

To:	Trust Board
From:	Andrew Seddon, Director of Finance and Business Services
Date:	20 December 2013
CQC regulation:	All applicable

Title: Update of the UHL Capital Plan at the end of November & submission of a revised plan for 2013/14.

Author/Responsible Director: Andrew Seddon – Director of Finance & Business Services,
 Darren Stell – Capital Accountant

Purpose of the Report:

- Highlight the year to date expenditure against the annual capital plan
- Advise on the progress of individual schemes and budgets
- Highlight any potential problems or issues
- Highlight potential cash issues in light of on-going Trust deficits
- Submit a revised plan for 2013/14 for approval

The Report is provided to the Executive Performance Board for:

Decision	X	Discussion	X
Assurance		Endorsement	

Summary / Key Points:

1. The current capital plan for 2013/14 is £39.781m.
2. The year to date (YTD) expenditure at the end of November (Month 8) was £16.1m. This equates to just over 40% of the annual plan being delivered to date.
3. Further orders have been placed for another £10.0m of goods and services that should be delivered within the current financial year. Combined this represents 65% of the plan.
4. Due to the lack of progress on a number of schemes the year end forecast has now being reduced down to £35.485m. This forecast is optimistic and could be reduced further during the year although this may be partially offset by new schemes being developed.
5. A revised capital plan for 2013/14 is presented to re-align the funding with the work being undertaken.
6. The on-going revenue deficits may lead to the capital programme having to be managed to maintain an adequate cash balance in the bank.

Recommendations:

The Trust Board is asked to note the attached report and approve the revised capital plan.

Strategic Risk Register	Performance KPIs year to date N/A
Resource Implications (e.g. Financial, HR) N/A	
Assurance Implications N/A	
Patient and Public Involvement (PPI) Implications N/A	
Equality Impact N/A	
Information exempt from Disclosure No	
For further review? No	

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

TO: TRUST BOARD

FROM: ANDREW SEDDON, DIRECTOR OF FINANCE & BUSINESS SERVICES,
DARREN STELL, CAPITAL ACCOUNTANT

DATE: 20 DECEMBER 2013

SUBJECT: CAPITAL PLAN UPDATE

1. Purpose

1.1. To update the Executive Performance Board on the position of the UHL Capital Plan as at the end of November 2013.

2. Position (See Appendix A)

2.1 The capital plan for 2013/14 is currently £39.781m. Additional PDC of £2.147m has been awarded the Trust from the DoH Energy Efficiency Fund.

2.2 Year to date expenditure at the end of November was £16.134m. Commitments have been placed for another £10m of goods and services that should be delivered within the financial year.

2.3 The full year forecast has been reduced to £35.485m which may be reduced further as the year progresses. This does not assume any expenditure against the CHP schemes at present.

3. Recurrent Budgets

3.1. **IM&T.** IM&T have committed to spend their full allocation within the financial year and have requested additional funds to support storage requirements and to enable the E-Prescribing system roll-out to be completed. There should be a low risk of an underspend due to the flexibility within IM&T to re-allocate funds within schemes if needed to items with a short lead time.

3.2. **Medical Equipment.** The medical equipment plan for the year has been approved and distributed to the CMG's. Delivery of the plan is therefore in the hands of the CMG's. Some slippage and underspends have been identified and the MEE would like approval to re-allocate this funding to other items on the priority list. The planning process for 2014/15 is nearing completion with the intention to present the final list to the January commercial executive. Medium risk of an underspend as delivery of the plan is outside the direct control of the MEE.

3.3. **Facilities.** Approximately half of the sub group budget is being used to finish off schemes that were planned or started last year. Horizons have started placing orders against the remaining budget and they continue to forecast that they will spend their entire budget by year end. Medium risk of an underspend due to the lead time on some works not yet commissioned.

3.4. **Divisional Discretionary Capital / CMG contingency.** Following the restructure to CMG's the divisional discretionary capital has been closed off. The balance of approximately £194K has been used to create a CMG contingency fund. Access to this CMG fund still needs to be agreed and circulated to the CMG management.

3.5. **MES Installation Costs.** We are still to fully complete the replacement of the CT's & MRI's across the 3 sites that started last year. Work is also on-going relating to this year's plan with a forecast overspend of up to £0.75m. Medium risk of underspend as some cost estimates are on the high side and there is a risk that not all schemes will finish this year.

4. Reconfiguration Schemes

4.1. Emergency Floor:

- The discharge lounge expansion has now completed on time and on budget.
- Other interim works are also being carried out in ED to improve the department until the main scheme commences.
- Emergency Floor. FBC due in June 2014. Payment for the OBC and interim payments against the FBC will utilise most of the budget.
- ED Enabling works. Going to feasibility but works will not be undertaken until we receive NTDA approval.

4.2. **Theatre Assessment Area (TAA).** Work is on-going and is forecast to complete at the end of January. Minimal risk of not completing this financial year and only a small risk of overspending against budget.

4.3. **Advanced Recovery Area LRI.** The delayed completion of the TAA will mean this project will start later than originally planned. Medium risk of further slippage if the start is further pushed back.

4.4. **Single Site Take** – GH Vascular Surgery, Hybrid Theatre, GH Imaging. Work to develop the business case and to obtain an estimated cost is underway and is due before the end of the year. Some enabling works are also planned at GH to free up the space needed. Low risk of overspend within current year.

4.5. **Daycase / OPD Hub.** Minimal expenditure forecast this year waiting on conclusion of option appraisal exercise.

4.6. **Ward 4 LGH / H Block Isolation.** The conversion of Ward 4 is now estimated at £750K but we are unlikely to get much done in the current financial year. Medium risk of slippage if the start of the work is delayed.

4.7. **GH Modular Wards.** Feasibility being undertaken but not expecting any further progress this financial year. This plan has now been moved to the LRI and we are progressing a plan to deliver an additional 32 beds and 16 consulting rooms by Autumn 2014. The cost profile is still being developed but is unlikely to be more than £500K in 2013/14.

4.8. **Brandon Unit Refurbishment.** Not expecting this to progress this financial year above design works already completed.

5. Corporate / Other Schemes

5.1. **Osborne Ventilation.** Works to Ward 41 are underway with the forecast completion at the end of February. Partly due to higher than anticipated decant costs and partly due to facilities undertaking other backlog works whilst the ward is empty the scheme is forecasting an overspend of £84K. Low risk of any additional overspends.

5.2. **Endoscopy Redesign LRI.** This has now been completed and whilst we haven't yet agreed final accounts with the contractor it is anticipated that this will come in under budget.

- 5.3. **Maternity Interim Development.** Construction work is ongoing although running behind plan. Work is now planned to run through until October 2014. Some extra works and equipment costs have pushed up the total scheme costs both this year and next year. Medium risk of slippage against plan but also costs increasing due to extra works and equipment costs.
- 5.4. **Aseptic Suite.** Work has finally started but the scheme will now run through into the next financial year. Likely to need around £150K of funding next year in addition to current year budget. Medium to High Risk of further slippage and overspends.
- 5.5. **Stock Management System.** Main part of the scheme cannot commence until the business case is approved by the NTDA. High risk of slippage if the start of the scheme is delayed awaiting NTDA approval. The scheme has gone to the NTDA Capital Investment Group, with feedback awaited.
- 5.6. **LiA Schemes.** New allocation to support developments identified through the LiA process. Medium risk of slippage as no schemes currently identified or approved although these are likely to have relatively short lead times.
- 5.7. **Other Developments.** These include:
- Odames Education Centre. The project group is meeting regularly to work up a preferred solution with the intention of starting building works early in the new financial year.
 - Birthing Pools LRI/LGH. Completion of works funded by a grant at the end of last year.
 - Resus Monitors for ED. Purchase of equipment funded by PCT at end of last year.
 - LRI Boardroom Upgrade.
 - Lloyds pharmacy works. GH & LRI.
 - E-UHL E-learning modules. Capitalisation of new modules purchased by Human Resources.
 - Donations. Includes expenditure relating to the Teenage Cancer Unit and the MacMillan Oncology Information Centre.

6. Capital Plan

- 6.1. A revised capital plan of £40,145 is attached (Appendix B). This includes the award of PDC relating to the replacement of CHP units but not the £2m Transitional Funding we were anticipating earlier in the year. Other budgets have been re-aligned to reflect where the current expenditure is forecast.
- 6.2. Other new schemes include:
- Surgical Assessment Unit LRI. Phase 1 to be undertaken this year. £150K
 - EDRM. Purchase of system and hardware in advance of implementation next year. £1.639m
 - Vascular Enabling GH. Relocate some departments to create space to open extra beds. £200K
 - KSOPD Relocations. Relocate remaining staff to allow building demolition next year. £300K
 - LiA Schemes. Funding to progress capital works identified as part of the LiA process. £500K

6.3. UHL has been awarded capital funding (PDC) from the DoH Energy Efficiency Fund of £2.127m to enable the replacement of Combined Heat & Power (CHP) units at the LRI & GH. We are trying to secure this funding to allow us to deliver these in March.

6.4. Work has started on developing the capital plan for 2014/15 in conjunction with the revenue planning process.

7. Conclusion

7.1. Currently we have only spent 40% of the current annual plan. The forecast shows an anticipated underspend against the plan.

7.2. A lot of schemes are currently being planned which cannot be completed within the current financial year. These schemes will form a sizeable pre-commitment against next year's capital programme.

7.3. Whilst there is already a high chance of slippage against the capital plan, the Trust cash position may necessitate elements of the capital plan being managed to maintain working cash balances.

APPENDIX A

University Hospitals of Leicester NHS Trust
Capital Expenditure Report for the Period 1st April 2013 to 31st March 2014

	Capital Plan 2013/14 £000's	YTD Spend 13/14 £000's	Expenditure Profile												Forecast Out Turn £000's	Variance £'000's
			Actual								Forecast					
			Apr £000's	May £000's	Jun £000's	Jul £000's	Aug £000's	Sep £000's	Oct £000's	Nov £000's	Dec £000's	Jan £000's	Feb £000's	Mar £000's		
Recurrent Budgets																
IM&T	3,375	2,829	69	226	290	203	688	311	1,031	12	400	400	400	396	4,425	(1,050)
Medical Equipment	4,187	2,667	264	7	209	119	386	347	904	431	72	0	518	930	4,187	0
Facilities Sub Group	6,000	1,888	286	204	193	388	261	143	78	334	500	750	1,250	1,612	6,000	0
Divisional Discretionary Capital	406	322	150	65	9	10	16	12	56	4	48	36	0	0	406	0
MES Installation Costs	1,750	1,582	38	178	343	455	40	403	32	92	200	200	250	268	2,500	(750)
Total Recurrent Budgets	15,718	9,287	807	680	1,045	1,174	1,392	1,215	2,102	872	1,220	1,386	2,418	3,206	17,518	(1,800)
Reconfiguration Schemes																
Emergency Floor	4,000	1,197	2	7	14	79	79	130	312	575	300	500	750	653	3,400	600
Theatres Assessment Area (TAA)	1,549	981	4	10	27	30	491	172	75	171	200	191	208	0	1,580	(31)
Advanced Recovery LRI & LGH	625	149	63	(7)	55	11	7	(6)	18	8	15	15	100	235	514	111
GGH Vascular Surgery	1,156	28	0	0	0	0	0	0	24	4	0	0	100	705	833	323
Hybrid Theatre (Vascular)	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
Daycase / OPD Hub	350	0	0	0	0	0	0	0	0	0	0	0	0	0	0	350
GH Imaging	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
Ward 4 LGH / H Block Isolation	283	1	0	0	0	0	0	0	1	0	32	50	100	100	283	0
Modular Wards	4,050	0	0	0	0	0	0	0	0	0	43	0	0	0	43	4,007
Brandon Unit Refurb: OPD 1-4	2,000	106	0	0	0	0	5	4	1	95	0	0	0	16	122	1,878
ITU	140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	140
Poppies Conversion	250	28	0	0	0	0	0	0	0	28	0	100	100	72	300	(50)
Feasibility Studies	100	33	0	0	0	0	0	0	35	(2)	5	5	5	12	60	40
Total Reconfiguration	15,503	2,523	70	10	96	121	582	300	465	880	595	861	1,363	1,793	7,135	8,368
Corporate / Other Schemes																
Osborne Ventilation	566	230	0	0	0	0	13	(1)	18	199	100	110	110	100	650	(84)
Endoscopy Redesign	250	152	0	80	(1)	24	5	28	16	1	14	0	0	0	166	84
Maternity Interim Development	2,800	1,547	3	18	9	273	388	332	190	334	330	362	354	407	3,000	(200)
Aseptic Suite	650	17	7	0	1	0	0	2	5	1	150	150	150	183	650	0
Diabetes BRU	600	719	0	62	125	128	141	37	105	121	1	0	0	0	720	(120)
Respiratory BRU	500	731	3	809	(245)	190	9	(46)	10	1	0	0	0	1	732	(232)
Stock Management System	3,000	187	0	0	0	0	0	0	3	185	20	800	1,000	993	3,000	0
LIA Schemes	0	0	0	0	0	0	0	0	0	0	100	100	150	150	500	(500)
CMG Contingency	194	0	0	0	0	0	0	0	0	0	44	50	50	50	194	0
Other Developments	0	742	163	123	91	36	69	(9)	104	163	100	100	100	178	1,220	(1,220)
	8,560	4,324	177	1,093	(20)	650	625	343	450	1,006	859	1,672	1,914	2,063	10,832	(2,272)
Total Capital Programme	39,781	16,134	1,054	1,783	1,121	1,945	2,598	1,858	3,017	2,759	2,674	3,919	5,695	7,062	35,485	4,296

APPENDIX B

Capital Plan 2013/14

Version 30 - December 2013

2013/14
£ ' 000

Recurrent Budgets - Approved

IM&T Sub Group Budget	4,425
Medical Equipment Executive Budget	4,187
Facilities Backlog Maintenance	6,000
Divisional Discretionary Capital	381
MES Installation Costs	2,500
Feasibility Studies	100
	<hr/> 17,593

Schemes - approved Business Cases

Maternity Interim Development	3,000
Theatres Assessment Area (TAA)	1,580
Advanced Recovery LRI	514
Osborne Ventilation	650
Poppies conversion	300
Stock Management Project	2,800
Endoscopy redesign LRI (JAG compliance)	165
	<hr/> 9,009

Schemes approved re. annual Cap Prog

Emergency Floor	3,500
SST - GH Vascular Surgery	650
	<hr/> 4,150

Planned Schemes

Isolation of 'H Block' LGH	33
Ward 4 refurbishment LGH	250
Modular Wards GH / LRI	500
Brandon Unit refurb - Clinics 1-4	100
Interim ITU Developments	140
Daycase / OPD Hub	328
CHP Units LRI & GH	2,147
Surgical Assessment Unit	150
Vascular Enabling	200
Endoscopy GH	100
EDRM System	1,639
	<hr/> 5,587

Corporate / Other Schemes

Medical Equipment Library	55
Kensington Reception	30
Pharmacy Alterations GH	100
Pharmacy Modular Building LRI	150
KSOPD Relocations	300
Boardroom LRI	55
LIA Schemes	500
MHU Alterations	39
CMG Contingency Budget	147
Aseptic Suite	650
Diabetes BRU Development	750
Respiratory BRU - Third Floor	730
Donations	300
Cohort OH System	
	<hr/> 3,806

Total Capital Plan

40,145

Funding

Depreciation / CRL / Disposals	32,452
DoH Energy Efficiency Programme	2,147
Unspent capital cash from previous year	5,246
Donations	300
	<hr/> 40,145 <hr/>

Total Source of Funds

40,145
