

NHS Greater Glasgow and Clyde	Paper No. 23/26
Meeting:	Board
Meeting Date:	25 April 2023
Title:	Board Capital Plan: 2023/24 – 2025/26
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 prior to submission to the NHS GG&C Board for final approval.
- Financial and Corporate Governance routes are followed in line with Board Standing Financial Instructions.

2. Executive Summary

This baseline capital plan paper was approved by Finance, Planning and Performance (FP&P) on the 7th of February 2023.

The paper can be summarised as follows:

- The attached paper identifies the NHS GG&C Capital Plan for the 3-year period 2023/24 – 2025/26 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 £105.9m, £64.1m and £64.4m 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 £8.6m, £14.6m and £17.3m in the 3-year period. These amounts are allocated throughout the year via the appropriate Governance process relative to the value of the individual capital bids.

3. Recommendations

The Board is asked to consider the following recommendation:

- Note and approve the Capital Plan and planned disposals for the period 2023/24 to 2025/26.

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 Positive
- Better Care Positive
- Better Value Positive
- Better Workplace Positive
- Equality & Diversity Neutral
- Environment Positive

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

7. Governance Route

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

- Reviewed and approved by the Corporate Management Team on 2nd February 2023 and the Finance, Planning and Performance Committee on the 7th of February 2023.

8. Date Prepared & Issued

- 17 April 2023

Initial Capital Plan: 2023/24 to 2025/26

PURPOSE OF THE PAPER

The purpose of the paper is to inform the Board of the estimated available capital resources for 2023/24 - 2025/26 and request approval of the initial 3-year budgets as presented. This plan was approved by the Finance, Planning and Performance Committee (FP&P) on the 7th of February 2023.

FORECAST CAPITAL RESOURCES 2023/24 – 2025/26

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

FUNDING SUMMARY	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
SGHSCD National Formula	39,294	39,294	39,294
SGHSCD Additional Ring Fenced Funding	66,025	27,172	27,879
GP Loans	300	300	300
Requested Capital to Revenue Transfer	(3,000)	(3,000)	(3,000)
Initial Capital Resource Limit (CRL)	102,619	63,766	64,473
Capital Receipts	1,316	350	-
Revenue Budgets	2,038	-	-
Gross GG&C Capital Resources	105,973	64,116	64,473

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. The allocation of £39.3m has been maintained as there has been no firm indication from Scottish Government on future year's increases.

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, with £66m being requested in 2023/24

Specific Project Funding Requests	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
North East Glasgow Health & Care Centre	30,227	2,538	1,015
QEUH Rectification Works	15,740	6,264	16,495
Relocation of Radionuclide Dispensary	5,411	14,610	-
WoS Thrombectomy Service	4,210	-	-
Radiotherapy Equipment Replacement Programme	9,756	3,079	9,761
Institute of Neurological Sciences Project Team	681	681	608
National Infrastructure Board Equipment	-	-	-
Total	66,025	27,172	27,879

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. The total gross project cost is £71.6m. £3.3m of the total costs are being funded by Glasgow City Council, equipment costs at £3m funded by GG&C's share of national formula funding in 2024/25 and the balance of £65.3m being funded directly by Scottish Government. £31.5m of SG funding will have been received by 31st March 2023 with the balance of £33.8m shown in the plan above.

QEUH Rectification Works

SGHSCD are funding required works to the QEUH on an ongoing basis. The main areas of planned expenditure in 2023/24 are to the atrium cladding and the manifold system within the Building Energy Centre.

Relocation of Radionuclide Dispensary

The Radionuclide Dispensary relocation project is a national service currently going through the Outline Business Case process. Full funding has not, as yet, been fully approved by SGHSCD, although it is anticipated that approval will be given in 2023/24 at the funding levels shown in years 1 and 2 of the plan above. Some fees and other expenditure have been incurred and funded in prior years.

West of Scotland Thrombectomy Service

The West of Scotland Thrombectomy Service at the INS will see two new Bi-Planars and a CT Scanners installed in 2023/24. Of the £4.2m above, £0.9m of CT Scanner funding has still to be approved by SGHSCD.

Radiotherapy Equipment Replacement Programme (RERP)

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

INS Project Team

SGHSCD have agreed to fund the core team taking forward the Institute of Neurological Sciences project.

National Infrastructure Board (NIB) Equipment Funding

This centrally funded scheduled equipment replacement programme will fund items such as Endoscopes, Cameras, Ultrasound equipment and MRI Scanner upgrades. Funding is provided on an annual basis based on a prioritised list however, Scottish Government have recently advised that there will be no NIB funding available in 2023/24 due to pressure on the overall Scottish budget.

GP Loans

General Practitioner (GP) Loans are centrally funded 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.

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.

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 capital funding adjusted as necessary should any planned disposals be delayed or not come to fruition through, for example, planning delays.

Asset	2023/24	2024/25	2025/26
	NBV £'000s	NBV £'000s	NBV £'000s
Dykebar Hospital Land (Part)	716	-	-
Lennox Castle Hospital Land	-	350	-
Former Clydebank Health Centre Land	600	-	-
Total	1,316	350	-

Other (smaller) 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. The receipts are underwritten by the Board formula allocation until the sale takes place.

In addition to the above, the planned disposal of Yorkhill is currently under review. Further information and timeline will be known in the early part of 23/24

Revenue Funding

An amount of £2.0m has been included in lieu of projects funded by agreed revenue transfers from HSCPs in 2023/24.

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 could change from the £3m estimate. Scottish Government are signalling a reduction in the overall national Capital to Revenue transfer value available to Scottish Boards.

CAPITAL EXPENDITURE

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

SUMMARY	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
Site Based Projects	28,969	21,555	17,103
Minor Works	9,000	10,000	10,000
Acute Minor Works	500	-	-
HSCP's	4,983	0	0
Medical Equipment	5,209	5,000	5,000
Corporate	885	-	-
eHealth	4,000	4,000	4,000
Health Centres	33,732	5,517	1,015
Radiotherapy Equipment Replacement	9,756	3,079	9,761
GP Loans Estimate	300	300	300
Total Allocated Capital Expenditure	97,334	49,451	47,179
Total Funding Available	105,973	64,116	64,473
Unallocated Budget	8,639	14,665	17,294

2023/24 Capital Budgets: Prior year's slippage

The 2023/24 budget takes account of known slippage where capital schemes in delay have carried forward expenditure from 2022/23.

Site Based Projects

Of the c£29m of planned expenditure in 2023/24, £2.9m is funded from formula and capital receipts whilst £26.1m is funded from specific allocations made by SGHSCD.

Site Based Projects	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
Relocation of Radionuclide Dispensary	5,411	14,610	-
RHC Cardiology Refurbishment	291	-	-
GRI Theatre C Upgrade	374	-	-
QEUH Rectification works	15,740	6,264	16,495
QEUH Campus Waste Hold Doors	886	-	-
QEUH INS Ward 67 Upgrade	750	-	-
QEUH INS Ward 62 Upgrade	626	-	-
QEUH INS Thrombectomy Enabling Works	728	-	-
QEUH INS Bi-Planars x 2	2,600	-	-
QEUH INS Thrombectomy CT Scanner	882	-	-
QEUH INS Project Team	681	681	608
Total Site Based Projects	28,969	21,555	17,103

£6.5m will be invested at the QEUH/INS on the Thrombectomy service, the upgrade of Wards 62 and 67 and the ongoing works to replace the waste hold doors.

Assuming approval of the business case and funding by SGHSCD a further £5.4m will see the beginning of the Radionuclide Dispensary relocation.

The clinical space within the RHC Outpatient area where the Cardiac Physiology team are based is not suitable for current service demands and is limiting efficient patient care. £291k has been provided to upgrade the Clinic and improve service delivery.

The upgrade of Theatre C, at GRI, will be completed at a cost of £374k

£15.7m of QEUH rectification works in 2023/24 are in relation to the atrium, external glazing and a required upgrade to the manifold in the Building Energy Centre. Expenditure in 2024/25 and 2025/26 relates to completion of the atrium project only.

Minor Works Schemes

Minor Works	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
General Boardwide Allocation	9,000	10,000	10,000
Total	9,000	10,000	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.

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 (shown separately) up until the end of 2023/24 where the full £10m reverts to a Board wide allocation.

The detail of the Minor Works programme is set out at the beginning of the financial year and reported to the Capital Planning Group.

HSCP's

	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
Glasgow : Woodside Pharmacy Refit	975	-	-
East Dunbartonshire : Bishopbriggs Retail Units	695	-	-
East Dunbartonshire : Milngavie Retail Units	1,750	-	-
Renfrewshire : Anchor Mill HC Refurb	431	-	-
Renfrewshire : Renfrew & Linwood HC Refurb	632	-	-
General Boardwide Allocation	500	-	-
Total	4,983	0	-

HSCP (PCIP) Revenue Funded Projects

HSCPs have requested that £2.0m of capital expenditure be accommodated within the capital plan by way of revenue to capital transfer and supported by Primary Care Improvement Plan (PCIP) funding as follows:

Woodside HC : £0.98m

The vacant space initially designed for the pharmacy at Woodside HC is not being used to full potential. The redesign works will provide four additional treatment rooms) and a sixteen person meeting room. There is pressure within the building in relation to treatment room space and this increase in capacity allows GPs within the Health and Care Centre to extend the primary care services

Renfrew, Linwood & Paisley (Anchor Mill GP practice) Health Centre upgrades
 £1.02m investment to upgrade the above locations funded from PCIP revenue funding

Board Funded: Bishopbriggs & Milngavie Conversion of Retail Units to GP Consulting Rooms

£2.5m Conversion of retail units at Milngavie and Bishopbriggs, to provide GP consulting rooms and enhanced local services within these communities providing primary care closer to home.

HSCP's have been allocated £500k for Minor Works in 2023/24 from the formula allocation as noted above.

Medical Equipment

A nominal amount of £5m pa has historically been allocated to Fleet Medical Equipment from the formula allocation. £0.55m has already been allocated to upgrade Renal Dialysis at IRH in 2023/24 and an additional allocation of £209k to replace eight chairs at Glasgow Dental Hospital

Medical Equipment	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
General Boardwide Allocation	4,450	5,000	5,000
IRH Renal Dialysis Plant Upgrade	550	-	-
HSCP : Dental Chairs	209	-	-
Total	5,209	5,000	5,000

Other Corporate Allocations

£0.9m of funding has been allocated to complete the Facilities led upgrade of kitchen at the RAH and a further £150k has been allocated to agreed feasibility studies and pre-project scoping exercises to be carried out in 2023/24

Corporate Allocations	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
Feasibility Studies & Scoping Exercises	150	-	-
RAH Kitchens Upgrade	735	-	-
Total	885	-	-

eHealth

	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
eHealth : Device Replacement	2,000	2,000	2,000
eHealth : General	2,000	2,000	2,000
Total	4,000	4,000	4,000

A nominal amount of £4m pa has historically been allocated to eHealth from the formula allocation. A detailed programme of spend is allocated early in the year in line with the Information & Systems strategy.

Health Centres

	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
New build Bishopton HC (Dargavel)	3,505	-	-
New build Glasgow North East HC	30,227	5,517	1,015
Total	33,732	5,517	1,015

£3.5m has been allocated in 2023/24 in 23/24 to fund the planned new build Health Centre 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 the balance of c£36m budgeted for within the current 3-year plan.

All costs shown are net of funding being provided by Glasgow City Council and BAE Systems.

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-

£9.7m of equipment will be centrally funded in 2023/24, £3.1m in 2024/25 and £9.8m in 2025/26 respectively.

Unallocated Capital Budget

	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
Total	8,639	14,665	17,294

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

The intention is to ensure 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 2023/24, there remains a £8.6m unallocated balance which is currently under review to align allocations with the key priorities and high risk items, via the governance arrangements in place.

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

Recommendation

The Board is asked to approve the Initial Capital Plan and planned disposals as presented for 2023/24 – 2025/26