

Borders NHS Board

Meeting Date: 27 June 2019

Approved by:	Carol Gillie, Director of Finance, Procurement, Estates & Facilities
Author:	Hannah Fairburn, Head of Capital Planning
CAPITAL PLAN UPDATE	
Purpose of Report:	
<p>The purpose of this report is to provide an update to the NHS Borders Board on the 2019/20 capital plan and ask the Board to outline the indicative commitments for 2020/21 to 2023/24.</p>	
Recommendations:	
<p>The Board is asked to note the update provided on the 2019/20 capital plan and agree the following projects are delayed due to capacity issues and the need to concentrate on financial turnaround:</p> <ul style="list-style-type: none"> • Borders Health Campus Development • BGH Patient Flow and ward refurbishments within the backlog maintenance programme • Forensic examination facility • Adult Changing facility • Cauldshiels upgrade works • Simulation Space (Phase 2) 	
Approval Pathways:	
<p>This report has been reviewed by the Board Executive Team.</p>	
Executive Summary:	
<p>The Board's draft 5 year Capital Plan was submitted to Scottish Government (SG) in March 2019 as part of the Annual Operational Plan for the period 2019/20 to 2023/24 and was approved at the Board meeting on the 4th April 2019.</p> <p>The purpose of this document is to detail how the capital funding allocated to NHS Borders will be spent during 2019/20 and the indicative spend for the coming years. Two members of the capital planning team have been transferred temporarily to the programme management office to support financial turnaround. This has impacted on the capital plan and the Board is asked to support that some projects as a result are delayed.</p> <p>Capital governance during 2019/20 will be delivered by the Capital Management Team (CMT) and through the Clinical Executive Strategy Group to the Board.</p>	
Impact of item/issues on:	

Strategic Context	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.
Patient Safety/Clinical Impact	Safety/ clinical impact assessed as part of prioritisation process.
Staffing/Workforce	N/A.
Finance/Resources	Capital spend, no impact on the Turnaround programme.
Risk Implications	In line with agreed processes.
Equality and Diversity	In line with agreed processes.
Consultation	N/A.
Glossary	SG - Scottish Government CMT - Capital Management Team

CAPITAL PLAN UPDATE

Capital Plan 2019/20

Capital Resources

The table below details the anticipated capital resources which will be received by the Board for 2019/20 and includes the impact of the agreed slippage from schemes in previous years, the estimated 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	£2.37m
Primary Care Premises Programme	£0.49m
SG/eHealth Division IM&T Investment (tbc)	£1.00m
SG requested transfer of capital to support the revenue position (tbc)	(£1.00m)
Patient Flow Funding (tbc)	£0.20m
Additional resource Project support costs – Borders Health Campus (tbc)	£0.08m
Medical Education Training Facility	£0.07m
Potential Property Sale Proceeds	£0.10m
Total Capital Resource Plan 2019/20	£3.31m

In addition the Board has access to charitable funds:

- To extend and refurbish the Macmillan cancer centre at the Borders General Hospital.
- To create an adult changing facility within the Borders General Hospital.
- To carry out some dementia friendly works to Cauldshiels and designated wards.
- To create a dedicated mammography space within Radiology on the BGH site.

Recent Developments

The Board agreed how the 2019/20 capital resources would be spent as part of the financial plan presented at the meeting on the 4th April 2019. The following issues have come to light over recent months which are impacting on that plan:

- Borders Macmillan Cancer Centre Development – the service indicated at the start of 2019 that they had concerns around the future proofing elements of the proposed design for the Macmillan centre works. This led to a delay in the re-tender process to allow the Borders Macmillan Centre to update their activity projections. This has led to a subsequent review of the proposed design, the

impact of which will be presented to NHS Borders Board and the Endowment Board of Trustees at a future meeting.

- Survey of the NHS Borders estate – at the request of NHS Borders in 2018 the physical state of the BGH campus has been appraised by a Health Facilities Scotland independently procured assessor. This work has highlighted an increase in level of backlog maintenance and associated risk, specifically relating to ventilation, boiler and pressure systems and fire precautions. These assessments are currently being reviewed by local estates staff however the Board is asked to note the potential significant implications of this on the capital plan going forward.
- Financial turnaround – due to the pressure and priority of the turnaround programme two project managers from the Capital Planning team have been temporarily transferred to the Programme Management Office. In addition the organisational resource and capacity to contribute to the progression of capital projects has reduced with the effect that there are a number of projects which are making very slow progress. Due to this reduction in capacity the Executive Team have reviewed the capital plan and made an assessment on which projects could be delayed. For planning purposes it is assumed this will be for a period of six months. It should be noted that the projects which are proposed to be taken forward can only be progressed if there is organisational capacity to support them. If this is not the case then a further revision to the capital plan will be required.

The Executive Team is recommending that the following projects (which are defined in the table below) continue to be progressed:

- Primary Care Premises Programme (West Linton, Earlston and Melrose HC's)
- Borders Macmillan Centre Development
- Resilient Server Facility
- MRI installation
- Mammography installation
- ASDU equipment installation
- Dementia Friendly work
- Space Utilisation
- Rolling Programmes
- IM&T Road to Digital

The Board is asked to agree the following projects (which are defined in the table below) are delayed due to capacity issues and the need to concentrate on financial turnaround:

- Borders Health Campus Development
- BGH Patient Flow and ward refurbishments within the backlog maintenance programme
- Forensic examination facility
- Adult Changing facility
- Cauldshiels upgrade works
- Simulation Space (Phase 2)

If agreed the resources attached to each element of the capital plan will be reviewed and the Board will be advised of the impact in the capital section of the Board financial report.

Capital Expenditure

The following table includes more detailed information on the schemes within the capital plan taking account of the recommendations in this paper to delay a number of projects. It highlights:

- The progress made in project delivery in the first quarter of the year.
- The planned actions for the 2nd quarter of 2019/20.

Capital Project	Allocation 2019/20 £m	Progress in Q1	Planned actions Q2
Primary Care Premises Programme (West Linton, Earlston and Melrose HC's) Refurbishment works to Health Centres	0.49	<u>West Linton HC</u> <ul style="list-style-type: none"> • Agreement of design. • First stage tender issued. • First stage of tender scored. • Second stage of tender issued. <u>Earlston HC</u> <ul style="list-style-type: none"> • Agreement of design. • First stage tender issued. • First stage of tender scored. • Second stage of tender issued. <u>Melrose HC</u> <ul style="list-style-type: none"> • On hold due to option appraisal process with Eildon Practice. 	<u>West Linton HC</u> <ul style="list-style-type: none"> • Second stage of tender scored. • Contractor appointed. <u>Earlston HC</u> <ul style="list-style-type: none"> • Second stage of tender scored. • Contractor appointed. <u>Melrose HC</u> <ul style="list-style-type: none"> • On hold due to option appraisal process with Eildon Practice.
IM&T Road to Digital Programme (tbc) Programme of upgrade to IM&T services – part of this programme is the resilient server facility	1.00	<ul style="list-style-type: none"> • Updating and revision to plans. • Phase 1 mop up. • Cyber essentials technical work. • Start GP& community infrastructure refresh. • Resilient facility options appraisal process. • Start – Windows 10, TRAK, G2 and Theatre system upgrades. 	<ul style="list-style-type: none"> • Phase 1 mop up. • GP & Community infrastructure refresh. • Resilient facility progress with works. • Windows 10, TRAK and upgrades. • Start eCasenotes.
Rolling Programmes			
IM&T	0.30	<ul style="list-style-type: none"> • Start Epex replacement. • Federated TRAK. • SCI store upgrade. • Transport workbench. • NIS Plan. 	<ul style="list-style-type: none"> • PCS v12 • EMIS Mobile. • Windows 10 application work.

Estates Programme & Backlog Maintenance	0.55		<ul style="list-style-type: none"> • Confirmation of Estates rolling programme. • Confirmation on funding availability. • Progress to start elements of agreed work.
Medical Equipment	0.05	<ul style="list-style-type: none"> • Prioritisation schedule of requirements recommended by the Medical Equipment Committee. • Discussions with Clinical Services to agree equipment specifications. 	<ul style="list-style-type: none"> • Procurement and delivery of approved items of equipment.
Patient Flow (tbc) To address the most pressing space needs relating to flow of patient in the BGH	0.20	<ul style="list-style-type: none"> • Currently in delay due to the financial turnaround programme. 	<ul style="list-style-type: none"> • Currently in delay due to the financial turnaround programme.
Borders Health Campus Development (tbc) To create a detailed strategy for the future of NHS Borders	0.08	<ul style="list-style-type: none"> • Currently in delay due to the financial turnaround programme. 	<ul style="list-style-type: none"> • Currently in delay due to the financial turnaround programme.
Simulation Training Facility To upgrade the clinical training facility for NHS Borders (Phase 1 & 2)	0.07	<ul style="list-style-type: none"> • Phase 1 complete. 	<ul style="list-style-type: none"> • Request to delay phase 2 of the project due to impact of financial turnaround programme.
Capital Project Management Support	0.24	<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"> • Some team resource allocated to PMO • Management of Projects • Development of future projects through feasibility.

Uncommitted Resources	0.23	<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.
MRI To install a replacement MRI scanner in the BGH	Unknown	<ul style="list-style-type: none"> Initial discussion with service around high level requirements. Service direction given to install a replacement scanner, not additional. 	<ul style="list-style-type: none"> Assessment of feasibility work. Potential subsequent bid to SG will be made for funding - possible risk of insufficient funds being available following feasibility.
ASDU To install replacement washers in ASDU	Unknown	<ul style="list-style-type: none"> Review of requirements and organisational implications with the service. Exploring contingency arrangements. 	<ul style="list-style-type: none"> Review contingency arrangements with the service. Planning for agreed timeframes. Funding sources to be confirmed – possible risk of insufficient funds being available following feasibility
Anticipated Sale Proceeds	0.10	<ul style="list-style-type: none"> 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 2019/20	3.31		

Charitable/ Externally Funded Capital Projects	Projected resource	Progress in Q1	Planned actions Q2
Borders MacMillan Centre Development Refurbishment and extension to the Borders Macmillan Centre.	Under review	<ul style="list-style-type: none"> • Review of service requirements and projections. • Review of projections in line with current design. 	<ul style="list-style-type: none"> • Paper to be taken to NHS Borders and Endowment Board of Trustees to agree route for progress.
Forensic Examination Facility The creation of a forensic examination facility at the BGH.	Unknown	<ul style="list-style-type: none"> • Set up of SLWG • Purpose of group and governance agreed. • Start of option appraisal process. 	<ul style="list-style-type: none"> • Request to delay this project due to impact of financial turnaround programme.
Adult Changing Facility The creation of an adult changing facility at the BGH.	Unknown	<ul style="list-style-type: none"> • Set up of SLWG • Purpose of group and governance agreed. • Start of option appraisal process. 	<ul style="list-style-type: none"> • Request to delay this project due to impact of financial turnaround programme.
Cauldshiels upgrade works Works to create a suitable compliant accessible bathroom in Cauldshiels	Unknown	Scoping with service to assess requirements.	<ul style="list-style-type: none"> • Request to delay this project due to impact of turnaround works.
Dementia Friendly Work Works to create dementia friendly environments in Cauldshiels and to designate BGH wards.	Unknown	Scoping with service to assess requirements.	<ul style="list-style-type: none"> • Confirm requirements. • Bid to RVS for funding.

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 2020/21 - 2023/24

Appendix 2 details the Capital Plan for 2019/20 including the in year adjustments as detailed in this report, with outline commitments for 2020/21 - 2023/24. Future years at this time should only be considered indicative and in light of recent development will be reviewed for the next detailed capital plan update which is due to be considered by the Board in December.

APPENDIX 1**NHS Borders LDP - Capital Resource Limit****5 year period 2018/19 - 2022/23**

	19/20 £000s	20/21 £000s	21/22 £000s	22/23 £000s	23/24 £000s
Board Capital Resources					
Formula Allocation	2366	2366	2366	2366	2366
Primary Care Health Centre Requirements - Tier 1 and 1a	491	500			
eHealth Division Scottish Government IM&T Infrastructure & Development - tbc	1000	1500	1000		
Borders Health Campus Development - tbc	75	150	150	150	
Patient Flow - tbc	200	2000	800		
Medical Education Training Facility	70				
Transfer of capital resource to support Board revenue position	-1000	-1000	-1000		
Capital Resource Limit Sub Total	3202	5516	3316	2516	2366
Capital Receipts Applied					
Orchard Park St Boswells	100				
Total Capital Receipts Applied	100	0	0	0	0
Total Board Capital Resource	3302	5516	3316	2516	2366
Prioritised Capital Schemes					
BGH					
Borders Health Campus Development - tbc	75				
Patient Flow - tbc	200				
Medical Education Training Facility	70				
IM&T					
Programme IM&T	300	300	300	300	300
eHealth Division Scottish Government IM&T Infrastructure & Development - tbc	1000	1500	1000		
ESTATES & FACILITIES					
Programme Estates	200	200	200	200	200
Risk Assessed Backlog SoTE/Estates Strategy	350	350	350	350	350
MEDICAL EQUIPMENT					
Programme MEC	50	50	50	50	300
Radiology Priority Replacement MRI, Gamma Camera and Mammography - tbc				1000	
OTHER					
Shovel Ready - Feasibility Works	100	100	100	100	100
Primary Care Health Centres (including additional resource SG March 2017)	491	500			
UNCOMMITTED	126				
UNCOMMITTED - Dependent on Sale Proceeds	100				
Project Management	240	240	240	240	240
Total Capital Expenditure	3302	3240	2240	2240	1490