

Appendix A – 2014/15 Capital Expenditure Overview

1. Purpose

This appendix provides a summary of capital expenditure in the 2014/15 financial year along with a short progress update for the various major approved capital projects. An overview of the 2014/15 total capital investment, sources of financing and the impact on the Trust's cash balance is provided at the end of this document.

2. 2014/15 Expenditure Summary

Actual capital expenditure at the end of quarter 4 was £33.48m as shown below compared to the £34.30m capital budget approved during the year.

Table 1: Summary 2014/15 Capital Programme

Project Description	Reforecast Budget (£m)	Actual Expenditure (£m)
Brought Forward Schemes	0.00	0.24
Estates - ITM Project	11.00	12.43
Estates - QE Site Building Refurbishment	1.40	0.73
Estates - New Hospital Works & Lifecycle	0.93	0.88
Estates – New Office Facilities	8.75	7.94
Estates - Renal Facility Project	1.75	1.15
Equipment - Rolling Replacement	3.16	3.77
Equipment - Major Equipment Replacement	3.61	2.65
Equipment – Other inc. COO Discretionary	1.66	1.40
IMT Replacement & specific projects	1.45	1.62
External Funded Donated Assets	0.60	0.68
TOTAL	34.30	33.48

3. Key Programme Update

- Institute for Translational Medicine (ITM): £12.43m has been incurred on the refurbishment of buildings to create this facility. The main contractor (Vinci Construction) has made good progress in recent months and remains on track to complete works at the end of May enabling commissioning, equipping and fit out in June 2015 as planned.
- Old QE site and QEHB works: To date £0.73m has been incurred on various small projects including refurbishment of Oncology block wards, radiotherapy room 7 and to prepare for a new linear accelerator. A further £0.88m has been incurred in relation to new hospital lifecycle and variation works during the year.
- New offices: To date £7.94m has been incurred to purchase and refurbish the two new office facilities (Regent and Yardley Court). The main works to Regent Court have been completed and this building in

how occupied by staff from the Selly Oak site. Works to Yardley Court are ongoing with completion expected in May.

- Renal dialysis community facility: Expenditure of £1.15m has been incurred by the facilities subsidiary relating to the fit out of the Rabone Lane renal facility. Refurbishment work is ongoing by the contractor with the handover of the facility scheduled for May and “go-live” expected in June 2015.
- Equipment rolling replacement: £3.77m has been invested in the replacement of existing medical equipment. This includes equipment used across most clinical areas such as patient monitors, ultrasound machines, anaesthetic machines, defibrillators and operating microscopes.
- Major medical equipment: £2.65m has been spent during the year including a replacement Linear Accelerator (£1.55m) and a replacement cardiac catheter room (£0.86m) along with several items of mobile imaging equipment. Slippage against budget was incurred due to MRI scanner upgrade planned for in 2014/15 now due to take place in June 2015.
- Other equipment purchases: Expenditure of £1.40m on items included in business cases during the year including a new mass spectrometer, several additional laboratory microscopes and new radiotherapy equipment.
- IT projects: To date £1.62m has been incurred on replacement servers and data storage capacity. This includes all the planned 2014/15 IT investment plus some additional HED server purchases which were funded from external HED service level agreement income.
- Donated Equipment: £0.68m of new equipment has been received primarily via successful bids to the QEHB charity in year by clinical departments.

4. Capitalised Payments and Sources of Funding

In addition to the capital project expenditure outlined above, the Trust incurs two further capital payments relating to the New Hospital, these are the capital repayment of the finance lease and a new hospital lifecycle payment. In 2014/15 these are expected to be £14.44m as follows:

- £12.10m for the repayment of the finance lease creditor i.e. the annual repayment of the capital element of the PFI lease and
- £2.34m for new hospital lifecycle payments.

Table 2 below shows the revised capital budget and sources of funding for capital investments during 2014/15;

Table 2: 2014/15 Capital Expenditure & Sources of Funding

Capital Funding & Expenditure	2014/15 Plan (£m)	2014/15 Actual (£m)
Capital Programme Expenditure	(34.3)	(33.5)
New Hospital Capital Payments	(14.4)	(14.4)
Sub Total Capital Expenditure	(48.7)	(47.9)
External Funding: QEHB Charity	0.6	0.7
External Funding: Central Govt Grant (ITM)	10.6	10.6
External Funding: Public Dividend Capital	9.2	9.6
Trust Funding: 2014/15 Depreciation	20.2	21.7
Trust Funding: 2014/15 Surplus	2.8 ⁽¹⁾	7.0 ⁽²⁾
Proceeds from Sale of Selly Oak Site	-	4.2
Net Capital Funding	43.4	52.4
Net Cash Increase / (Decrease)	(5.3)	4.5

1. Trust planned 2014/15 surplus is £3.00m; this includes £0.20m of donated income already shown in the external funding line on this table
2. The actual surplus for 2014/15 (before accounting adjustments) was £7.67m less actual donation income of £0.70m

To maintain the Trust's overall cash balances, capital expenditure needs to broadly balance the sources of capital funding. Table 3 above shows the revised total planned capital investment for 2014/15 at £48.7m, the actual investment was marginally lower at £47.9m. The total cash impact of 2014/15 capital investments was planned to be a net reduction of (£5.3m), the actual impact was a £4.5m increase due to the higher surplus and the first phase of proceeds from the sale of the Selly Oak site.