

Borders NHS Board**CAPITAL PLAN REPORT****Aim**

This paper provides an update to the NHS Borders Board on the capital plan for 2017/18 and the indicative commitments for 2018/19 – 2021/22.

Background

The Board's draft 5 year Capital Plan was submitted to Scottish Government (SG) in March 2017 as part of the Local Delivery Plan (LDP) for the period 2017/18 to 2021/22, Further discussions by the Board have resulted in a number changes to the LDP which are as follows:

- Agreement to postpone the planned replacement of the theatre ventilation plant and reallocate the capital resource previously identified to support other capital priority areas.
- Allocation of capital resource to support the 2017/18 IM&T Road to Digital Programme.
- Agreement from Scottish Government to an additional allocation totalling £2m to support the Boards Road to Digital Programme.
- Agreement to transfer £2m of uncommitted capital resource to support the Board's revenue position.
- Progression of East West Brig Risk mitigation measures.

Capital governance during 2017/18 has been delivered by the Capital Management Team (CMT) and through the Clinical Executive Strategy Group to the Board.

Capital Plan 2017/18**Capital Resources**

The table below details the capital resources received by the Board for 2017/18 and includes the impact of the agreed slippage from schemes in previous years, the additional allocation from Scottish Government to support the IM&T Road to Digital Programme and the transfer of capital resource to support the Board's revenue position.

Board Formula Allocation	£2.366m
Roxburgh Street Replacement Surgery	£0.605m
Scottish Government Agreed Slippage	£1.225m
Gamma Camera CT	£0.085m
Primary Care Premises Programme	£1.409m
SG/eHealth Division IM&T Investment	£2.000m
SG support to transfer capital to support the revenue position	(£2.000m)
Sub-total Capital Allocation 2017/18	£5.690m
Contribution of Charitable Funds- Gamma Camera	£0.028m
Total Capital Resource Plan 2017/18	£5.718m

In addition to the above the Board is progressing through the use of Charitable Funds an extension to the Macmillan cancer centre at the Borders General Hospital.

Capital Expenditure

The table below details in summary the expenditure incurred for the period to 31st October 2017 across the approved capital schemes and projected spend as at 31st March 2018.

Project	Expenditure 31/10/17 £m	Year end Forecast £m
Roxburgh Street Replacement Surgery	0.168m	0.166m
Mental Health - Risk mitigation at East Brig	-	0.120m
BGH - Relocation of Acute Assessment Unit	0.020m	0.020m
Primary Care Premises (Eyemouth, Knoll and Melrose)	0.700m	0.832m
IM&T Road to Digital programme	0.138m	2.788m
Rolling replacement programmes		
- Estates and State of the Estate	0.404m	0.435m
- Medical Equipment	0.030m	0.391m
Radiology Replacement Programme (including remaining works Gamma Camera CT)	0.102m	0.721m
Project Management & Feasibility	0.161m	0.245m
TOTAL Capital Resource Plan 2017/18	1.723m	5.718m

The main areas of spend to date include the Primary Care Premises Programme Schemes at Eyemouth Health Centre, Knoll Health Centre and Roxburgh Street Replacement Surgery. Plans are progressing for the rolling replacement programmes for estates and medical equipment (including radiology) replacement.

There has been limited spend to date on the Board's IM&T Road to Digital programme which forms a significant part of the current year capital plan. An update on the delivery of the 2017/18 element of this project will be presented to the Board at its meeting on the 7th December 2017.

Seven months into the financial year £1.7m of the £5.7m capital resource has been spent. There is much to do to ensure the capital resource limit is achieved by the 31st March 2018.

The following table includes more detailed information on the schemes being progressed in the capital plan:

- The progress made in project delivery in the first 3 quarters of the year.
- The planned actions for the final quarter of 2017/18.

Capital Project	Allocation 2017/18	Progress in Q1–Q3	Planned actions Q4
Roxburgh Street Replacement Surgery	£0.166m	<ul style="list-style-type: none"> • Final elements of construction • Handover and commissioning period from contractor to NHS Borders • Relocation of GP Surgery and Primary Care Team to new surgery • GP Practice finalised the sale of the GP owned premises. • Use of accommodation by Scottish Ambulance Service personnel. • Agreement to final account with hub and Construction Partner. 	<ul style="list-style-type: none"> • Final elements of snagging to be progressed • Project review meeting to be carried out with HUB and construction partners.
Primary Care Premises Programme Eyemouth, Knoll and Melrose	£0.832m	<p><u>Eyemouth HC</u></p> <ul style="list-style-type: none"> • Final elements of construction programme. • Handover preparation and commissioning from Contractor to NHS Borders. • Final handover of building to GP Practice and Primary Care Team. <p><u>Knoll HC</u></p> <ul style="list-style-type: none"> • Commencement of phased construction programme. • Support to site Health Centre users to achieve day to day operational use during works. 	<p><u>Eyemouth HC</u></p> <ul style="list-style-type: none"> • Snagging to be completed • Agreement of final account with the construction partner • Additional requests for minor works to be reviewed and agreed if appropriate. <p><u>Knoll HC</u></p> <ul style="list-style-type: none"> • Snagging to be completed • Agreement of final account with the construction partner • Additional requests

		<ul style="list-style-type: none"> • Continuation of construction programme • Purchase of moveable furniture and fittings. • Final elements of construction programme. • Handover preparation and commissioning from Contractor to NHS Borders. • Final handover of building to GP Practice and Primary Care Team. <p><u>Melrose HC</u></p> <ul style="list-style-type: none"> • Revised tender pricing • Approval to award tender was given • Tender was not awarded 	<p>for minor works to be reviewed and agreed if appropriate.</p> <p><u>Melrose HC</u></p> <ul style="list-style-type: none"> • Review status with Eildon Practice and agree forward plan for progress.
IM&T Road to Digital Programme	£2.788m	<ul style="list-style-type: none"> • IM&T Road to Digital updates to the Health Board Strategy & Performance Committee and Public Board meetings in May, September & October 17. • Confirmation of NHS Borders Capital Plan resource for 2017/18. • Discussions and report compiled with IT Specialist Contractor on prioritized investment requirements. • SG funding confirmed of £2m to support the programme • Design selection work with SG, Technical Partner and East Region NHS Boards. • Recommendation of selected design to NHS Borders Board • Recommendation for approval of in year Financial Investment Plan including capital resource. • Recommendation to NHS Borders Board to approve the development of a 	<ul style="list-style-type: none"> • Procurement routes agreed and procurement progressed for prioritised elements in 2017/18 • Draft Business Case produced and recommended for approval to NHS Borders Board and SG Capital Investment Group.

		<p>Business Case for the future years (2018-2021) of the Road to Digital Programme</p> <ul style="list-style-type: none"> • Programme Board and Project Team introduced 	
Replacement Gamma Camera CT	£0.104m	<ul style="list-style-type: none"> • Turnkey works completed • Installation of equipment • Commissioning period • Operational use of new accommodation and equipment. • Additional charitable funds contributed to project. 	<ul style="list-style-type: none"> • n/a scheme complete by Q2.
Relocation of Acute Assessment Unit	£0.020m	<ul style="list-style-type: none"> • Efficiency project supported by capital works. • Specification of works agreed with the Clinical and Senior Management Team. • Operational plan agreed with the service for the duration of the works period. • Completion of works and the services relocated. 	<ul style="list-style-type: none"> • n/a scheme complete by Q3.
East West Brig - Risk mitigation measures,	£0.120m	<ul style="list-style-type: none"> • Approval by the Board to the planned works as mitigations to the measures identified and agreed by the Clinical and Management Team of East West Brig In Patient Ward at Galavale, • Allocation of capital resource to the project. • Detailed specifications for each work element. 	<ul style="list-style-type: none"> • Procurement arrangements in place for all items of work. • Operational plan agreed with the service during works period. • Completion of agreed works.
Rolling Programmes			
Estates & Backlog Maintenance	£0.435m	<ul style="list-style-type: none"> • Prioritised spend plan items detailed within the Rolling estates programme and the backlog maintenance register. • Progress on prioritised works. 	<ul style="list-style-type: none"> • Completion of prioritised works. • Discussion on State of NHS Scotland Assets Report/PAMS findings and backlog maintenance proposals for NHS

			Borders for future years and impact to Capital Plan.
Medical Equipment	£0.391m	<ul style="list-style-type: none"> • Prioritisation schedule of requirements recommended by the Medical Equipment Committee. • Review of recommendations and allocation of resource as increase of £95k on critical out of service and aged equipment. • Finalisation of equipment specifications. • Additional items of prioritised equipment agreed to utilise in year capital plan slippage. 	<ul style="list-style-type: none"> • Procurement and delivery of approved items of equipment.
Radiology Replacement Programme	£0.617m	<ul style="list-style-type: none"> • Agreement to prioritized schedule of requirements with lead clinicians and Operational management lead. • Additional items of prioritised equipment agreed to utilise potential in year capital plan slippage. 	<ul style="list-style-type: none"> • Approved replacement schedule including confirmation of capital plan slippage • Agreement from the Clinical Team to the specifications required for the items of equipment to be purchased • Procurement process progressed for approved items of equipment.
Uncommitted Resources	nil	<ul style="list-style-type: none"> • Approval to postpone Theatre Ventilation replacement returned £2.085m back to the capital plan as uncommitted resource. • Board discussions on IM&T Investment requirements and other prioritized capital projects e.g. Theatre Ventilation • Agreement of mitigation measures and implementation of those 	<ul style="list-style-type: none"> • No further action, uncommitted resources transferred in part to prioritised projects and transferred to support the Board's revenue position.

		<p>measures including monitoring of the existing ventilation plant</p> <ul style="list-style-type: none"> • Approval by CMT to fund essential additional medical equipment replacement and the risk mitigation measures for the current east west brig in patient ward on Galavale site. • SG approval to transfer uncommitted capital resource to support the Board's revenue position. 	
Feasibility Works	£0.005m	<ul style="list-style-type: none"> • Final elements of 2016/17 Feasibility Works on <p>1)Mammography Feasibility outcome- Project scope agreed and fundraising application being progressed.</p> <p>2)Observation area within A&E Feasibility outcome- Range of options identified, requirement to link with Clinical Strategy outcomes.</p> <p>3)Cauldshiels Ward Feasibility outcome- Limited scope for development of existing location, Mental Health Services aspect of Clinical Strategy required to establish future options.</p>	<ul style="list-style-type: none"> • Further work on the feasibility assessed projects will form part of the work plan for the BGH Campus Redevelopment Business Case.
Capital Project Management Support	£0.240m	<ul style="list-style-type: none"> • Agreed workplan. • Development of future projects through feasibility works. • Management of Project Programmes. • Project Management of the Capital Prioritisation Process. 	<ul style="list-style-type: none"> • Management of Project Programmes. • Development of future projects through feasibility. • 2018/19 work plan in draft for review.
TOTAL Capital Plan resource 2017/18	£5.718m		

Charitable Funded Capital Projects	Projected resource	Progress in Q1–Q3	Planned actions Q4
Borders MacMillan Centre Extension	£0.844m	<ul style="list-style-type: none"> • Project funded by 100% Charitable funding • Requirements gathering and feasibility including representation from Macmillan and the Clinical Team. • Project Team introduced to manage the Project. • Tender specifications agreed • Endowment Charitable Funds and Fundraising Strategy agreed with target funds of £439k • Macmillan Cancer Support Grant Agreement signed to secure £405k contribution • Construction Contract Tender exercise completed • Tender responses and final tender report validated • Due to challenging timeline Virtual approval given by the Board members to award the construction tender for the project to the preferred contractor T Graham & Son (Builders) Ltd at a value of £516,786.94. 	<ul style="list-style-type: none"> • Tender Awarded • Programme of works including the operational plan for services to be agreed. • Site set up and commence works.

Based on work completed to date and the planned actions for the final quarter of the financial year the Board is on course to fully meet its Capital Resource Limit for 2017/18.

Property Disposals

The Board currently holds one property for disposal, Orchard Park, St Boswells. The disposal of this property is ongoing. The estimated sale proceeds of the property are £100k. Sale proceeds will not be committed to the capital plan until transfer of funds has concluded.

Future years indicative Capital Plan 2018/19 - 2021/22

LDP Capital Plan

Appendix 1 details the Capital Plan for 2017/18 including the in year adjustments as detailed in this report, with outline commitments for 2018/19 - 2021/22.

Property and Asset Management Strategy (PAMS) 2017

The Board's PAMS 2017 was submitted to Scottish Government during June 2017 with feedback provided in September 2017. Incorporating this feedback the PAMS 2017 was approved by the Board at its meeting in October.

Summary

The Board has agreed a draft 5 year Capital Plan as part of the financial plan presented at the board meeting on the 6th April 2017 which is in line with the submission to Scottish Government of the Local Delivery Plan. A number of changes have been made to the 2017/18 plan since the submission in response to scheme specific issues as detailed within this update. Following ongoing support and work with Scottish Government NHS Borders confirmed a transfer of capital resource totalling £2m to support the Boards revenue position and received an additional allocation of £2m in support of the IM&T Road to Digital Programme. The revised in year capital allocation totals £5.690m which has been supplemented by a funding contribution from the Endowment Fund towards the costs of the Gamma Camera CT project. The capital resource plan is reported at a total of £5.718m.

This report confirms the Board is fully committed against its allocated capital resource in 2017/18 and although there is much work to complete particularly linked to the delivery of the IM&T Road to Digital programme achievement of breakeven on the Boards capital resource limit financial target is predicted.

Work is ongoing to update the draft capital plan for 2018/19 and the next three years. The Board's Clinical Strategy and the PAMS will support the development of the capital plan in the longer term.

Recommendation

The Board is asked to:

- **Note** the update provided on the current year capital plan.
- **Confirm** that the Board notes that the award of tender for the Macmillan Cancer Centre Project was authorised on a virtual basis by the Board and awarded to the preferred contractor T Graham & Son (Builders) Ltd to the value of £516,786.94.
- **Note** the indicative capital resources and commitments for 2018/19 - 2021/22.

Policy/Strategy Implications	In line with agreed governance of capital resources.
Consultation	Clinical Executive Strategy Group.
Consultation with Professional	N/A

Committees	
Risk Assessment	In line with agreed processes.
Compliance with Board Policy requirements on Equality and Diversity	In line with agreed processes.
Resource/Staffing Implications	Within allocated resources from Scottish Government.

Approved by

Name	Designation	Name	Designation
Carol Gillie	Director of Finance, Procurement, Estates & Facilities		

Author(s)

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Susan Swan	Deputy Director of Finance (Financial Accounting)		

APPENDIX 1**NHS Borders LDP - Capital Resource Limit****5 year period 2017/18 - 2021/22**

	17/18 £000s	18/19 £000s	19/20 £000s	20/21 £000s	21/22 £000s
Board Capital Resources					
Formula Allocation	2366	2366	2366	2366	2366
Health Centre Roxburgh Street Replacement Surgery	500				
Agreed Slippage Clinical Strategy from 2015/16 (East/West Brig)		604			
Primary Care Health Centre Requirements - Tier 1 and 1a	1409	991			
Capital to Revenue Transfer 2016/17 Roxburgh Street	105				
Capital to Revenue Transfer 2016/17 East West Brig		200			
Capital to Revenue Transfer 2016/17 Gamma Camera	85				
Capital to Revenue Transfer 2016/17 Theatre Ventilation	1225				
Endowment Charitable Funding for Gamma Camera	28				
eHealth Division Scottish Government IM&T Infrastructure & Development	2000	2255	134	265	
Transfer of capital resource to support Board revenue position	-2000				
Capital Resource Limit Sub Total	5718	6416	2500	2631	2366
Capital Receipts Applied					
Orchard Park St Boswells	100				
Total Capital Receipts Applied	100	0	0	0	0
Total Board Capital Resource	5818	6416	2500	2631	2366
Prioritised Capital Schemes					
BGH					
Relocation of AAU	20				
Mental Health					
Risk Mitigation measures at East West Brig, Galavale	120				
IM&T					
Programme IM&T	213	300	195	405	300
IM&T Strategy - Infrastructure	575	404	236	67	
eHealth Division IM&T Infrastructure & Development (tbc)	2000	2456	134	263	
ESTATES & FACILITIES					
Programme Estates	185	200	200	200	200
Risk Assessed Backlog SoTE/Estates Strategy	250	350	350	350	350
MEDICAL EQUIPMENT					
Programme MEC	442	200	200	200	200
16/17 Advanced Spend	-51	-148			
Gamma Camera CT replacement including Injector (advance purchase 17/18)	104				
Radiology Priority Replacement	617	1222		340	
OTHER					
Clinical Strategy				366	876
Shovel Ready - Feasibility Works	5	100	200	200	200
Roxburgh Street Replacement Surgery	166				
Primary Care Health Centres (including additional resource SG March 2017)	832	1092	745		
UNCOMMITTED	0				
UNCOMMITTED - Dependent on Sale Proceeds	100				
Project Management	240	240	240	240	240
Total Capital Expenditure	5818	6416	2500	2631	2366
Balance	0	0	0	0	0

Capital Sales Proceeds to Scottish Government *

0	0	0	0	0
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