

NHS Greater Glasgow and Clyde	Paper 22/62
Meeting:	NHS Board Meeting
Meeting Date:	23 August 2022
Title:	Capital Plan: 2022/23 - 2024/25
Sponsoring Director/Manager:	Colin Neil, Director of Finance
Report Author:	Joe McBride, Head of Finance - Capital

1. Purpose

The purpose of the attached paper is to ensure that:

- The Board is aware of, and agree, the content of the proposed Capital Plan for final approval.
- Financial and Corporate Governance routes are followed in line with Board Standing Financial Instructions.

2. Executive Summary

The paper can be summarised as follows:

- The attached paper identifies the NHS GG&C Capital Plan for the 3-year period 2022/23 – 2024/25 taking account of all estimated capital resources available including: national formula allocation, additional (project) specific funding and planned asset disposals.
- Estimated capital resources available to the Board for the 3-year period within the paper are £85.1m, £84.1m and £43.6m respectively
- Details of income sources and planned areas of expenditure are included within the attached paper.
- Following allocation of capital resource to all known and agreed areas of expenditure, there remains an unallocated budget balance of £9.1m, £12.1m and £18.2m in the 3-year period. These amounts are allocated throughout year (ensuring that the current financial year 2022/23 is fully allocated timeously) via the appropriate Corporate Governance process relative to the value of the individual capital bid.

3. Recommendations

The Board is asked to consider the following recommendation:

- Note and approve the Capital Plan for the period 2022/23 to 2024/25

4. Response Required

This paper is presented for approval

5. Impact Assessment

The impact of this paper on NHSGGC's corporate aims, approach to equality and diversity and environmental impact are assessed as follows:

- | | |
|------------------------|-----------------|
| • Better Health | <u>Positive</u> |
| • Better Care | <u>Positive</u> |
| • Better Value | <u>Positive</u> |
| • Better Workplace | <u>Positive</u> |
| • Equality & Diversity | <u>Neutral</u> |
| • Environment | <u>Positive</u> |

6. Engagement & Communications

The issues addressed in this paper were subject to the following engagement and communications activity

Budget process co-ordinated by Head of Capital Finance in conjunction with:

- SGHSCD
- Capital Planning
- Estates & Facilities
- Procurement
- Medical Equipment/Radiography
- eHealth
- Capital Planning Group

Approved by the FP&P and Corporate Management Team

7. Governance Route

This paper has been previously considered by the following groups as part of its development:

- Corporate Management Team : 4 August 2022
- Approved at FP&P Committee 9 August 2022.

8. Date Prepared & Issued

Prepared on 1 August 2022
Issued on 16 August 2022

Greater Glasgow & Clyde NHS Board

23rd August 2022

Capital Plan: 2022/23 to 2024/25

PURPOSE OF THE PAPER

The purpose of the paper is to inform the Board of the estimated available capital resources for 2022/23 - 2024/25 and request approval of the 3-year budgets as presented.

FORECAST CAPITAL RESOURCES 2022/23 – 2024/25

An estimate of Capital resources for each of the 3 years is shown in the table below

FUNDING SUMMARY	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
SGHSCD National Formula	39,294	39,294	39,294
SGHSCD Additional Ring Fenced Funding	45,002	47,760	7,313
Capital Receipts	1,666	0	0
Revenue Budgets	2,036	0	0
GP Loans	96	0	0
Gross Total	88,094	87,054	46,607
Est Capital to Revenue Transfer	-3,000	-3,000	-3,000
Net GG&C Capital Resources	85,094	84,054	43,607

SGHSCD National Formula

This is a fixed annual amount and represents GG&C's share of the national capital funding available to all Scottish Health Boards. It should be noted that the formula allocation of £39.3m received from the Scottish Government was increased by 5% (£1.87m) in 2022/23 for the first time in a number of years.

SGHSCD Additional Specific Funding

In addition to the National Formula allocation, SGHSCD fund a number of projects that have been agreed in advance either in principle or funding has been secured. The estimated funding streams are shown in the table below

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Specific Project Funding	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
North East Glasgow Health & Care Centre	24,462	28,996	2,629
Relocation of Radionuclide Dispensary	479	11,780	621
WoS Thrombectomy Service	5,377	882	-
Radiotherapy Equipment Replacement Programme	7,956	6,102	4,063
National Infrastructure Board Equipment	6,728	-	-
Total	45,002	47,760	7,313

North East Glasgow Health & Care Centre

Building work is well underway at the new North East Health Centre and should be complete by Autumn 2025/26. Total cost is c. £72m with the majority of spend coming through in the first three years of the current plan. £3.5m of the total costs are being funded by Glasgow City Council, with the equipment at circa £3m funded by GG&C's share of national formula funding.

Relocation of Radionuclide Dispensary

The Radionuclide Dispensary relocation project is currently going through OBC stage. It is hoped to be fully approved and underway in 2023/24 with some fees and other expenditure being incurred in 2022/23.

West of Scotland Thrombectomy Service

The West of Scotland Thrombectomy Service at the INS will see two new Bi-Planars and CT Scanners installed in 2022/23 and 2023/24.

Radiotherapy Equipment Replacement Programme (RERP)

This centrally funded scheduled equipment replacement programme provides for high value single items of equipment and will fund two Linear Accelerators and CT Simulators.

National Infrastructure Board Equipment Funding

The centrally funded programme scheduled equipment replacement programme will fund items such as Endoscopes and cameras, Ultrasound equipment together with MRI Scanner upgrades.

Estimated Capital Receipts

SGHSCD have agreed that the Net Book Value (NBV) of property disposals may be retained to fund Capital Expenditure within GG&C. Estimated disposals are shown in the table below. There is always an element of risk attached to planned disposals and the estimated value of the resource will be monitored throughout the year and adjusted as necessary should any planned disposals be delayed or not come to fruition through, for example, planning delays.

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Asset	2022/23	2023/24	2024/25
	NBV £'000s	NBV £'000s	NBV £'000s
Dykebar Hospital (Land)	716	-	-
Lennox Castle Hospital	350	-	-
Former Clydebank Health Centre	600	-	-
Total	1,666	-	-

Other planned disposals such as Cathcart Centre in Greenock, Dumbarton Cottage Hospital and South Street, Greenock have not been included until there is more certainty on disposal timing and value.

Revenue Funding

An amount of £2,036k has been include in lieu of an amount carried forward by HSCPs for Primary Care Improvement Plan works for Glasgow HSCPs and slippage in other minor works carried forward from 21/22.

The total estimated cost of PCIP works in 2022/23 is in the region of £7m and will be funded by the HSCP's. Further budget resource will be added as costs and funding are agreed throughout the year.

Estimated Capital to Revenue Transfer

An indicative amount of £3m has been included to assist with expenditure that has historically been included within the capital plan but is revenue in nature. These costs tend to be incurred within the "Minor Works" budgets. The value of the transfer is not finalised until nearer the year end and is likely to change from the £3m estimate.

GP Loans

General Practitioner (GP) Loans are centrally funded by SGHSCD. There is currently one loan being processed at a value of £96k and has been included within the plan. As new loans emerge throughout the year, additional funding is sought from and will be granted by SGHSCD

Initial Capital Resource Limits

The SGHSCD set three main financial targets for NHS Boards, one of which is the "Capital Resource Limit" (CRL). This represents the maximum agreed value for "net" (excluding other funding sources) capital expenditure by the Board in any given year.

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CAPITAL RESOURCE LIMITS	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
Total Capital Resources	88,094	87,054	46,607
Less: Estimated Capital to Revenue transfer	-3,000	-3,000	-3,000
Less: Estimated Land Receipts	-1,666	-	-
Less: Funding to date from revenue budgets	-2,036	-	-
Initial Capital Resource Limit	81,392	84,054	43,607
Reconciled as:			
Total SGHSCD Funding Allocations	84,392	87,054	46,607
Less: Capital to Revenue Transfer	-3,000	-3,000	-3,000
Initial Capital Resource Limit	81,392	84,054	43,607

The value of the CRL will change throughout the year as additional funding is received from SGHSCD and/or the capital to revenue transfer value is amended.

CAPITAL EXPENDITURE

Summary 3-year budgets have been set as shown in the table below:

SUMMARY	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
Site Based Projects	11,911	13,942	621
Minor Works	8,935	9,000	10,000
Acute Minor Works	527	500	-
HSCP PCIP & Minor Works	1,813	500	0
Medical Equipment	11,890	5,000	5,000
Corporate	4,524	620	100
eHealth	2,180	4,000	4,000
Health Centres	25,156	32,266	2,629
Imaging	409	-	-
Radiotherapy Equipment Replacement	8,698	6,102	3,079
Total Allocated Capital Expenditure	76,043	71,930	25,429
Total Funding Available	85,094	84,054	43,607
Unallocated Budget	9,051	12,124	18,178

2022/23 Budgets: Treatment of Slippage and Acceleration

Budgets have been adjusted to take account of slippage re-provided where capital schemes have carried forward expenditure to 2022/23 or conversely, expenditure has been accelerated from 2022/23 and incurred in 2021/22.

Site Based Projects

	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
Relocation of Radionuclide Dispensary	728	11,780	621
GRI Theatre C Upgrade	600		
GRI Robot Enabling works	210		
GRI Adult Burns Hub Building Upgrade	296		
RHC CDU Cubicles Upgrade	28		
QEUH CMB Building Upgrade	592		
QEUH Campus Waste Hold Doors	891	530	
QEUH INS Ward 67 HAI Upgrade	750		
QEUH INS Ward 62 HAI Upgrade		750	
QEUH INS Upgrade Electrical Substation	558		
QEUH INS Thrombectomy Enabling Works	3,062		
QEUH INS Bi-Planars x 2	2,764		
QEUH INS Thrombectomy CT Scanner & Enabling Works		882	
QEUH INS Thrombectomy IT Works	15		
RAH Trauma Assessment Unit-Phase 2	610		
Vale of Leven Upgrade to Endoscopy Services	807		
Total Site Based Projects	11,911	13,942	621

Of the £11,911k planned expenditure in 2022/23, £6,055k is funded from formula and capital receipts whilst £5,856k is funded from specific allocations made by SGHSCD.

£8.660k will be invested at the QEUH/INS on the Thrombectomy service, upgrade of Ward 67 and the ongoing works to replace the Waste Hold doors.

A further £728k will see the beginning of the Radionuclide Dispensary relocation as it reaches FBC approval and £610k will be invested in the phase 2 upgrade works to the RAH Trauma Assessment Unit.

Rectification works required at the QEUH have not been included within the initial budgets. A (new) QEUH Construction Defects Rectification Project Board has been put in place to address the works and resources required alongside funding issues.

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£592k has been allocated to upgrade the CMB building for use by the Rectification Works site team

£807k has been allocated to address non-compliance in Air Handling Units supporting the Endoscopy suite at the Vale of Leven Hospital. Contribution is being sought from the PFI provider via the contract, in lieu of replacement required ahead of schedule.

Minor Works Schemes

	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
GENERAL BOARDWIDE ALLOCATION *	1,297	9,000	10,000
GRI	1,476	-	-
GARTNAVEL GENERAL	556	-	-
QEUH	990	-	-
RAH	666	-	-
IRH	1,050	-	-
VALE OF LEVEN	815	-	-
ENERGY SCHEMES	714	-	-
HSCP (Estates & Facilities led schemes)	720	-	-
BOARDWIDE	466	-	-
PRIOR YEAR SCHEMES C/F	185		
Total	8,935	9,000	10,000

All minor works costs are initially funded from formula and capital receipts and an adjustment is carried out at year end to properly account for works that are revenue in nature. In addition to the above Estates led allocations, Acute "Site led" Minor Works schemes have been allocated a further £515k. £7.6m has been allocated across the sites as listed above and a further £1.3m remains to be allocated to specific projects identified by Estates & Facilities Team.

* A nominal amount of £10m has historically been allocated to Minor Works, with an agreed split between Board-wide works (£9m) with Acute Minor Works & HSCP's both receiving £500k up until the end of 2023/24 where the full £10m reverts to a Board wide allocation.

HSCP's

	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
Primary Care Improvement Plan (to date)	1,165	-	-
East Dunbartonshire Minor Works	36	-	-
East Renfrewshire Minor Works	24	-	-
Renfrewshire Minor Works	54	-	-
West Dunbartonshire Minor Works	34	-	-
General Allocation	500	500	-
Total	1,813	500	-

HSCP's have been allocated £500k pa to 2024/25 from the formula allocation as previously agreed.

As identified in the funding analysis above, the total cost of Glasgow HSCP Primary Care Improvement Plan works will be in the region of £7m and will be funded by the HSCP's in addition to the £1,1m shown above (to date). Further budget resource will be added as costs and funding are agreed throughout the year.

Medical Equipment

A nominal amount of £5m pa has historically been allocated to Medical Equipment from the formula allocation. The opening 2022/23 budget has been adjusted by £446k to account for accelerated expenditure in 2021/22 and reverts to £5m in 2023/24 and 2024/25 respectively. Specific allocations are made from the main budget to "Fleet" and "Emergency" equipment purchases throughout the year.

£6.7m of equipment will also be purchased utilising National Infrastructure Board funding as identified above whilst a further £608k of equipment will be purchased using revenue to capital transfers from the Service.

Corporate Allocations

	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
Feasibility Studies (General)	323	100	100
Decontamination works (IRH, GRI, VoL. Stobhill)	1,788	-	-
Hillington Laundry Equipment	1,174		
RAH Kitchens Upgrade	1,040	520	
Other Revenue Funded Schemes	103		
GP Loans	96	-	-
Total	4,524	620	100

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£4.002m of funding has been allocated to three major Estates & Facilities projects as shown in the table above whilst £323k has been allocated to agreed feasibility studies to be carried out in 2022/23 and a further £100k general allocation for 2023/24 and 2024/25. GP loans of £96k are separately funded by SGHSCD.

eHealth

	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
eHealth General	1,139	4,000	4,000
PACS Server Upgrade & Workstations	647	-	-
Image Vault Software	394		
Total	2,180	4,000	4,000

A nominal amount of £4m pa has historically been allocated to eHealth from the formula allocation. The 2022/23 budget has been adjusted by £2,861k in lieu of 2021/22 accelerated spend and reverts to £4m in 2023/24 and 2024/25 respectively.

It should be noted that the unusually large accelerated spend value of £2,861k was incurred to assist with the overall Board capital plan. This relates to £930k of eHealth (22/23 planned) spend incurred in lieu of the delay in the new Bishopton Health Centre (Dargavel) and a further £1,931k of 22/23 planned expenditure incurred to assist with the late provision of funding by SGHSCD to support a new Laboratory Information Management System (LIMS). LIMS originally had a £4.9m allocation from our 2021/22 formula in the capital plan. The balance of the gap was filled by an additional capital to revenue transfer of £2.9m in 2021/22

£647k has also been allocated in the final year of funding required to the PACS System throughout the Board to purchase new data storage software.

Health Centres

	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
Current Bishopton HC Upgrade Works	263	-	-
New build Bishopton HC (Dargavel)	431	3,270	-
New build Glasgow North East HC	24,462	28,996	2,629
Total	25,156	32,266	2,629

£263k has been allocated from the formula allocation to complete the upgrade works required at the current Bishopton Health Centre in addition a further £431k has been allocated in 2021/22 and £3,270k in 23/24 to fund the planned new build Health Centre

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to support Dargavel Village. A further £1m of funding will be received from BAE systems to bring the total new build cost to £4.7m. Planned completion is in 2023/24.

As identified above, the building work is now underway at the new North East Health Centre with a planned completion in 2025/26. Total cost is c. £72m with £56.1m budgeted for within the current 3-year plan. All costs shown are net of funding being provided by Glasgow City Council.

Imaging

£409k of 2022/23 slippage has been allocated from the formula allocation to purchase PET CT equipment in 2022/23.

Radiotherapy Equipment Replacement Programme (RERP)

RERP is a centrally ring fenced funded national equipment replacement programme to support the purchase of high value single items of medical equipment such as Linear Accelerators and CT simulators across 4 specialist sites in NHS Scotland. GG&C's share is as shown below.

£742k has been reprovided from the formula allocation due to slippage in the 2021/22 programme whilst a further £7,956k will be centrally funded in 2022/23, £6,102k in 2023/24 and £3,079k in 2024/25 respectively.

Unallocated Capital Budget

	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s
Total	9,051	12,124	18,178

The budgets as presented, leave unallocated balances as shown in the table above.

It is essential that planned spend is incurred as early in the financial year as possible in order to accommodate over and underspends throughout the year and meet the CRL target.

Paying particular attention to 2022/23, there remains a £9.1m unallocated balance for which there is no current approved planned expenditure.

Capital bids are made through the normal Corporate Governance processes in place with particular reference to current SFI's and authorisation limits, alongside the new Asset Investment Prioritisation process now in place.

Recommendation

The Board is asked to approve the Capital Plan as presented for 2022/23 – 2024/25.