

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

TRUST BOARD – 26TH May 2011

Capital Expenditure Review 2011/12

Executive Lead	Neil Nisbet, Finance Director																																																																		
Author	Chris Benham, Assistant Director, Financial Accounts																																																																		
Corporate Objective	Financial Strength: We will develop and deliver robust services that generate surpluses to reinvest in quality.																																																																		
Goal	A3. Increase surpluses to reinvest in quality and innovation.																																																																		
Executive Summary	<p>The Trust Board approved the Capital Planning Group to review and propose amendments to the 5 year Capital Programme to achieve the following key objectives:</p> <p>(i) To form part of the Trust's cash management strategy and realise in the short term c£1.0M per annum to strengthen the Trust's cash position that is consistent with the long term financial model. This is achieved by under spending against the available capital resource limit (CRL) for the first three years of the plan.</p> <p>(ii) To assist in the delivery of the Trust's requirement to achieve an I&E surplus. This is achieved by supporting the I&E position by c£1M per annum for the five year plan.</p> <p>The following table summarises the proposed plan that is to be discussed at Executive Directors meeting on 23 May 2011. The details of each scheme for each category are on the attached spreadsheet.</p> <table border="1"> <thead> <tr> <th></th> <th colspan="5">REVISED CAPITAL PROGRAMME</th> </tr> <tr> <th></th> <th>2011/12</th> <th>2012/13</th> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> <th>£000</th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Projected CRL</td> <td>8,288</td> <td>8,288</td> <td>8,288</td> <td>8,288</td> <td>8,288</td> </tr> <tr> <td>Capital Expenditure - LTFM</td> <td>7,200</td> <td>7,200</td> <td>7,200</td> <td>15,000</td> <td>15,000</td> </tr> <tr> <td>Cash effect - +ve = release</td> <td>1,088</td> <td>1,088</td> <td>1,088</td> <td>(6,712)</td> <td>(6,712)</td> </tr> <tr> <td>Proposed Schemes (A)</td> <td>7,200</td> <td>3,974</td> <td>3,888</td> <td>3,825</td> <td>3,825</td> </tr> <tr> <td>Available Funds to address other identified schemes (summary below)</td> <td>0</td> <td>3,226</td> <td>3,312</td> <td>11,175</td> <td>11,175</td> </tr> <tr> <td>Rolling replacement / Backlog maintenance not addressed (B)</td> <td>1,534</td> <td>1,778</td> <td>2,462</td> <td>3,532</td> <td>1,403</td> </tr> <tr> <td>Developments / Material Schemes not addressed (C)</td> <td>874</td> <td>6,518</td> <td>4,070</td> <td>500</td> <td>550</td> </tr> <tr> <td>Shortfall in funds for identified schemes</td> <td>(2,408)</td> <td>(5,070)</td> <td>(3,220)</td> <td>7,143</td> <td>9,222</td> </tr> </tbody> </table>		REVISED CAPITAL PROGRAMME						2011/12	2012/13	2013/14	2014/15	2015/16		£000	£000	£000	£000	£000	Projected CRL	8,288	8,288	8,288	8,288	8,288	Capital Expenditure - LTFM	7,200	7,200	7,200	15,000	15,000	Cash effect - +ve = release	1,088	1,088	1,088	(6,712)	(6,712)	Proposed Schemes (A)	7,200	3,974	3,888	3,825	3,825	Available Funds to address other identified schemes (summary below)	0	3,226	3,312	11,175	11,175	Rolling replacement / Backlog maintenance not addressed (B)	1,534	1,778	2,462	3,532	1,403	Developments / Material Schemes not addressed (C)	874	6,518	4,070	500	550	Shortfall in funds for identified schemes	(2,408)	(5,070)	(3,220)	7,143	9,222
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The Board is asked to note the following summary for 2011/12:

Scheme / Area (single projects over £100k)	Proposed Schemes (A)	Rolling replacement / Backlog maintenance not addressed (B)	Developments / Material Schemes not addressed (C)
	£000	£000	£000
Decontamination	883	-	-
Switchboard replacement	431	-	-
Patient Status at a Glance (PSAG)	500	-	-
Additional Maternity Theatre	714	-	-
Replacement Medical Equipment	250	100	-
Replacement Patient Monitoring	300	-	-
Replacement IT Equipment	250	250	-
Estates *	500	1,050	-
Corporate Contingency	929	-	-
I&E Support	1,000	-	-
Reconfiguration project management fees	1,000	-	-
Breast Screening - completion of move to digital **	-	-	352
Medical gases within Renal Dept to replace cylinders	-	-	132
Option appraisal/investigation work for c£7M ITU ***	-	-	100
Preliminary work for £2.6M replacement LINACC ***	-	-	100
Other	443	134	190
Total	7,200	1,534	874

* Estates backlog not addressed includes £550k electrical infrastructure; £175k fire precaution works; £275k ward kitchens and bathrooms.

** Breast screening move to digital partially complete, mix of analogue and digital causing operational difficulties.

*** Preliminary works for ITU solution and replacement Linacc not included. Capital schemes not included within the 2012/13 and 2013/14 capital programmes.

Any essential capital expenditure shall be managed within current authorisation levels and in line with the approved capital programme.

Recommendations

The Board is asked:

- to **NOTE** the details above and **APPROVE** the strategy outlined within the paper;
- to **APPROVE** the proposed plan for presentation at the Trust Board;
- to **CONSIDER** and **DISCUSS** alternative forms of financing for capital schemes that have not been addressed.