addressed the high risk capital investment needs as identified by the Medical Equipment Committee. This totalled in excess of £1m.
- IM&T is currently, through the risk assessment process, developing a longer term capital investment profile which will inform and challenge the capital plan going forward.

Summary

A summary of the Capital Plan 2013/14 is attached in appendix 2. Currently the programme is fully committed financially.

Future Capital Investment

As the majority of the capital plan will be complete by the autumn the focus within capital for the remainder of the financial year will be to:-

- Generate capital resource from the sale of surplus properties.
- Identify current and/or future high risk issues, raised as a consequence of the rolling programme suspension.
- Review of the issues identified within the 2012/13 NHS Scotland Asset and Facilities Report and subsequent risk assessed requirements for capital resource.
- Enabling works within the Space Utilisation Project leading to property rationalisation, i.e. release of Newstead / Westgrove.
- Development of capital enabling works contracts for schemes identified through work with the Clinical Boards, to 'shovel ready' status in preparation for the availability of additional capital resource. These schemes have not yet been prioritised and are listed below:-
 - Projects related to the development of a NHS Borders Clinical Strategy.
 - BGH Outpatients department – redevelopment of phase two, currently utilised by the Hydrotherapy service.
 - Modernisation of the current Paediatric service, Labour Ward, Special Care Baby Unit, Ward 15 etc.
 - BGH Operating Theatres, modernisation of theatre ventilation plant, covering theatres 2 – 5.
 - Scoping of service developments for P&CS Properties at Eyemouth, Duns, Selkirk and Newtown St Boswells.
 - BGH & Community Hospital developments to facilitate the treatment of Bariatric patients.
 - Introduction of Car Parking Management / Enforcement.
 - Review the provision of the Rehab Unit at Galavale.

Recommendation

The Board is asked to:-

Note the current year capital allocation.

Consider and approve the proposed capital investment plan for the 2013/14.

Approve the development of projects, when funds are available, as described.

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|--|--|
| Policy/Strategy Implications | The above relates to current policies and strategies, including the Board's Property and Asset Management Strategy and Capital investment Programmes. It also related to the emerging Clinical Strategy. |
| Consultation | Clinical Executive Strategy Group, Clinical Boards consulted re past, current and future investment plans. |
| Consultation with Professional Committees | Where applicable, there has been full consultation carried out. |
| Risk Assessment | Individual projects are risk assessed. |
| Compliance with Board Policy requirements on Equality and Diversity | Where applicable equality and diversity impact assessments have been undertaken. |
| Resource/Staffing Implications | Revenue implications incorporated within project development. |

Approved by

| Name | Designation | Name | Designation |
|--------------|---------------------|-------------|--------------------|
| Carol Gillie | Director of Finance | | |

Author(s)

| Name | Designation | Name | Designation |
|-------------|----------------------------|-------------|--------------------|
| Susan Swan | Deputy Director of Finance | | |

Appendix 1

Disposal of properties surplus to operational requirements

With the support of Scottish Government Health Department any properties, declared surplus to operational requirements by the Board, if sold during the current financial year, the proceeds will be retained by the Board for investment within the current year Capital programme. The following table lists the properties currently declared surplus, should all sell within the current year income of £1.29M will be realised. There are concerns over the ability to dispose of those properties marked with an asterisk, and should these properties not sell the anticipated income will reduce to £790K

| Property | Declared Surplus | Trawled | Valuation | Valuation Date |
|--|--------------------------|--------------------------|-----------|----------------|
| 21 The Crofts, Ayton (Sold) | <input type="checkbox"/> | <input type="checkbox"/> | 95,000 | December 2012 |
| 71 High Street, Galashiels | <input type="checkbox"/> | <input type="checkbox"/> | 50,000 | July 2012 |
| 1-4 Nurses Flats, Melrose (Offer accepted) | <input type="checkbox"/> | <input type="checkbox"/> | 220,000 | July 2012 |
| 6 Whitefield Court, Newtown St Boswells | <input type="checkbox"/> | <input type="checkbox"/> | 75,000 | |
| Orchard Park, St Boswells* | <input type="checkbox"/> | <input type="checkbox"/> | 100,000 | |
| Crumhaugh, Hawick* | <input type="checkbox"/> | <input type="checkbox"/> | 400,000 | |
| Fenton Lodge | <input type="checkbox"/> | <input type="checkbox"/> | 195,000 | July 2013 |
| Factors Park, Lauder | <input type="checkbox"/> | <input type="checkbox"/> | 110,000 | July 2013 |

Excluded from the above listing is the possible income from the potential to dispose of either or both Newstead HQ site and Westgrove, Melrose. The Board at its 27th June 2013 meeting, approved a market testing exercise for both sites so that it is best informed, following the completion of a property rationalisation project, in preparation, which may in due course result in either or both of the aforementioned being declared surplus of operational requirements. To date:

- Scottish Borders Council, Planning Department, have been consulted re potential for redevelopment:
 - Newstead

- Located within a conservation area,
- There is interest re archaeology in the vicinity
- SBC 'Roads' may have a concern re traffic impact
- Planners would not be against redevelopment, in keeping with the local village / conservation
- Would be interested in plans to retain some of the older buildings
- Concern of the problems with the banking to the Tweed noted.

➤ Westgrove

- Site out with the conservation area
- There is interest re archaeology in the vicinity
- There may be tree preservation orders on site
- Planners would not be against full demolition and redevelopment on this site.

- Board commissioned Property Advisors, James Barr Surveyors, have considered in the recent past the likely interest from the market. With further comment from SBC Planners it is the intention to undertake a more thorough review in conjunction with local Selling Agents with a view to developing a disposal strategy.

APPENDIX 2**NHS Borders
Capital Report - September 2013**

| | 2013-14 Projected £000s |
|--|--|
| Approved Schemes | |
| BGH Schemes | |
| Outpatients (incl Ward 10, Ward 14 and enabling works) | 1070 |
| Bed Surge Capacity Project incl HEI Ward 6 | 547 |
| | |
| Community Health Centres & Primary Care | |
| Lauder Health Centre | 790 |
| Primary & Community Services Premises Feasibility | 10 |
| | |
| Integrated Health Strategy | |
| Tweeddale Phases 2&3 | 19 |
| Huntlyburn Reconfiguration incl HSE | 987 |
| Crumhaugh Feasibility | 12 |
| | |
| IM&T | |
| IM&T Rolling Programme | 0 |
| | |
| Medical & Radiology Equipment | |
| Medical Equipment Committee | 0 |
| Radiography Imaging Allocation | 36 |
| | |
| Estates and Facilities Capital | |
| Central Energy Efficiency Fund | 679 |
| | |
| Efficiency and Redesign Projects | |
| Lab Redesign | 65 |
| | |
| Other | |
| Project Management Support | 190 |
| Balance Uncommitted | 23 |
| | |
| Gross Capital Expenditure | 4428 |
| Capital Income | |
| Net Capital Position | 4428 |