

**Borders NHS Board**

Meeting Date: 17 January 2019

<b>Approved by:</b>	Carol Gillie, Director of Finance, Procurement, Estates & Facilities
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<b>CAPITAL PLAN UPDATE</b>	
<b>Purpose of Report:</b>	
This paper provides an update to the NHS Borders Board on the Capital Plan for 2018/19 and an outline of an indicative Capital Plan for 2019/20.	
<b>Recommendations:</b>	
<p>The Board is asked to:</p> <ul style="list-style-type: none"> <li>Note the update provided on the current year capital plan.</li> <li>Note the indicative capital resource and commitments for 2019/20.</li> </ul>	
<b>Approval Pathways:</b>	
The content of the report has been reviewed by the Capital Management Team.	
<b>Executive Summary:</b>	
<p>The Board has agreed a draft 5 year Capital Plan as part of the financial plan presented at the Board meeting on the 5<sup>th</sup> April 2018 which is in line with the submission to Scottish Government of the Operational Plan. Adjustments to the 2018/19 Capital Resource Limit agreed during the course of the financial year have been detailed in this paper.</p> <p>Further work is required to complete delivery of the remaining elements of the capital plan for 2018/19. Discussions are ongoing with Scottish Government on the potential opportunities to access additional capital resources during 2018/19.</p> <p>An indicative Capital Plan for 2019/20 has been drafted which details the level of commitment possible from the baseline capital allocation to the Board from Scottish Government as part of the Draft budget issued on 12th December 2018.</p> <p>The baseline Capital Plan cannot fund the many prioritised capital projects required by services across NHS Borders. Information on the prioritised capital projects not yet included in the Capital Plan will be presented to the Finance and Resources Committee in February 2019.</p> <p>These prioritised capital projects require significant feasibility work to be completed; the scope of works, the estimated cost and timeline for delivery. Additional resources will require to be approved as part of the Scottish Government Capital Investment approvals process which includes gaining support from the East Region.</p>	

<b>Impact of item/issues on:</b>	
<b>Strategic Context</b>	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.
<b>Patient Safety/Clinical Impact</b>	No issues identified within the report.
<b>Staffing/Workforce</b>	Within allocated resources from Scottish Government.
<b>Finance/Resources</b>	As described in the paper.
<b>Risk Implications</b>	In line with agreed processes.
<b>Equality and Diversity</b>	Compliant with Board policy requirements.
<b>Consultation</b>	Board Executive Team.
<b>Glossary</b>	SG - Scottish Government CMT - Capital Management Team CRL - Capital Resource Limit PAMS - Property and Asset Management Strategy

## 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 approved at the Board meeting on the 5<sup>th</sup> April 2018.

During 2018/19 following discussion with the Board the following capital plan adjustments have been agreed with Scottish Government:

- Slippage to 2019/20 of the Primary Care Premises funding totalling £0.991m.
- Slippage to 2019/20 of the provisional drawdown of eHealth funding to support the IM&T Road to Digital Programme totalling £1.536m.
- An additional allocation in 2018/19 totalling £0.750m being secured to support winter capacity.

Discussions are ongoing with Scottish Government on potential opportunities to utilise 2018/19 in year slippage from the NHS Scotland Capital Plan.

Capital governance is 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 as at 30<sup>th</sup> November 2018 and includes the impact of the agreed slippage from schemes in previous years and the transfer of capital resource to support the Board's revenue position.

Board Formula Allocation	£2.366m
Scottish Government Clinical Strategy	£0.804m
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
<b>Total Capital Resource Plan 2018/19</b>	<b>£3.267m</b>

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 30<sup>th</sup> November 2018 across the approved capital schemes and projected spend as at 31<sup>st</sup> March 2019.

<b>Project</b>	<b>Expenditure 30/11/18 £m</b>	<b>Year end Forecast £m</b>
Borders Campus Development	-	£0.090m
Mental Health - Risk mitigation at East Brig	£0.021m	£0.020m
Primary Care Premises (West Linton, Earlston & Melrose)	£0.023m	£0.060m
IM&T Road to Digital - core capital including rolling replacement of infrastructure	£0.251m	£0.598m
Rolling replacement programmes		
- Estates and State of the Estate	£0.351m	£0.655m
- Medical Equipment	£0.152m	£1.094m
Radiology Replacement Programme (including remaining works Gamma Camera CT)	£0.006m	£0.505m
Project Management & Feasibility	£0.210m	£0.245m
<b>TOTAL Capital Resource Plan 2018/19</b>	<b>£1.014m</b>	<b>£3.267m</b>

The areas of spend to date include the capital planning project management team, final aspects of the risk mitigation works at East/West Brig at Galavale and the rolling replacement programme for prioritised medical equipment, estates and radiology. In addition the costs of the professional teams (architects, mechanical and engineering consultants and cost advisor) are continuing to be incurred linked to the development of projects at Earlston and West Linton as part of the Primary Care Premises Programme.

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 2018/19.

<b>Capital Project</b>	<b>Allocation 2018/19</b>	<b>Progress in Q1 - Q3</b>	<b>Planned actions Q4</b>
Borders Health Campus Development	£0.090m	<ul style="list-style-type: none"> <li>• Programme Board in place and meeting.</li> <li>• Strategic Assessment for the development approved by the Health Board in August 2018.</li> <li>• Stakeholder workshops held in September 2018.</li> <li>• Strategic Assessment discussed at the Regional Capital Investment Group in September 2018.</li> <li>• Meeting with Scottish Government to discuss process.</li> </ul>	<ul style="list-style-type: none"> <li>• Update on project progress to date to be presented to the Clinical Executive Strategy Group in January 2019.</li> <li>• Continued engagement of stakeholders at individual work Stream and Service Level.</li> </ul>
BGH Elective Capacity/Decant/	Business Case	<ul style="list-style-type: none"> <li>• Approval of funding from SG.</li> </ul>	<ul style="list-style-type: none"> <li>• Further work to engage</li> </ul>

Winter Pressure facility	planned for 2019/20	<ul style="list-style-type: none"> <li>• Significant scoping and options considered for additional capacity.</li> <li>• Winter Plan finalised and agreed.</li> <li>• Strategic discussion with Scottish Government on Board requirements to support the 'front of the hospital care pathway into A&amp;E and through Medical Assessment.</li> </ul>	appropriate teams to feasibility assess the project and identify possible solutions to capacity challenges.
East West Brig - Risk mitigation measures	£0.020m	<ul style="list-style-type: none"> <li>• Remaining works completed.</li> <li>• Contract snagging to be finalised.</li> </ul>	<ul style="list-style-type: none"> <li>• N/A, project complete Q1.</li> </ul>
Primary Care Premises Programme (West Linton, Earlston and Melrose HC's)	£0.060m	<p><u>West Linton HC</u></p> <ul style="list-style-type: none"> <li>• Set up of Project Team.</li> <li>• Agree Terms of Reference including core membership.</li> <li>• Revisit the previous scope and rationale for the investment.</li> <li>• Appointment of the Professional Advisory Team to support stakeholder discussions on scope and rationale.</li> </ul> <p><u>Earlston HC</u></p> <ul style="list-style-type: none"> <li>• Set up of Project Team</li> <li>• Agree Terms of Reference including core membership.</li> <li>• Revisit the previous scope and rationale for the investment.</li> <li>• Appointment of the Professional Advisory Team to support stakeholder discussions on scope and rationale.</li> </ul> <p><u>Melrose HC</u></p> <ul style="list-style-type: none"> <li>• Steering Group in place with agreed Terms of Reference.</li> <li>• Steering Group discussions on the options for the scope of works</li> </ul>	<p><u>West Linton HC</u></p> <ul style="list-style-type: none"> <li>• Agreement by stakeholders to the scope of works and rationale for the investment.</li> <li>• Agreement of procurement route for the project.</li> </ul> <p><u>Earlston HC</u></p> <ul style="list-style-type: none"> <li>• Agreement by stakeholders of scope of works and rationale for the investment.</li> <li>• Agreement of procurement route for the project.</li> </ul> <p><u>Melrose HC</u></p> <ul style="list-style-type: none"> <li>• Progress on additional requirements for information in relation to the top 3 ranked options.</li> </ul>

		<p>giving due regard to the GP Practice plans to close the Newtown surgery.</p> <ul style="list-style-type: none"> <li>• Timeline planned for an Options Appraisal Process.</li> <li>• Communication and engagement plan agreed and in place.</li> <li>• Non Financial scoring workshop.</li> <li>• Financial appraisal not conclusive.</li> <li>• Additional work commissioned on 3 top ranked options.</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion and agreement of contingency solution to provide services in Newtown post the proposed sale of GP owned Newtown premises in October 2019.</li> </ul>
IM&T Road to Digital Programme	£0.598m core capital allocation	<ul style="list-style-type: none"> <li>• Programme Board in place with agreed Terms of Reference and membership.</li> <li>• In 2018/19 core capital utilised to deliver the implementation of the infrastructure elements purchased during 2017/18 including the Cluster replacement and Virtual Desktop Infrastructure rollout.</li> <li>• Approval of the Print Strategy for NHS Borders.</li> <li>• Approval to the purchase of a Print Server to support the business process for VDI.</li> <li>• Contingency arrangement approved and in place for the current Server Room.</li> </ul>	<ul style="list-style-type: none"> <li>• Additional works to Identify the preferred option appraisal planned for the resilient facility.</li> </ul>
Radiology Equipment	£0.505m	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Planning for the turnkey works for the Fluoroscopy Room.</li> <li>• Agreement to the timeline of works to fit to the</li> </ul>	<ul style="list-style-type: none"> <li>• Appointment of the contractor for the Fluoroscopy Room.</li> <li>• Delivery of the works for the Fluoroscopy Room</li> <li>• Planning for the turnkey works for the General Radiology Room.</li> <li>• Agreement to the timeline of works</li> </ul>

		<p>clinical service requirements.</p> <ul style="list-style-type: none"> <li>• Confirmation of scope and cost of the works.</li> </ul>	to fit the clinical service requirements.
<b>Rolling Programmes</b>			
Estates & Backlog Maintenance	£0.655m	<ul style="list-style-type: none"> <li>• Discussions within hospital management team and key stakeholders regarding the prioritised ward refurbishment programme.</li> <li>• Confirmation of planned works for the rolling programme and the backlog maintenance schedule.</li> <li>• Progress to delivery elements of the agreed estates rolling and backlog programmes.</li> <li>• Emergency replacement of the ASDU reverse osmosis water plant.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued delivery of elements of the prioritised rolling programme.</li> <li>• Continued delivery of elements of the prioritised backlog maintenance schedule.</li> <li>• 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.</li> <li>• Initial scoping works in relation to Ward refurbishments planned for delivery during 2019/20.</li> </ul>
Medical Equipment	£1.094m	<ul style="list-style-type: none"> <li>• Prioritisation schedule of requirements recommended by the Medical Equipment Committee.</li> <li>• Approval to purchase Renal Dialysis machines as service critical.</li> <li>• Discussions with Clinical Services to agree equipment specifications.</li> <li>• Identification and agreement of items of equipment which can be advanced to 2018/19 from future year plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement and delivery of remaining items of prioritised equipment.</li> </ul>
Capital Project Management	£0.240m	<ul style="list-style-type: none"> <li>• Workplan in discussion with the Board Executive</li> </ul>	<ul style="list-style-type: none"> <li>• Management of Project</li> </ul>

Support		<p>Team.</p> <ul style="list-style-type: none"> <li>• Development of future projects through feasibility works.</li> <li>• Management of Project Programmes.</li> <li>• Project Management of the Capital Prioritisation Process.</li> </ul>	<p>Programmes.</p> <ul style="list-style-type: none"> <li>• Development of future projects through feasibility.</li> </ul>
<b>TOTAL Capital Plan resource 2018/19</b>	<b>£3.267m</b>		



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"> <li>• Project funded by 100% Charitable funding.</li> <li>• Project in construction phase 1 of a 4 phase programme.</li> <li>• Recent information received that the Construction Partner had gone into Voluntary Liquidation.</li> <li>• Liquidation process progressed.</li> <li>• 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.</li> <li>• Communications issued to main stakeholders advising of the current situation, including individual discussion with the main funding partner - Macmillan Cancer Support.</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendation of preferred option to continue the project agreed by NHS Borders.</li> <li>• Appointment of replacement construction partner.</li> <li>• Restart of project.</li> <li>• Progress to conclude the Liquidation process and any claim for costs incurred by NHS Borders.</li> </ul>

The Board Capital Plan for 2018/19 comprises a number of areas of spend, particularly linked to purchase of medical and radiology equipment, which will require focus to ensure delivery of the Board's CRL by 31<sup>st</sup> March 2019.

### Property Disposals

The Board currently holds 2 properties for disposal, Orchard Park, St Boswells and Crumhaugh House, Hawick. The disposal of these properties has been delayed due to a number of issues including agreement to terms of sale and receipt of an intention to purchase under the Community Empowerment Act. Sale proceeds will not be committed to the capital plan until transfer of funds has concluded. Disposal of NHS property must be conducted in line with the NHS Scotland Property Transaction Handbook.

## Future year indicative Capital Plan 2019/20

### Operational Capital Plan

The following table details the indicative Capital Plan for 2019/20 based on the following assumptions:

- The Board receives its baseline Capital Resource (£2.37m) on a flat line basis as identified in the SG Draft Budget issued on 12th December 2018.
- The Plan for 2019/20 includes support to the revenue position of £1m from capital resources.
- Use of slippage on the Primary Care Premises Programme (£0.451m) to complete works on Earlston & West Linton Health Centres.

<b>2019/20 Capital Resource</b>	<b>£m</b>
Baseline SG Capital Resource	2.37
Slippage from previous year - Primary Care Premises Projects	0.49
<b>2019/20 - Total Capital Resources</b>	<b>2.86</b>
2019/20 Capital Commitments	
Rolling replacement programmes	
Medical Equipment	0.05
Estates and Backlog	0.55
IM&T	0.30
Feasibility work	0.09
Primary Care Premises - Earlston & West Linton Health Centres	0.49
Capital Planning Project Management	0.24
Support to Board revenue position	1.00
Uncommitted	0.14
<b>2019/20 - Total Capital Resources</b>	<b>2.86</b>

As part of the continued commitment to the Road to Digital multiyear investment programme resource totalling an estimated £1.5m is required to deliver the elements of the programme during 2019/20. As part of the continued dialogue with Scottish Government on this programme the Board has been asked to secure this resource through approval from the SG eHealth lead. More detailed scoping work is required by NHS Borders prior to finalising this approval.

A number of prioritised capital projects which cannot be funded by the Board's baseline capital allocation will require additional resource, although these projects have not yet been fully assessed. Feasibility work will define and agree the individual scope of works for each project, provide indicative costs and estimated timelines for delivery. Information on these projects will be presented to the Finance and Resources Committee in February 2019. To secure additional resources the Board will be required to follow the Scottish Government Capital Investment approvals process which includes the need to gain support from the East Region.

### Property and Asset Management Strategy (PAMS)

The Board's annual PAMS templates were submitted to Scottish Government during June 2018. 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.