

AGENDA ITEM NO:**UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST****BOARD OF DIRECTORS****THURSDAY 26 JULY 2012**

Title:	TRUST CAPITAL PROGRAMME REPORT
Responsible Director:	Morag Jackson, New Hospitals Project Director
Contact:	Steve Clarke, Finance Department, ext. 53854

Purpose:	To update the Board of Directors on 2012/13 capital expenditure.
Confidentiality Level & Reason:	None
Annual Plan Ref:	Relevant to all strategic aims
Key Issues Summary:	Actual capital expenditure incurred during the first quarter (April - June) of 2012/13 was £1.85 million. The approved capital budget for 2012/13 is £13.19 million which includes £3.20m relating to charitable donations.
Recommendations:	The Board of Directors is requested to: Note the expenditure against the 2012/13 capital programme.

Signed:	Date: 17 July 2012
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UNIVERSITY HOSPITAL BIRMINGHAM NHS FOUNDATION TRUST

BOARD OF DIRECTORS
THURSDAY 26 JULY 2012

TRUST CAPITAL PROGRAMME REPORT

PRESENTED BY NEW HOSPITALS PROJECT DIRECTOR

1. Purpose of the Report

This report summarises the Trusts 2012/13 capital expenditure and gives an overview of the major projects.

2. 2012/13 Expenditure Summary

Actual capital programme expenditure incurred during quarter 1 2012/13 was £1.85 million. The expenditure is summarised below:

Table 1: Summary 2012/13 Capital Programme Budget & Expenditure

	Apr-June Budget £ m	Apr – June Expenditure £ m
Brought Forward Schemes	0.04	0.22
Retained Estates	0.67	0.53
Equipment – Rolling Replacement	0.18	0.18
Equipment Replacement	0.40	0.40
Equipment Major Trauma Centre	0.45	0.47
Equipment Other	0.00	0.00
ICT replacement & specific projects	0.14	0.05
Modernisation and Discretionary	0.00	0.00
New Hospital Works	0.20	0.00
Unallocated	0.05	0.00
Assumed slippage	-0.08	0.00
Gifted Assets	0.00	0.00
TOTAL	2.05	1.85

3. 2012/13 Programme Update

3.1 Brought forward from previous years (Budget: £0.20m)

The £0.22m spend includes several items of medical equipment ordered in 2011/12 but delivered in 2012/13.

3.2 Retained Estate (Budget: £ 4.90m)

During the first quarter of 2012/13 expenditure of £0.53m has been incurred which included the following schemes:

- £0.37m on Plaza Scheme including a £0.28m Plaza bond payment to Birmingham City Council.
- £0.07m spent on works to the CRF facility in the Wellcome building.

Tenders are currently out for the Cyberknife works which, along with HARC works in Nuffield House, several statutory standards projects and roads infrastructure work, are all expected to be completed later in the financial year.

3.3 Equipment (Budget: £2.89m)

Total expenditure on equipment during quarter 1 was £1.05m; this included the following projects;

- £0.40m on replacement endoscopes.
- £0.18m was incurred on the rolling replacement of existing medical equipment which included replacement renal dialysis and heart and lung machines.
- £0.16m on equipment in A&E and critical care for the opening of the Major Trauma Centre.
- £0.31m on the replacement electron microscope recently installed into the new hospital.

3.4 ICT Replacement and Specific Projects (£1.15m)

To date £0.47m has been incurred on ICT expenditure. This included finance disaster recovery and upgrades and replacement IT servers and hardware.

3.5 Modernisation & Chief Operating Officer's Capital Fund (£0.30m)

This is for the unplanned replacement of equipment or the purchase of new equipment to improve service delivery or release revenue savings. No expenditure has been incurred in the first quarter of the financial year.

3.6 New Hospital Works (£0.35m)

This £0.35m budget is for variation works approved in previous years which have recently been undertaken by the PFI operator in the new hospital. Invoices are expected for the completed works shortly.

3.7 Unallocated and Assumed Slippage (£0.20m)

An unallocated £0.50m budget and slippage (£0.30m) is included in this year's capital plan for potential business cases requiring capital investment which may arise during the financial year. This funding will be allocated as business cases are approved during the year.

3.8 Donated Assets (£3.20m)

The £3.20m budget includes the Cyberknife machine at £2.80m and £0.40m for other donated equipment purchases. Expenditure will be

recognised as assets are purchased and delivered. The budget for this expenditure remains in the second part of the financial year when the equipment is expected to be delivered.

3.9 2012/13 Expenditure Summary

The Trust incurred £1.85m of capital expenditure during the first quarter of 2012/13. This is marginally below the planned year to date budget of £2.05m.

4. **Other Capitalised Payments**

In addition to the traditional capital expenditure outlined above, the Trust incurs two other capitalised new hospital payments which are not shown in the monthly Income and Expenditure reported to the Board of Directors:

A. **£12.3 million** for the repayment of the finance lease creditor (effectively the annual repayment of the outstanding credit to ensure a zero balance at the of the PFI contract term).

B. **£1.7 million** for new hospital lifecycle payments (reflects the annual expenditure on lifecycle replacement and maintenance of the building such as flooring replacement).

In quarter 1 (April to June), the combined new hospital related capital payments incurred were £3.5 million in line with plan. The total capital expenditure and funding for quarter 1 is shown below:

Table 3: Capital Expenditure & Funding Draft Projection

	Capital Expenditure and Sources of Funding	2012/13 Plan £ m	Qtr 1 Plan £ m	Qtr 1 Actual £ m
Expenditure	Other New Hospital capitalised payments	-14.0	-3.5	-3.5
Expenditure	Traditional Capital Programme	-13.2	-2.1	-1.8
	Net Cash (Outflow)	-26.9	-5.5	-5.3
Source of Funding	Depreciation	19.3	4.8	5.0
Source of Funding	Donated Assets	3.2	0.0	0.0
Source of Funding	Surplus	0.6	0.2	0.5
	Net Cash Inflow	23.1	5.0	5.5
	Overall Cash Inflow / (Outflow)	-4.0	-0.5	0.2

Table 3 above shows a net cash outflow of (£4.0) million over the financial year relating to capital expenditure. For quarter 1 capital expenditure (capital programme plus new hospital capital payments) resulted in a net cash inflow/surplus of £0.2m. This was due to a higher than expected surplus in the period and lower than planned capital programme expenditure.

5. **Conclusion**

The Trust incurred £1.85m of capital expenditure in 2012/13 compared to the £2.05m budget. The approved capital budget for 2012/13 is £13.19m of which £3.2m relates the charitable donations. Capital expenditure is slightly below plan at the end of Quarter 1 (April – June 2012) but is expected to return to plan by the end of the next quarter.

6. **Recommendations**

The Board of Directors is requested to:

Note the expenditure against the 2012/13 capital programme.

Morag Jackson
New Hospitals Project Director
17 July 2012