

AGENDA ITEM NO:**UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST****BOARD OF DIRECTORS****THURSDAY 22 JULY 2010**

Title:	TRUST CAPITAL PROGRAMME REPORT 2010/11
Responsible Director:	Morag Jackson, New Hospitals Project Director
Contact:	Nigel Shakespeare, New Hospitals Project, 2916

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 £8.87 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: 13 July 2010
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UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST

BOARD OF DIRECTORS THURSDAY 22 JULY 2010

TRUST CAPITAL PROGRAMME REPORT 2010/11

PRESENTED BY NEW HOSPITALS PROJECT DIRECTOR

1. Purpose of the Report

This report contains:

- A summary of expenditure incurred in the 2010/11 financial year.
- An overview of progress against approved projects.
- An update on progress of major capital projects.

2. Expenditure Summary

The capital programme budget for 2010/11 is £23.79 million (detailed breakdown in **Appendix A**). In the first quarter of 2010/11 (April – June) expenditure was £8.87 million. This is summarised below:

Table 1: Summary Capital Programme 2010/11

		ANNUAL BUDGET £'000	Apr – June Expenditure £'000
1	Brought Forward from 2009/10	2,588	432
2	Retained Estate	4,825	233
3	Equipment	13,482	7,993
4	ICT Trust Works Retained & PACS	924	109
5	Modernisation inc. Chief Operating Discretionary	600	0
6	IMT	770	4
7	Pharmacy Automation	1,600	99
8	Laboratory Automation	1,000	0
9	Assumed slippage	-2,000	0
	TOTAL	23,789	8,870

3. 2010/11 Programme Update

3.1 Brought Forward from 2009/10

£432,000 has been spent to date. Purchase orders are in the process of being raised for the remaining items.

3.2 Retained Estate

3.2.1 Plaza Re-development

Advanced works at the New Hospital main entrance are being undertaken by the BNHJV as previously notified. Work is underway on the specification for the wider scheme, meetings are ongoing with Birmingham City Council to finalise the accounting arrangements.

3.2.2 Wolfson Building

The modernisation and refurbishment work for this building is nearing completion. The phased programme of works is on schedule with the full completion expected for late July 2010. Final invoices will be paid over the next 2 - 3 months and a summary of the total cost compared to the approved budget will be provided in the next capital report.

3.2.3 Various Estates Works

The programme of required works is being finalised. Work will commence on the various projects required on retained estate in the current financial year.

3.3 Equipment

3.3.1 Major Medical NHS Supply Chain

The delivery of major medical equipment continued as planned between April and June 2010 in preparation for Phase 1 New Hospital opening. £6.7 million expenditure has been incurred in the current financial year relating to equipment delivered between April and June 2010 including MRI scanners, CT scanners, ultrasounds machines and digital imaging rooms. The remaining budget will be used for more digital imaging rooms and Cardiac Catheter laboratories to be opened in later phases of the new hospital.

3.3.2 Catering New Hospital

Orders have been placed for this equipment required across the new hospital (restaurant kitchen & servery, cold rooms, ward kitchens etc.) To date £470,000 expenditure has been incurred out of the annual budget of £550,000. This is for items including trolleys, dishwashers etc. which are in the process of being installed and commissioned.

3.3.3 Breast Screening Equipment

The exact equipment specifications have been finalised and a purchase order for approx. £700,000 (inc.VAT) has recently

been approved. This purchase was agreed as part of the Breast Screening expansion and digitisation report submitted to the March 2010 CEAG meeting.

3.3.4 Ophthalmology Strategy

Items of equipment are in the process of being ordered and delivered. This equipment is required for the start of the Vitreoretinal Surgery service as part of the wider ophthalmology service strategy.

3.3.5 Rolling Replacement Programme

A paper was presented to the Chief Operating Officers Group on 5 May 2010 detailing the exact items to be replaced in the new financial year. Where the replacement items were needed to facilitate the transfer into the new hospital, orders were raised and equipment delivered. The remaining replacement equipment will be ordered throughout the rest of the financial year. To date £552,000 has been incurred from the annual budget of £1.75 million.

3.3.6 Replacement Scopes

The strategic solution for the Trust on scopes will be decided in the near future. Once agreed orders will be placed.

3.3.7 Other Major Medical & Replacement Items

Across these two categories a £950,000 million budget exists for other items of equipment including items required to assist for the move into the new hospital (electron microscope, operating tables, anaesthetic machines, washer disinfectors etc.) The majority of these purchase orders have been raised.

3.4 ICT Trust Works Retained & PACS

The Trust's ICT partner (KCOM) is undertaking the ICT works across the retained estate buildings. This contract was approved as part of and alongside the New Hospital PFI scheme. The contract has been let and is on target for completion in February 2011. The PACS budget is unlikely to be fully utilised in the current financial year.

3.5 Modernisation Fund and Chief Operating Officer's Discretionary Capital

To date four capital bids have been approved as follows:

Table 2: Approved 2010/11 Discretionary Fund

Scheme	£000s
Portable Bladder Scanner	6
Cryogenic Drystore	12
ENT Microscope	13
Replacement Kit for Radiotherapy (view System)	68
TOTAL	99

This leaves a balance of £501,000 outstanding. Further bids are expected to be submitted throughout the financial year for consideration by the Chief Operating Officer.

3.6 IMT

A detailed programme of requirements are being finalised for the IMT budgets.

3.7 Pharmacy Automation

Discussions are ongoing regarding final requirements.

3.8 Laboratory Automation

Tenders are due back shortly and a final business case will be completed. The extent of the capital requirements will be confirmed once the tenders have been received and evaluated. However, it is unlikely that the costs will be in excess of the budget.

4. **Capital Budget Update**

Following discussions with the Project Managers, it is proposed that some of the 2009/10 brought forward budgets be added to the existing 2010/11 budgets for clarity and to ease the ordering/monitoring process. The changes required include:

Table 3: Brought Forward Budget Update

Description	£
Reduce Brought Forward Wolfson Budgets	-450,000
Add to 2010/11 Wolfson Budget	+450,000
Reduce Brought Forward Major Medical Budgets	-350,000
Add to 2010/11 Major Medical Budgets	+350,000
Reduce Brought Forward Scopes	-200,000
Add to 2010/11 Replacement Scopes	+200,000
NET IMPACT	0

This has no impact on the overall 2010/11 capital budget. This change will be implemented following this Board of Director's meeting.

5. **Funding**

The Trust has internally generated cash available to fund the programme for 2010/11.

6. **Conclusion**

In the first quarter £8.87 million of capital expenditure has been incurred. This compares to the budget for the quarter of £7.39 million which shows that the expenditure is 20% over budget. This is mainly a consequence of the major equipment payments earlier than budget. Further work will continue with the various Project Managers and leads to issue tenders, choose suppliers and raise purchase orders for the outstanding projects which are expected to be delivered or started in the current financial year. A further update will be presented to the October 2010 Board of Directors meeting.

7. **Recommendations**

The Board of Directors is requested to:

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

Morag Jackson
New Hospitals Project Director

13 July 2010