

Borders NHS Board**CAPITAL PLAN UPDATE****Aim**

This paper provides an update to the NHS Borders Board on the capital plan for 2018/19 and the indicative commitments for 2019/20 – 2022/23.

Background

The Board's draft 5 year Capital Plan was submitted to Scottish Government (SG) in March 2018 as part of the Operational Plan for the period 2018/19 to 2022/23 and was approved at the Board meeting on the 5th April 2018. Further discussions by the Board have resulted in an additional allocation totalling £0.750m being secured to support a planned development to deliver an elective bed capacity/winter pressure/decant facility. This funding must be fully spent in 2018/19. Full details of the proposed development will be separately presented to the Board at its meeting in June 2018.

Capital governance during 2018/19 will be delivered by the Capital Management Team (CMT) and through the Clinical Executive Strategy Group to the Board.

Capital Plan 2018/19**Capital Resources**

The table below details the capital resources received by the Board for 2018/19 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
Scottish Government Clinical Strategy	£0.804m
Primary Care Premises Programme	£0.991m
SG/eHealth Division IM&T Investment (Business Case dependent – not confirmed)	£1.536m
Reinstatement of 2017/18 Capital to Revenue Transfer	£2.000m
SG requested transfer of capital to support the revenue position – not confirmed	(£1.000m)
Agreed slippage on Fluoroscopy Equipment	£0.347m
Additional resource Elective Capacity/Decant/Winter Pressure facility	£0.750m
Potential Property Sale Proceeds	£0.100m
Total Capital Resource Plan 2018/19	£7.894m

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 May 2018 across the approved capital schemes and projected spend as at 31st March 2019.

Project	Expenditure 31/05/18 £m	Year end Forecast £m
Borders Campus Development	-	£0.100m
BGH Elective Capacity/Decant/Winter Pressure facility	-	£0.750m
Mental Health - Risk mitigation at East Brig	£0.023m	£0.020m
Primary Care Premises (West Linton, Earliston & Melrose)	£0.019m	£1.100m
IM&T Road to Digital - core capital	£0.157m	£0.500m
IM&T Road to Digital programme (business case dependent - tbc)	-	£1.536m
Rolling replacement programmes		
- IM&T	-	£0.300m
- Estates and State of the Estate	£0.054m	£0.950m
- Medical Equipment	-	£0.335m
Radiology Replacement Programme (including remaining works Gamma Camera CT)	£0.052m	£0.512m
Project Management & Feasibility	£0.046m	£0.340m
Uncommitted resource	-	£1.351m
Uncommitted resource dependent on Capital Property sale proceeds	-	£0.100m
TOTAL Capital Resource Plan 2018/19	£0.351m	£7.894m

The areas of spend to date include the capital planning project management team and the final aspects of the risk mitigation works at East/West Brig at Galavale.

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 quarter of the year.
- The planned actions for the 2nd quarter of 2018/19.

Capital Project	Allocation 2018/19	Progress in Q1	Planned actions Q2
Borders Health Campus Development	£0.100m	<ul style="list-style-type: none"> • Programme Board meetings to agree the plan and timeline for engagement across services and the information gathering to enable production of the 	<ul style="list-style-type: none"> • Scoping and Modelling Workshop. • Work Stream and Service Level Workshops.

		Initial Agreement for the project. The IA is the 2nd stage of the SG Capital Investment process.	
BGH Elective Capacity/Decant/Winter Pressure facility	£0.750m	<ul style="list-style-type: none"> Separate paper on this item to the Board meeting in June 2018. Approval of funding from SG. 	<ul style="list-style-type: none"> Set up of Project Governance arrangements. Appointment of Professional Advisory Team. Confirmation of scope of works and tender documentation. Confirmation of costs and indicative timeline for completion. Agreement to procurement route.
East West Brig - Risk mitigation measures,	£0.020m	<ul style="list-style-type: none"> Remaining works completed. Contract snagging to be finalised. 	<ul style="list-style-type: none"> N/a, project complete Q1.
Primary Care Premises Programme (West Linton, Earlston and Melrose HC's)	£1.100m	<p><u>West Linton HC</u></p> <ul style="list-style-type: none"> Set up of Project Team Agree Terms of Reference including core membership. Revisit the previous scope and rationale for the investment. <p><u>Earlston HC</u></p> <ul style="list-style-type: none"> Set up of Project Team Agree Terms of Reference including core membership. Revisit the previous scope and rationale for the investment. 	<p><u>West Linton HC</u></p> <ul style="list-style-type: none"> Confirmation of the contractual arrangement for the Professional Advisory Team. Agreement of scope of works and rationale for the investment with stakeholders. Agreement of procurement route for the project. <p><u>Earlston HC</u></p> <ul style="list-style-type: none"> Confirmation of contractual arrangements for the Professional Advisory Team. Agreement of scope of works and rationale for the investment with stakeholders. Agreement of

		<p><u>Melrose HC</u></p> <ul style="list-style-type: none"> Steering Group in place with agreed Terms of Reference. Steering Group discussions on the options for the scope of works giving due regard to the GP Practice plans to close the Newtown surgery. Timeline planned for an Options Appraisal Process. 	<p>procurement route for the project.</p> <p><u>Melrose HC</u></p> <ul style="list-style-type: none"> Communication and engagement plan agreed and in place. Option appraisal - Non Financial & Financial scoring exercise planned.
IM&T Road to Digital Programme	£0.500m core capital allocation	<ul style="list-style-type: none"> Programme Board in place with agreed Terms of Reference and membership. In 2018/19 core capital is being utilised to deliver the implementation of the infrastructure elements purchased during 2017/18 including the Cluster replacement and Virtual Desktop Infrastructure rollout. Option appraisal planned for the resilient facility. Approval of the Print Strategy for NHS Borders. Approval to the purchase of a Print Server to support the business process for VDI. 	<ul style="list-style-type: none"> Outcome of options appraisal for the resilient facility. Procurement routes agreed and procurement progressed for resilient facility. Start the programme of works for the resilient facility.
IM&T Road to Digital	£1.536m business case dependent - not confirmed	<ul style="list-style-type: none"> Separate paper on this item to the Board meeting in June 2018. Readiness assessment of all elements for the planned investment in 2018/19 - 2020/21 to commence. 	<ul style="list-style-type: none"> Readiness assessment of all elements for the planned investment in 2018/19 - 2020/21 to be completed. Alignment of capital resource requirements to the multi year programme. Submission of the Business Case to the SG Capital

			Investment Group.
Radiology Equipment	£0.512m	<ul style="list-style-type: none"> • Capital Investment in 2018/19 for Radiology will include the accommodation works required to house the equipment purchased in 2017/18 which remains on bond with the supplier. • Planning for the turnkey works for the Fluoroscopy Room. • Agreement to the timeline of works to fit to the clinical service requirements. • Confirmation of scope and cost of the works. 	<ul style="list-style-type: none"> • Appointment of the contractor for the Fluoroscopy Room. • Delivery of the works for the Fluoroscopy Room • Planning for the turnkey works for the General Radiology Room. • Agreement to the timeline of works to fit the clinical service requirements.
Rolling Programmes			
Estates & Backlog Maintenance	£0.950m	<ul style="list-style-type: none"> • Discussions within hospital management team and key stakeholders regarding the prioritised ward refurbishment programme. • Confirmation of planned works for the rolling programme and the backlog maintenance schedule. 	<ul style="list-style-type: none"> • Delivery of elements of the prioritised rolling programme. • Delivery of elements of the prioritised backlog maintenance schedule. • 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	£0.335m	<ul style="list-style-type: none"> • Prioritisation schedule of requirements recommended by the Medical Equipment Committee. • Approval to purchase Renal Dialysis machines as service critical. • Discussions with Clinical Services to agree equipment specifications. 	<ul style="list-style-type: none"> • Procurement and delivery of approved items of equipment.

Uncommitted Resources	£1.351m	<ul style="list-style-type: none"> No plans are yet agreed for this resource. Capital Management Team holds the list of prioritised capital projects. Capital Planning Project Resource to be directed to prioritised projects. This resource may be required as additional support to the Board's revenue position. 	<ul style="list-style-type: none"> Agreement to prioritised projects or confirmation of additional resource to Board's revenue position.
Feasibility Works	£0.100m	<ul style="list-style-type: none"> Funding held to support initial assessment of possible capital projects including professional advice, scoping works, costings and timeline elements. 	<ul style="list-style-type: none"> Further work on the feasibility assessed projects will form part of the work plan for the Borders Health Campus Business Case.
Capital Project Management Support	£0.240m	<ul style="list-style-type: none"> Workplan in discussion with the Board Executive Team. 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.
Anticipated Sale Proceeds	£0.100m	<ul style="list-style-type: none"> Please see comments below. Proceeds from the sale of the property will not be committed to the plan until these are received. 	<ul style="list-style-type: none"> Property disposal timeline not yet confirmed.
TOTAL Capital Plan resource 2018/19	£7.894m		

Charitable Funded Capital Projects	Projected resource	Progress in Q1	Planned actions Q2
Borders MacMillan Centre Extension	£0.844m	<ul style="list-style-type: none"> • Project funded by 100% Charitable funding • Project in construction phase 1 of a 4 phase programme. • Recent information received that the Construction Partner had gone into Voluntary Liquidation. • Liquidation process being progressed. • Options for continuance of the project with appointment of a replacement construction partner being appraised, report to be presented for approval to the NHS Borders Board as soon as practicable. • Communications issued to main stakeholders advising of the current situation , including individual discussion with the main funding partner - Macmillan Cancer Support. 	<ul style="list-style-type: none"> • Recommendation of preferred option to continue the project agreed by NHS Borders. • Appointment of replacement construction partner. • Restart of project.

The Board Capital Plan for 2018/19 comprises a number of projects which require significant work to progress to a delivery stage. The Board Executive Team continues to support the prioritisation of projects and have given approval to funding for additional Capital Planning Project team staff to support delivery of the plan.

Property Disposals

The Board currently holds one property for disposal, Orchard Park, St Boswells. The sale 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.

The Board declared Crumhaugh House in Hawick surplus to operational requirements at its meeting in April 2018. Sale proceeds for this property have not yet been incorporated in the plan as a formal valuation of the site has not yet concluded.

Future years indicative Capital Plan 2019/20 - 2022/23

LDP Capital Plan

Appendix 1 details the Capital Plan for 2018/19 including the in year adjustments as detailed in this report, with outline commitments for 2019/20 - 2022/23.

Property and Asset Management Strategy (PAMS)

The Board's annual PAMS templates were submitted to Scottish Government during June 2018 and feedback is awaited. In line with Scottish Government guidance the NHS Borders Property and Asset Strategy is reviewed every 2 years and the next planned update is in 2019.

Summary

The Board has agreed a draft 5 year Capital Plan as part of the financial plan presented at the board meeting on the 5th April 2018 which is in line with the submission to Scottish Government of the Operational Plan. One additional project has been added to the plan since that date - the BGH Elective/Decant/Winter Pressure facility – for which NHS Borders has received confirmed funding of £0.750m allocated by Scottish Government. The in year capital allocation totals £7.794m after a £1.00m capital transfer of resource to support the Board's revenue position.

The report highlights a number of the prioritised capital projects require significant work to progress these to delivery stage. The Board Executive Team is supporting the prioritisation of capital projects for the 2018/19 plan.

Commitment of resource to the Board's multi-year Road to Digital Programme is dependent on approval by the Scottish Government Capital Investment Group to a Business Case for investment.

Work is ongoing to update the draft capital plan for 2019/20 and the next three years. The Board's Clinical Strategy and the PAMS templates 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.
- **Note** the indicative capital resources and commitments for 2019/20 - 2022/23.

Policy/Strategy Implications	The in year Capital Plan is in part developed by the Capital Prioritisation process with a number of projects incorporated which have been agreed by the Clinical Executive Strategy Group and by the Board Executive Team.
Consultation	Board Executive Team

Consultation with Professional Committees	N/A
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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APPENDIX 1**NHS Borders LDP - Capital Resource Limit****5 year period 2018/19 - 2022/23**

	18/19 £000s	19/20 £000s	20/21 £000s	21/22 £000s	22/23 £000s
Board Capital Resources					
Formula Allocation	2366	2366	2366	2366	2366
Agreed Slippage Clinical Strategy	804				
Primary Care Health Centre Requirements - Tier 1 and 1a	991				
Slippage on Fluoroscopy Equipment from 2017/18	347				
Reinstatement of Capital to Revenue Transfer in 2017/18	2000				
Additional resource approved for the BGH Elective/Decant/Winter Pressure Facility	750				
eHealth Division Scottish Government IM&T Infrastructure & Development (tbc)	1536	2286	287		
Transfer of capital resource to support Board revenue position	-1000	1000			
Capital Resource Limit Sub Total	7794	5652	2653	2366	2366
Capital Receipts Applied					
Orchard Park St Boswells	100				
Total Capital Receipts Applied	100	0	0	0	0
Total Board Capital Resource	7894	5652	2653	2366	2366
Prioritised Capital Schemes					
BGH					
Borders Health Campus	100	150	150	150	150
BGH Elective/Decant/Winter Pressure Facility	750				
Mental Health					
Risk Mitigation measures at East West Brig, Galavale	20				
IM&T					
Programme IM&T	300	300	300	300	300
IM&T Strategy - Infrastructure	500				
eHealth Division IM&T Infrastructure & Development (tbc)	1536	2286	287		
ESTATES & FACILITIES					
Programme Estates	200	200	200	200	200
Risk Assessed Backlog SoTE/Estates Strategy	750	350	350	350	350
MEDICAL EQUIPMENT					
Programme MEC	740	231	200	200	200
Less 17/18 Advanced Spend	-405				
Gamma Camera CT replacement including Injector (advance purchase 17/18)	512	1000			
Radiology Priority Replacement					
OTHER					
Clinical Strategy	1351	195	826	826	826
Shovel Ready - Feasibility Works	100	100	100	100	100
Roxburgh Street Replacement Surgery					
Primary Care Health Centres (including additional resource SG March 2017)	1100	600			
UNCOMMITTED					
UNCOMMITTED - Dependent on Sale Proceeds	100				
Project Management	240	240	240	240	240
Total Capital Expenditure	7894	5652	2653	2366	2366