

**AGENDA ITEM NO:**

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST**

**BOARD OF DIRECTORS**

**THURSDAY 28 OCTOBER 2010**

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

<b>Purpose:</b>	To update the Board of Directors on 2010/11 capital expenditure.
<b>Confidentiality Level &amp; Reason:</b>	None
<b>Medium Term Plan Ref:</b>	Relevant to all strategic aims
<b>Key Issues Summary:</b>	To date capital expenditure of <b>£14.487 million</b> has been incurred in the current financial year.
<b>Recommendations:</b>	The Board of Directors are requested to:  <b>Note</b> the progress against the 2010/11 capital programme.

<b>Signed:</b>	<b>Date:</b> 22 October 2010
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# UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST

## BOARD OF DIRECTORS THURSDAY 28 OCTOBER 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 along with an update on progress of major capital projects.

#### 2. Expenditure Summary

The 2010/11 capital programme budget is £23.79 million (breakdown in **Appendix A**). At the end of the second quarter of 2010/11 (April – October) expenditure was £14.487 million, as summarised below:

**Table 1: Summary Capital Programme 2010/11**

		<b>ANNUAL BUDGET £'000</b>	<b>Apr – Oct Expenditure £'000</b>
1	Brought Forward from 2009/10	1,583	681
2	Estates Development Works	5,275	1,274
3	Equipment	14,036	9,990
4	ICT Trust Works Retained & PACS	925	382
5	Modernisation and Discretionary	600	113
6	IMT	770	119
7	Pharmacy Automation	1,600	106
8	Laboratory Automation	1,000	0
9	New Hospital Works (Variations)	0	1,822
10	Assumed slippage	-2,000	0
	<b>TOTAL</b>	<b>23,789</b>	<b>14,487</b>

#### 3. 2010/11 Programme Update

##### 3.1 Brought Forward from 2009/10

£681,000 has been incurred up to Month 6, orders have been raised for a further £500,000 of expenditure however it is likely there will be an under spend on this budget at year end.

##### 3.2 Estate Development Works

###### 3.2.1 Plaza Re-development

The advanced works to the Plaza scheme undertaken by the

Birmingham New Hospital Joint Venture were completed in time for Phase 1 opening in June 2010. The footpath connects to the existing path in front of the Medical School and provides a pedestrian link from the railway station. The main plaza scheme is currently being scoped and it is likely that it will be carried out under the Procure 21 initiative.

### 3.2.2 Wolfson Building

The modernisation and refurbishment work is complete and the building is now occupied. The final account is being prepared by the contractors; initial indications are that the project has been completed under budget. A summary of total costs compared to the approved budget will be provided in the next capital report.

### 3.2.3 Other Estates Works

Small works are being undertaken as required. The remaining Trust estates and capital development staff are heavily involved in the upcoming phases of the New Hospital opening. Therefore it is unlikely that any significant projects on retained estate will be undertaken in this current financial year. The expected under spend on estate works will be used to fund the post completion works being undertaken in the new hospital.

## 3.3 Equipment

### 3.3.1 New Hospital Related Equipment

The new hospital major medical equipment continued to be delivered as per the project plan. To date £7.2 million has been spent, with the remaining 2010/11 budget required for the cardiac catheter laboratories currently being installed. New catering equipment also continues to be installed in several areas of the new hospital (restaurant kitchen & servery, cold rooms, ward kitchens etc.) To date £510,000 expenditure has been incurred out of the £550,000 annual budget.

### 3.3.2 Breast Screening Equipment

The breast screening expansion and digitisation equipment began to be installed in October 2010. No costs are included in the expenditure to date but the purchase order has been raised and the full budget will be used before the end of the financial year.

### 3.3.3 Ophthalmology Strategy

Orders have been placed for most of the approved equipment required for the Vitreoretinal surgery service, however not all the items have been delivered to date.

### 3.3.4 Rolling Replacement Programme

The purchase of the approved items has continued at pace. A number of replacement items were purchased at the start of the year to facilitate the move 1 transfer into the new hospital. £1.4 of the £1.75 million budget has incurred. The remaining budget is fully committed with some items awaiting delivery or required for move 2.

### 3.3.5 Replacement Scopes

Final meetings have been undertaken with the preferred supplier. A purchase order is in the process of being raised with delivery beginning late October 2010.

### 3.3.6 Other Major Medical & Replacement Items

Across these two categories a £950,000 budget exists for the replacement of other equipment. This includes the electron microscope and the washer disinfectors; also this includes any capital items approved at the weekly Star Chamber meeting (operating tables, blood fridges, etc.) for installation into the new hospital. Again this budget has now been fully committed.

## 3.4 ICT Trust Works Retained & PACS

The Trust's ICT partner (KCOM) is undertaking ICT works across the retained estate buildings; these works are proceeding according to plan and scheduled for completion in February 2011. The PACS budget is unlikely to be fully utilised in the current financial year but will be required in 2011/12.

## 3.5 Modernisation Fund and Chief Operating Officer's Discretionary Capital

To date five capital bids have been approved and £113,000 of expenditure has been incurred. Further bids are under consideration and it is expected that most of this budget will be utilised before the financial year end.

## 3.6 IMT

An annual budget of £770,000 is set aside for any replacement, modernisation or additional IT capacity. This has been allocated to the following projects;

- £160,000 various server and hardware replacement.
- £60,000 SAN mirroring project.
- £440,000 Hardware Replacement and upgrading of Storage Area Network (SAN).

The last project is currently under consideration. Should this be

approved, it is likely that the full ICT budget for 2010/11 will be spent.

### 3.7 Pharmacy Automation

It is unlikely that this project is going to incur significant capital expenditure in the current financial year. The forecast under spend will be used to fund the new hospital works set out below.

### 3.8 Laboratory Automation

The Business Case for this project has yet to be finalised. The likely solution is not expected to require a substantial capital investment. Some capital expenditure may be required, but the expected under spend will be used to fund the new hospital works set out below.

### 3.9 New Hospital Additional Works

Since the new hospital opened, the value of the building is shown at an asset on the Trust's Statement of Position (previously Balance Sheet). As such, any works undertaken in the building is shown as capital expenditure on the new hospital asset. This includes costs incurred on the following:

- £3 million post completion variations work.
- Installation of the Patient Entertainment system.
- Installation of the ICT Infrastructure into the new hospital.

This expenditure has been approved by the Board of Directors. No specific capital budget exists for this. The 2010/11 costs will be offset by under spends on the retained estate, pharmacy and laboratories budgets as set out above.

### 3.10 Expenditure Summary

At the end of the second quarter £14.487 million of capital expenditure has been incurred. The forecast capital expenditure for April to September 2010 (Quarter 1 & 2) contained in Monitor submissions was £13.372 million, therefore actual expenditure was circa £1.1 million ahead of plan. This was primarily due to early than expected invoices for the new hospital washer disinfecter (£400,000) and a new hospital variation works invoice (£600,000). It is expected that this will be recovered during that remaining six months of the financial year.

## 4. **Capital Budget Update & Funding**

The current £23.8 million capital budget was approved by the Board of Directors in April 2010. At present it has not been updated to include the £6.1 million investment in two Tomotherapy machines (one NHS and one for the private patient's service). It is understood the agreement with the private sector partner and project plan for installation and building work is nearing completion. Once these are finalised the capital plan for 2010/11 and 2011/12 will be updated.

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

5. **Conclusion**

At the end of the second quarter £14,487 million of capital expenditure has been incurred. Subject to finalisation of the Tomography machine building and installation programme, it is anticipated that the capital budget will break even or show a small overspend at the end of 2010/11 financial year. Work will continue with the various Project Managers and a further update will be presented to the January 2011 Board of Directors meeting. This will include a forecast of the outturn capital expenditure.

6. **Recommendations**

The Board of Directors are requested to:

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

Morag Jackson  
New Hospital Project Director  
October 2010

# UHBFT CAPITAL PROGRAMME

# APPENDIX A

	2010/11	Approved	Lead
<b>Brought Forward</b>	1,588,045		Various
Retained Estates - Various Works	2,225,000	Retained Estate & New Hospital White Space Jan 2009	Ray Shillam
Retained Estates - Faith Centre Contribution	0	Report to Board of Directors 2007	TBC
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	Report scheduled for April 2010 CEAG Meeting	Andrew Arnold
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	
Equipment - New Hospital Growth	0	Business Case To be completed (if required)	Morag Jackson
Equipment - Other Major Medical	600,000	Items to be approved in line with Trust Standing Orders	
Modernisation - Pharmacy Automation	1,600,000	Business Case To Be Completed	
Modernisation - Laboratory Automation	1,000,000	Business Case To Be Completed	
<b>SUB TOTAL</b>	<b>25,789,589</b>		
Cash Management (Expected Project Slippage)	-2,000,000		
<b>SUB TOTAL</b>	<b>23,789,589</b>		

Proposed Application of Financial Penalties and Award of Service Failure Points in Relation to Consort's Proposal

Forecast SFPs and £ deductions based on events continuing to March 2011

		2010					2011					Total Oct-Mar	TOTAL
Bdln:		50%	50%	75%	100%		100%	100% (RP% incr)	100%	100%	100%		
		June	July	August	September	Total to Sept	October	November	December	January	February	March	
Defects Items	SFPs	✓	✓	✓	✓		Counted but to be held in abeyance subject to Consort reaching milestones in agreed programme						
		138,600	286,440	286,440	277,200	988,680	286,440						
	£s	✓	✓	✓	✓		Calculated and to be deducted						
	deductions	£123,463	£255,158	£382,737	£493,854	£1,255,212	£510,316						
	Works Programme for Defects Items		Showers (ward only)		Nurse call		Nurse call	Threshold strips and other defect items					
Standard Services	SFPs	✓	✓	✓	✓		SFPs continue to be counted and accrue for all other parts of the Services						
		5,867	11,009	3,597	1,627	22,100							
	£s	✓	✓	✓	✓		Financial deductions continue to be made for all other parts of the Services						
		£45,342	£66,899	£73,693	£33,068	£219,002							
	<b>Totals to Sept 10</b>						<b>Totals for contract year:</b>						