

AGENDA ITEM NO:

UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST
BOARD OF DIRECTORS
THURSDAY 28 FEBRUARY 2008

Title:	CAPITAL PROGRAMME 2007/08
Responsible Director:	Morag Jackson, New Hospitals Project Director
Contact:	Nigel Shakespeare, New Hospitals Project, 2916 Kevin Small, Planning & Performance, 6879

Purpose:	To provide an update to the Board on progress in the capital expenditure and request the Board to note the forecast outturn for the 2007/08 capital programme.
Confidentiality Level & Reason:	None
Medium Term Plan Ref:	Relevant to all strategic aims
Key Issues Summary:	
Recommendations:	<p>The Board of Directors is requested to:</p> <ol style="list-style-type: none">1. ACCEPT the progress against the 2007/08 capital programme.2. NOTE the forecast outturn for the 2007/08 capital programme.3. APPROVE the expenditure for Radiotherapy equipment to the value of £57,000.4. APPROVE the additional cost relating the completion of the Learning Hub.

Signed:	Date: 20 February 2008
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UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST

BOARD OF DIRECTORS THURSDAY 28 FEBRUARY 2008

CAPITAL PROGRAMME 2007/08

PRESENTED BY NEW HOSPITALS PROJECT DIRECTOR

1. Purpose of the Report

The purpose of this report is to identify progress and identify the forecast outturn for the capital programme for 2007/08. The next paper is scheduled to be presented to the May Board of Directors giving a summary of the Financial Year.

2. Progress

The original capital programme for 2007/8 was £19.075 million. The November 2007 Board of Directors approved a series of changes to the programme which resulted in a reduced capital programme of £17 million. This is summarised below:

Table 1: Summary Capital Programme 2007/08

1	Carry Forward from 2006/07	4,050,000
2	Retained Estate	1,035,000
3	Equipment Replacement	3,000,000
4	IM&T	2,015,000
5	Modernisation	7,675,000
6	Chief Operating Discretionary capital	300,000
7	Assumed slippage	-1,105,000
	TOTAL	17,000,000

3. Update on the Revised Programme

3.1 Carry Forward from 2006/07

The majority of the expenditure brought forward has now been committed (£3.75 million) with the balance relating to the learning hub. This tender has now been let to another company but the works will not begin until March 2008 resulting in the majority of the costs being incurred in the next financial year. The value of the revised tender price is £493,528 meaning an increased cost of £175,560 (net of funds received back from the performance bond on the previous contract).

3.2 Retained Estate

Work is ongoing regarding the surveys. Only essential work is being undertaken at present such as asbestos removal and essential DDA work. As previously identified, additional work is required as the hospital drive drainage system needed upgrading. This tender has now been let with work now expected to begin mid March and will take eight weeks. The cost of this works will be incurred part this financial year and part next financial year.

The works programme for the Radiotherapy Electrical and Mechanical services (circa £140,000) will now not commence until May 2008. Tenders are being sought at present; the works have been re-phrased to reduce impact on staff through potential loss of heating.

The combined effect of these two changes means the forecast outturn for this programme is likely to be £585,000 actual spend against a £1,035,000 budget.

3.3. Equipment Replacement

At the October Chief Operating Officer Group a package of replacement equipment for 2007/08 was approved. Since then Procurement and EBME have been working with clinicians to place orders. The total value of orders placed to date is £2 million with a further £500,000 expected to be placed by the financial year end. Trials of several groups of equipment are on going which is delaying placement of the orders. Also the actual equipment costs achieved have been lower than the original forecasts in a number of areas. The types of equipment included in this package are anaesthetic machines, ventilators, operating tables, monitors and diathermy machines.

3.4 Information Technology

Actual expenditure to date is £600,000. However several large orders have been placed with the Trust's IMT partner Affinity (Kingston Communications) and other suppliers in recent months. The majority of the total budget is expected to be incurred in this financial year subject to suppliers invoicing.

The only area of expected delay is for the Wolfson Building upgrade to the generator and uninterruptible power supply (programmed cost £265,000). The Trust is currently waiting for responses to the Tender with work expected to be started early in the next financial year.

3.5 Modernisation

The overall Modernisation budget is £7.6 million of which £5.8 million has been spent to date with a further £1.0 million of orders placed in recent months. In addition, due to a long lead time one item of high value item of equipment (£165,000) will not be delivered in this financial year.

No further bids from the Modernisation Fund have been approved by the Chief Operating Officer over and above the previously reported £1.205 million. Limited additional expenditure is anticipated in the current financial year against this programme.

The overall £1.1 million slippage is in line with that previously reported.

3.6 Chief Operating Officer Discretionary Capital

In addition to the items previously reported, four more items have been approved by the Chief Operating Officer against the discretionary allocation:-

- Pharmacy LEAN project £10,000
- IT Intranet for LIU (PRISM) £16,000
- Caloric Irrigator £5,000
- Automated Haematology Morphology £8,000

This leaves a balance of £169,000 for the remainder of the year. Several other items are currently being approved which will use up the remaining balance.

4. Forecast Outturn

A first draft of the forecast outturn has been developed as follows:

Table 2: Forecast Capital Programme Outturn 2007/08

		2007/08 Budget	2007/08 Forecast Outturn	2007/08 Variance
1	Carry Forward from 2006/07	4,050,000	3,850,000	-200,000
2	Retained Estate	1,035,000	585,000	-450,000
3	Equipment Replacement	3,000,000	2,500,000	-500,000
4	IM&T	2,015,000	1,750,000	-265,000
5	Modernisation	7,705,000	6,905,000	-800,000
6	Chief Operating Discretionary capital	300,000	300,000	0
7	Assumed Modernisation slippage	-1,105,000		1,105,00
	SUB TOTAL	17,000,000	15,940,000	-1,110,000

5. Public Dividend Capital (PDC)

The Department of Health has confirmed an additional allocation of PDC for Radiotherapy to the value of £57,000. This will be used for Radiotherapy equipment, orders will be placed once approval has been received.

6. Conclusion

Fair progress has been made against the 2007/08 programme, but there is still likely to be an under spend of £1.1 million against the £17 million capital budget. Slippage has been identified in a range of projects in addition to that already noted and agreed in previous reports.

7. Recommendations

The Board of Directors is requested to:-

- 7.1 **ACCEPT** the progress against the 2007/08 capital programme.
- 7.2 **NOTE** the forecast outturn for the 2007/08 capital programme.
- 7.3 **APPROVE** the expenditure for Radiotherapy equipment to the value of £57,000.
- 7.4 **APPROVE** the additional cost relating the completion of the Learning Hub.

Morag Jackson
New Hospitals Project Director

February 2008