

NHS Greater Glasgow and Clyde	Paper No. 24/50
Meeting:	NHSGGC Board Meeting
Meeting Date:	30 April 2024
Title:	Capital Plan 2024/25 – 2026/27
Sponsoring Director/Manager:	Colin Neil : Director of Finance
Report Author:	Joe McBride : Head of Finance – Capital

# 1. Purpose

The purpose of the paper is to inform the Board of the estimated available capital resources for the period 2024/25 - 2026/27, and to inform on the allocation of capital in the initial 3-year plan as presented. The Capital Plan is for approval based on prioritised decisions made to date and agreed via the Corporate Management Team (CMT) and the Finance, Planning & Performance Committee (FP&P).

### 2. Executive Summary

#### The paper can be summarised as follows:

- Update on Scottish Government Capital Funding position
- Assessment of GG&C Capital Funding
- Impact on GG&C Capital Expenditure Plans
- Breakdown between core capital and additionally funded schemes
- Current prioritised allocations and remaining level of available funds for in year allocation following Board wide prioritisation via capital and planning and CMT

### 3. Recommendations

The Board is asked to approve the current plan recognising that further work will be undertaken by the Director of Estates & Facilities and taken to CMT as part of the approvals process.

A prioritised list of infrastructure schemes is being compiled by the Director of Estates and Facilities, and a further paper will be presented to CMT in May 2024 to inform further allocation decisions in 2024/25.

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The current paper indicates the finance plan as it stands and the remaining level of available resource within the financial year which will have due governance in terms of approvals during the financial year.

# 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: (*Provide a high-level assessment of whether the paper increases the likelihood of these being achieved.*)

• B	etter Health	Positive Impact
• B	etter Care	Positive Impact
• B	etter Value	Positive Impact
• B	etter Workplace	Positive Impact
• E	quality & Diversity	Positive Impact
• E	nvironment	Positive impact

# 6. Engagement & Communications

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

Joint working on Infrastructure Priorities

- Estates
- Capital Planning
- Property & Asset Management
- Finance

### 7. Governance Route

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

CMT 4<sup>th</sup> April 2024 FP&P 9<sup>th</sup> April 2024

# 8. Date Prepared & Issued

Paper prepared: 16<sup>th</sup> April 2024 Paper issued: 23<sup>rd</sup> April 2024



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# 1. Introduction

The purpose of the paper is to inform the Board of the estimated available capital resources for the period 2024/25 - 2026/27, and to inform on the allocation of capital in the initial 3-year plan as presented. The Capital Plan is for approval based on prioritised decisions made to date and agreed via the Corporate Management Team (CMT) and the Finance, Planning & Performance Committee (FP&P).

It should also be recognised that from this baseline position a prioritised list of infrastructure schemes is being compiled by the Director of Estates and Facilities, and a further paper will be presented to CMT in May 2024 to inform further allocation decisions against the 2024/25 available funding.

# 2. Background

The Capital Plan is in constructed against a background of constraint on Capital budgets by the Scottish Government as communicated to Boards in December 2023. Albeit, it should be recognised that core capital levels are protected and NHSGGC has a number of additional schemes which will continue to be supported by additional funding from the Scottish Government.

#### Formula Capital & Projects under Construction

- There will be a reduction in the total National core Capital funding of £59m (to £314m) in 2024/25
- Formula Capital for all Boards will be maintained at 2023/24 levels (NHSGGC £39.3m)
- All major NHSGG&C projects in construction will continue to be funded, namely:-
  - NE Hub / Parkhead
  - QEUH Rectification Programme

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- Radiotherapy Equipment Replacement Programme (RERP)
- National LIMS Project (Laboratory Information Management System)

Scottish Government indicated in December 2023 that there will be no additional funding beyond the areas noted above.

### New Developments & Capital Planning

In December 2023 it was noted that no funding is anticipated to be made available for the development costs of new projects for at least the next two financial years. This negates any previous commitments made by Scottish Government and discussions have taken place with individual Boards to assess any local impact.

#### Small Scale Projects

Scottish Government have indicated that Boards should not anticipate additional funding in 2024/25 even if funding has previously been agreed. Therefore formal agreement on progressing needs to be in place in advance.

#### Areas under Review

#### **INS:** Business Case (Initial Assessment approved).

Work has now been completed to take the current option appraisal exercise to a final preferred ("pre Outline Business Case") option for further consideration, however no funding has been agreed to be provided beyond 31<sup>st</sup> March 2024.

#### Radionuclide Dispensary (RND) Relocation.

Full Business Case (FBC) is currently being completed. Future year's cost estimated at £18.8m (at OBC stage) with phasing over 2 financial years, pending Scottish Government approval and site start date.

The RND project has <u>not</u> been classed as a "new development" as initial expenditure has been incurred, with Scottish Government already providing funding of c£2.0m up until 31<sup>st</sup> March 2024.

Scottish Government has written to the Board, recognising that the risks being managed relative to the Radionuclide project are significant and requested that the Board continues to work on progressing the FBC.

Scottish Government also noted that their funding position may mean that there is a delay between approving the FBC and RND construction starting, however, importantly noted that the project remains a high priority and is the one exception being made to the instruction to pause all projects currently in development.

CMT previously agreed (March 2024) that the RND was a priority for the Board and that the Capital Plan should incorporate the cost of progressing this essential project from formula capital in lieu of full funding being provided by Scottish Government at a future date, which may be phased over an alternative time period pending availability of resource.

### Summary Impact on Capital Plan

- Formula Capital secured (although held at 2023/24 level)
- Land sale receipts to be retained by Boards for reinvestment.
- NE Hub, QEUH Rectification Works, Radiotherapy Equipment Programme and National LIMS Project will be funded.
- Capital Funding for RND not yet secured however working with Scottish Government colleagues, who support work continuing, to establish what can be supported and the timeframe associated with funding. Completion and approval of the FBC will be key in the timeline for delivery.
- No funding for INS Project or any other new capital projects at present, albeit close dialogue with Scottish Government colleagues will continue.

# 3. Assessment

### Forecast Capital Funding 2024/25 – 2026/27

Forecast Capital funding is as shown in the table below:

FUNDING SUMMARY	2024/25	2025/26	2026/27
	£'000s	£'000s	£'000s
SG National Formula Allocation	39,294	39,294	39,294
SG Additional Projects being Supported	36,339	42,029	27,107
NBV of Disposals (Capital Receipts) Dykebar	716	-	-
Gross Total	76,349	81,323	66,401
Requested Capital to Revenue Transfer	(3,000)	(3,000)	(3,000)
Net GG&C Capital Resources	73,349	78,323	63,401

# Table 1 – Funding Summary

The additional projects funded by Scottish Government as noted above are as follows:

#### Table 2 – Additional Supported Projects

Additional Project Funding Supported by SG	2024/25	2025/26	2026/27
	£'000s	£'000s	£'000s
Glasgow NE Health Centre (Build)	3,324	634	-
QEUH RW : Atrium, Fees, Staff Team	9,325	8,645	5,887
QEUH RW : Other Works Pending SG approval process	15,919	22,265	14,040
RERP	6,984	9,698	6,312
LIMS	787	787	868
Total	36,339	42,029	27,107

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Supported additional capital spend could be in the region of £36m for 2024/25 dependent upon the timing and logistics of the rectification programme works and agreement on progression of each element with Scottish Government.

The Atrium works are currently underway and the other rectification works shown above will be progressed subject to a business case approval process introduced by Scottish Government during 2023/24. All of the above would have additional capital allocated to the Board to match actual expenditure levels and not impact on our Core Formula Capital.

#### Formula Capital and Land Sale receipts

Board Formula Capital of £39.3m and £0.7m (retained net book value of Dykebar Land in 24/25 only) are used to fund all remaining capital expenditure as prioritised by the Board.

#### **Opening "Committed" Capital Expenditure**

There is currently an estimated £13.78m of project expenditure committed against schemes approved and carried forward from 2023/24. This would have first call on the £40m of funding available in 2024/25 if formally approved.

"Committed" (Includes Slippage from 23/24)	2024/25	2025/26	2026/27
	£'000s	£'000s	£'000s
QEUH Children's Roof Terrace Remediation	220	-	-
GRI Theatre C Upgrade	50	-	-
RHC Woman & Children's Equipment	666	-	-
Diagnostics Equipment	3,600	-	-
Others	60	-	-
Boardwide : Ligature Risk Reduction Works	1,200	-	-
New build Glasgow North East HC - Equipment	2,379	-	-
New build Bishopton HC (Dargavel)	3,990	300	-
QEUH INS Ward Upgrade	1,490	-	-
QEUH Waste Hold Doors Replacement	125	-	-
Total "Committed" Projects b/f from 23/24	13,780	300	-

#### Table 3 – Committed from 2023/24 Plan

The final impact of slippage on committed spend b/f from 2023/24 will be adjusted for post year end, but is not anticipated to vary significantly from the above.

#### **Radionuclide Dispensary**

The estimated Capital expenditure on RND assumes a site start of September 2024 for purposes of the plan. The FBC (and final estimated cost) has still to progress through NHSGGC Governance prior to being submitted to Scottish Government for consideration and approval. It is likely the cash-flow will change as the FBC progresses and subsequently a change in the phasing of funding required spread across the next two financial years. The FBC is anticipated to be complete for governance approval in June 2024.

#### Further Allocations

#### Minor Works allocation

Historically, £10m has been allocated to the area of Minor Works under the delegated authority of the Director of Estates & Facilities and prioritised and managed by the Senior Estates team. This will now form part of the overall investment prioritisation process as it is unlikely given the available resource that this can be maintained at prior levels. There has been an initial £5m allocation in order to allow progression against this area of work.

#### Fleet Medical Equipment allocation

Historically, £5m has been allocated to Fleet Medical Equipment replacement under the delegated authority of the COO and managed by Medical Equipment Group. There has been an initial allocation of £2.5m in addition to the committed medical equipment expenditure b/f shown in Table 3 above. This will assist in lowering the overall age profile of Fleet medical equipment and address committed equipment requirements for Diagnostics and Women & Children's directorates.

#### eHealth

Historically, £4m has been allocated to eHealth. Consideration is required as to the level of funding required to support IT infrastructure within the forthcoming year and key priorities are being collated. An initial allocation of £2m has been made to this area to allow eHealth schemes to progress.

#### Further Allocations

Any further allocations beyond the above will take place when reviewing investment priorities in May 2024 and then subsequently when the output of the Radionuclide Dispensary funding arrangements are concluded.

#### Balance of Funding Available for allocation

Taking account of previously committed expenditure, the ring-fencing of the RND project, allowing for a transfer to revenue funding to accommodate expenditure classification, between capital and revenue, and providing funding for Minor Works, Medical Equipment and eHealth as above would leave **£7m of funding available in 2024/25**, £14.8m in 2025/26 and £27m in 2026/27.

This is summarised in the table below.

Balance of Funding available	2024/25	2025/26	2026/27
	£'000s	£'000s	£'000s
Capital Formula	39,294	39,294	39,294
Capital element of Land Sales	716	-	-
Total	40,010	39,294	39,294
Commitments B/f from 2023/24	(13,780)	(300)	-
Underwrite Radionuclide Dispensary	(6,914)	(11,935)	-
Capital to Revenue Classification	(3,000)	(3,000)	(3,000)
Baseline Allocation for Minor Works	(5,000)	(5,000)	(5,000)
Baseline Allocation for Medical Equipment	(2,500)	(2,500)	(2,500)
Baseline Allocation for eHealth	(2,000)	(2,000)	(2,000)
QEUH RW Staff Team Funding (Revenue Expenditure)	210	210	210
Remaining Balance of Funding	7,026	14,769	27,004

# Table 4 – Summary of Available Funds and commitments against Core Formula Capital

# Focussing on 2024/25, £7m remains available to cover all other areas of Capital Expenditure.

#### Capital and Backlog Maintenance Schemes

Capital Planning, Property & Asset Management and Estates colleagues are jointly working on a prioritised list of all "Backlog Maintenance" and "Capital Planning" schemes to present to CMT in May 2024, in order to inform any proposed allocations to these areas. This will also include, service developments, business continuity and spend to save schemes.

# 4. Conclusions

The initial Capital Plan has been defined above in terms of available funds and proposed commitments to date.

Prioritisation of remaining projects for approval will be made by CMT on production of the full listing of infrastructure schemes at the CMT on 2<sup>nd</sup> May 2024.

# 5. Recommendations

The Board is asked to:

Approve the Capital Plan as presented.

Note that a full list of infrastructure schemes is being compiled for CMT by the Director of Estates and Facilities and a separate paper will be presented to CMT on 2<sup>nd</sup> May 2024 to inform prioritisation and allocations against the current level of available funds. It is normal practice that the initial capital plan would have a level uncommitted for prioritisation in year and for 2024/25 this amounts to c£7m at this stage.

Note that a further review of available funds will be actioned in year as the business case for the Radionuclide Dispensary is completed through local and national governance routes, and on completion, clarity will be sought regarding the availability and timing of funding from Scottish Government. When completed the Full Business Case will be presented to FP&P and the Board for approval, which is anticipated to take place in June 2024.

# 6. Evaluation

The Capital Plan was approved by:

CMT 4<sup>th</sup> April 2024 FP&P 9<sup>th</sup> April 2024.

The Capital Plan will continue to be subject to monitoring throughout the year by CMT, FP&P and the Board through current governance routes.

# 7. Appendices

None.