

AGENDA ITEM NO:

UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST

BOARD OF DIRECTORS

THURSDAY 27 JANUARY 2011

Title:	TRUST CAPITAL PROGRAMME REPORT 2010/11
Responsible Director:	Morag Jackson, New Hospitals Project Director
Contact:	Steve Clarke, Finance Department, ext. 53854

Purpose:	To update the Board of Directors on 2010/11 capital expenditure.
Confidentiality Level & Reason:	None
Medium Term Plan Ref:	Relevant to all strategic aims
Key Issues Summary:	To date capital expenditure of £20.198 million has been incurred in the current financial year.
Recommendations:	The Board of Directors is requested to: Note the progress against the 2010/11 capital programme.

Signed:	Date: 18 January 2011
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UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST

BOARD OF DIRECTORS THURSDAY 27 JANUARY 2011

TRUST CAPITAL PROGRAMME REPORT 2010/11

PRESENTED BY NEW HOSPITALS PROJECT DIRECTOR

1. Purpose of the Report

This report contains a summary of the Trust's capital expenditure incurred year to date, along with a progress report on the major capital projects.

2. Expenditure Summary

The 2010/11 capital programme budget is £23.789 million (**Appendix A**). At the end of the third quarter of 2010/11 (April to December) actual expenditure was £20.198 million, as summarised below:

Table 1: Summary 2010/11 Capital Programme Budget & Expenditure

		ANNUAL BUDGET £'000	Apr – Dec Expenditure £'000
1	Brought Forward from 2009/10	1,588	755
2	Estates Development Works	5,275	1,327
3	Equipment	14,032	13,307
4	ICT Trust Works Retained & PACS	925	523
5	Modernisation and Discretionary	600	165
6	IMT Replacement & Modernisation	770	774
7	Pharmacy Automation	1,600	107
8	Laboratory Automation	1,000	61
9	New Hospital Works (Variations)	0	3,179
10	Assumed slippage	-2,000	0
	TOTAL	23,789	20,198

3. 2010/11 Programme Update

3.1 Brought Forward from 2009/10 (£1.588 million)

£755,000 has been incurred up to Month 9. Orders have been raised for a further £200,000 of expenditure, however it is likely there will be an under spend on this budget at the financial year end.

3.2 Estate Development Works

3.2.1 Plaza Re-development (£1.6 million)

The Trust is intending to use the "Procure21" process to select the lead contractor for these works. The lead Quantity Surveyor should be appointed by the end of January 2011 with high level information packs sent out to potential contractors in April 2011. Work is programmed to start in September 2011 between the new hospital main entrance and the railway station. This work is a requirement of the planning consent for the new hospital granted by Birmingham City Council. A Section 106 Agreement is in place between the Trust and Birmingham City Council requiring the work to be undertaken. Discussions are still ongoing between BCC and the Trust as to whether the funding for this project is lodged with BCC in the current financial year prior to the work starting in September 2011.

3.2.2 Wolfson Building (£1.4 million)

This project has been completed and the building occupied. The original business case (July 2009) requested a budget of £2.75 million for this project. Taking account of actual costs incurred in the last two financial years and a forecast of outstanding payments being prepared by the contractors, the overall project cost are expected to be £2.424 million, some £326,000 under budget.

3.2.3 Other Estates Works (£2.3 million)

Small works are being undertaken as required, particularly within Nuffield House to convert areas into offices to meet the office space requirements resulting from the new hospital moves. Due to the focus on the phased new hospital opening, no other major schemes have begun in the current financial year on retained estate. This under spend is offsetting the post completion works undertaken in the new hospital in the year.

3.3 Equipment

3.3.1 New Hospital Related Equipment (£9.6 million)

The full £9.6m has been incurred. This relates to the major medical imaging equipment delivered prior to the phased opening of the new hospital. This includes the three new cardiac catheter laboratories installed in December 2010 prior to move 3. The total budget also includes £550,000 of catering equipment installed into the new hospital. The final elements of major medical and catering equipment are budgeted for in the next financial year with deliveries scheduled for April & May.

3.3.2 Breast Screening Equipment (£0.5 million)

The breast screening expansion and new digitisation equipment began to be installed in October 2010. Although no costs have been incurred to date, invoices are expected in January and the full budget will be used by the end of the financial year.

3.3.3 Ophthalmology Strategy (£0.4 million)

Orders have been placed for most of the approved equipment required for the Vitreoretinal surgery service. To date £240,000 has been incurred but more items are awaiting delivery.

3.3.4 Rolling Replacement Programme (£1.75 million)

£1.7 million of expenditure has been incurred to date, with only a few items awaiting order or delivery. There could be a small overspend on this budget line as a result of actual costs being higher than the budget estimates at the start of the year.

3.3.5 Replacement Scopes (£0.85 million)

£750,000 worth of replacement scopes have been delivered to date. The full budget will be spent by the financial year end.

3.3.6 Other Medical & Replacement Equipment (£0.95 million)

This covers ad hoc replacement equipment. This budget has been fully incurred with expenditure on washer disinfectors, anaesthetic machines, echocardiogram machines, along with various other purchases approved at the regular new hospital Star Chamber meetings.

3.4 ICT Trust Works Retained & PACS (£0.925 million)

The Trust's ICT partner (KCOM) is undertaking ICT works across the retained estate buildings. Work has now been completed on schedule and final invoices are being agreed. The PACS element of this budget (£250,000) will not be spent this year but is required in 2011/12.

3.5 Modernisation & Chief Operating Officer's Capital Fund (£0.6 million)

To date £164,000 has been incurred. However more bids have recently been approved and therefore it is expected that the majority of this budget will be utilised before the financial year end.

3.6 IMT Replacement & Modernisation (£0.77 million)

As at month 9 the IMT expenditure was £770,000, matching the full year budget, with the major project being the replacement and upgrading of Trust's Storage Area Network (SAN) costing £440,000.

3.7 Pharmacy Automation (£1.6 million)

To date £107,000 has been incurred for works to create the pharmacy store at Melchett Road. No further capital expenditure is expected this year. The forecast under spend is offsetting the approved new hospital works as detailed below.

3.8 Laboratory Automation (£1 million)

This project will not now require the significant capital investment previously expected. A smaller amount may be required for potential variations related to the preferred solution; however no more expenditure is forecast in the current financial year. Again, this under spend is offsetting the new hospital works set out below.

3.9 New Hospital Additional Works

As set out in previous Board of Directors reports, several capital expenditure projects are underway in the New Hospital. These include:

- £3 million post completion variations work.
- Installation of the Patient Entertainment system.
- One-off payments to the PFI operator for installation of the ICT infrastructure into the New Hospital.

To date £3.2 million has been incurred on these works in the current financial year. All of these projects are coming to an end. There may be a residual of payments due in 2011/12 depending on progress of works and speed of invoicing in the last few months of the current year. This expenditure is being covered by under spends on retained estate, pharmacy and laboratories capital budgets as set out above.

3.10 Expenditure Summary & Forecast

Capital expenditure to the end of third quarter (April – December 2010) was £20.198 million. This continues to be ahead of the year-to-date budget reflecting the significant investment in major medical equipment, replacement equipment and new hospital works all incurred in the first two quarters of the financial year.

Capital expenditure is forecast to be £23.8 million at the end of the 2010/11 financial year, in line with the approved budget.

4. **Capital Budget Funding**

The current £23.789 million budget was approved by the Board of Directors in April 2010. A draft capital plan for 2011/12 and beyond is nearing completion and will be included in both the 2011/12 financial planning reports to be presented to the Board of Directors in February and April 2011.

All the capital expenditure in 2011/12 is funded from the Trust's internally generated cash. No external funding is anticipated in 2010/11.

5. **Conclusion**

Capital Expenditure at the end of the third quarter (April to December 2010) was £20.198 million; capital expenditure is forecast to be in line with the £23.789 million budget by the end of the financial year. Monthly updates are contained in the monthly Finance and Activity reports presented to every Board of Directors meeting. A more detailed update is scheduled for April 2011 which will include a summary of 2010/11 expenditure and the 2011/12 plan for approval.

6. **Recommendations**

The Board of Directors is requested to:

Note the expenditure to date against the 2010/11 Capital Programme.

Morag Jackson
New Hospital Project Director
27 January 2011

UHBFT CAPITAL PROGRAMME

APPENDIX A

	2010/11 Capital Budget	Approved	Lead
Brought Forward	1,588,045		Various
Retained Estates - Various Works	2,225,000	Retained Estate & New Hospital White Space Jan 2009	Ray Shillam
Retained Estates - Plaza Redevelopment	1,600,000	New Hospital Business Case June 2006	Ray Shillam
Retained Estates - Wolfson Building Refurb	1,450,000	Wolfson Building Refurbishment Report July 2009	Ray Shillam
Equipment - NHS Supply Chain Package	9,032,029	Major Medical Business Case May 2008	Morag Jackson
Equipment - Catering New Hospital	550,000	New Hospital Business Case June 2006	Morag Jackson
Equipment - Breast Screening Equipment	500,000	Chief Executive Advisory Group March 2010	Mike Hallissey
Equipment - Ophthalmology Strategy (Vitreoretinal Surge)	400,000	May 2009 Chief Executive Advisory Group	Stewart Messer
Equipment - Rolling Replacement Programme	1,750,000	Chief Operating Officer Group May 2010	Amanda Hill
Equipment - Replacement Scopes	850,000	April 2010 CEAG Meeting	
ICT - Trust Works Retained	674,515	New Hospital Business Case June 2006	Steve Chilton
PACS	250,000	PACS Business Case April 2008	Paul Brettle
Modernisation Fund	300,000	Items to be approved in line with Trust Standing Orders	Kevin Bolger
Chief Operating Officer Discretionary	300,000	Items to be approved in line with Trust Standing Orders	Kevin Bolger
IMT - Replacement & Modernisation	570,000	More Details to be provided in next Capital Report	Steve Chilton
IMT - Additional Capacity	200,000		Steve Chilton
Equipment - Replacement Items Other	350,000	Items to be approved in line with Trust Standing Orders	Morag Jackson
Equipment - Other Major Medical	600,000	Items to be approved in line with Trust Standing Orders	Morag Jackson
Modernisation - Pharmacy Automation	1,600,000	Business Case To Be Completed	
Modernisation - Laboratory Automation	1,000,000	Business Case To Be Completed	
SUB TOTAL	25,789,589		
Cash Management (Expected Project Slippage)	-2,000,000		
SUB TOTAL	23,789,589		