

PUBLIC BOARD PAPER (TB2012/037) MEETING – 29th March 2012

Details of the Paper

Title	Capital Budget 2012/13
Responsible Director	Tom Travers
Purpose of the paper	Obtain Board approval for Capital budget 2012/13
Action / decision required (e.g., approve, note, support, endorse)	To approve the Capital Budget Setting Process and Summary Values for 2012/13

Links to BHT Business and Risks

Implications and issues to which the paper relates (please mark in bold)					
Patient Quality	Financial Performance	Operational Performance	Strategy	FT Application	New or elevated risk
Legal	Regulatory/ Compliance	Public Engagement /Reputation	Equality & Diversity	Partnership Working	Other

Annual Objective	To set a balanced Capital budget for the Trust for each financial year.
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Links to BHT Board Assurance Framework/Corporate Risk Register

BAF/Corporate Risk Register Reference	BAF 4b – threat to sustainable Cash-flow availability. BAF 4c – operational pressures may destabilise the planned surplus position.
Risk Description	The Trust may fail its statutory financial duties if good Internal Control is not administered – including Capital budgeting and variance analysis.

Author of Paper

Christopher Dixon

Presenter of Paper

Tom Travers

Other committees / groups where this paper / item has been considered

CMG

Date of Paper

07/03/12

Capital Budget Setting Update

March 2012

Background

The capital budget is prepared by Capital Management Committee (CMG) taking into account the Trust strategy, the estates strategy and the IM&T strategy. The committee considers the various demands on capital and prioritises them in accordance with the Trust strategies and patient requirements so as to ensure that the Trust invests appropriate amounts in its estate, its medical equipment and IT functionality, working within any cash and capital expenditure constraints.

The resulting budget for 2012/13 takes into account the Trust's strategic goals and infrastructure investment to enable and support change. It does not, as yet, include any budget for improvements to the community sites as they are still under the ownership of the PCT and will not transfer to the Trust until 1 April 2013.

Methodology

The Trust has an upper limit of spend on capital (known as the Capital Resource Limit or CRL) which is calculated as the sum of the anticipated annual depreciation charge plus any anticipated profit on the sale of assets in the financial year. The Trust invested heavily in capital in prior years, taking out a 5 year capital loan to fund the investment. In order to retain sufficient cash to be able to repay loans, the investment in capital needs is planned to be slightly below the maximum CRL per the calculation. This is in line with the Financing Strategy of the Longer Term Financial Model.

Proposed Budget

On 27 February, CMG approved the attached 2012/13 capital budget totalling £11.36m, exactly £1m below forecast depreciation for 2012/13.

The proposal is to commit the £11.36m CRL to deliver key corporate objectives and continue to provide safe, quality services from "fit for purpose" facilities. CHB assets are being maintained at the expense of the PCT up until the date those assets transfer to BHT (currently scheduled for 1 April 2013).

Appendix 1 to this paper shows the capital budgets for 2012/13 in more detail. The expectation is that all the current 2011/12 capital projects will be complete by 31 March 2012. As a result, there is no contingency, other than the general contingency for emergencies, in the 2012/13 budget for completion of 2011/12 projects.

The major components of the budget comprise:

- 1) The first call on the capital budget in any year is the amounts due for PFI lifecycle costs. In 2012/13, these will amount to £830k.
- 2) Investment in estates projects to deliver the Estates and Clinical Strategies with particular regard to Wycombe and Stoke Mandeville reconfigurations and patient/staff access at Stoke Mandeville.
- 3) Investment in core IT and Informatics supporting central patient administration. Key clinical IT diagnostic systems and enabling investment to support workforce strategies and transformational change.
- 4) As in previous years a medical equipment budget is provided, which can be accessed via Divisional Business Cases, to cover risk against equipment failure. Additionally, high priority replacement programmes for Trust wide syringe drivers and defibrillators has been supported.

These projects are summarised in Appendix 1.

Action Required

The Board is asked to approve the capital budget of £11.36m for 2012-13

DRAFT CAPITAL BUDGETS FOR 2012/13

APPENDIX 1

	£'000	£'000
Estates Projects		
Wycombe Reconfiguration	1,200	
A&E Front End	2,500	
Car Parking	500	
SMH enabling works	<u>1,000</u>	
Sub-total Estates		5,200
PFI		830
CRS		500
IT Projects		
Electronic Document Management	1,000	
CRS (Kiosks)	89	
PACs	400	
Other IT Projects	<u>838</u>	
Sub-Total IT		2,327
Medical Equipment		
Syringe Drivers	250	
Defibrillator	150	
Other Medical Equipment	<u>662</u>	
Sub-total medical equipment		1,062
Transformation Programme		600
Contingency budget		<u>841</u>
CRL		11,360
Donated Assets (estimate)		<u>500</u>
Anticipated total fixed asset additions		<u>11,860</u>

APPENDIX 2

BUCKINGHAMSHIRE HEALTHCARE DRAFT CAPITAL BUDGETS FOR 2012/13 - 2016/17

		Actual	Budget	Budget	Budget	Budget	Budget
	£'000	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Total Value of future spend	£'000	£'000	£'000	£'000	£'000	£'000
Carried forward from 10/11 projects		222					
A&E Stoke Mandeville	4,500	-	2,500	500	500	500	500
Wycombe Hospital Reconstruction	6,200	3,654	1,200	1,000	1,000	1,500	1,500
Car Parking	4,500	-	500	1,000	1,000	1,000	1,000
Stoke Mandeville enabling	9,000		1,000	2,000	2,000	2,000	2,000
Rio- (CHB Software)	Annual	-	-	-	-	-	-
Medical Equipment	Annual	1,284	1,062	900	900	1,000	1,000
IT Equipment & Software	Annual	2,412	1,838	900	900	1,000	1,000
Care Records System (CRS)	Annual	1,006	589	500	500	500	500
Radiology projects - annual + digital mammography	Annual	2,823	-				
PFI (Lifecycle costs)	Annual	829	830	830	830	830	830
Transformation Programme	Annual		600	600	600	600	600
PACs	2,600	-	400	500	500	600	600
Contingency or Unallocated Schemes	Annual	820	841	1,970	1,970	1,670	1,670
** Total of initial project list		13,050	11,360	10,700	10,700	11,200	11,200
SHA Monies included above		(3,300)					
Revised		9,750	11,360	10,700	10,700	11,200	11,200
		9,750	11,360	10,700	10,700	11,200	11,200
		1,000	500	500	500	1,000	1,000
		10,750	11,860	11,200	11,200	12,200	12,200