



National Health Service in Scotland
Management Executive

St. Andrew's House
Edinburgh EH1 3DG

Dear Colleague

**CAPITAL ALLOCATIONS 1993-94 AND PROVISIONAL
ALLOCATIONS 1994-95 AND 1995-96**

Summary

1. This circular is to remind you that detailed capital plans for 1993-94 to 1995-96 should be submitted to the Management Executive by 30 September 1992, and to provide information on what these plans should include.

Action

2. NHS Circular DGM(1992)21 informed Boards, the State Hospital and Trusts of change to the capital planning, allocation and monitoring systems. Paragraph 10 of that circular asked Boards etc to provide detailed capital plans for 1993-94 to 1995-96 using Forms CAPAL A1-A5 and F1 and F2 (attached to the earlier circular). These plans should reach the Management Executive by 30 September 1992.

3. These detailed plans should include all projects with a total cost of £100,000 or more. (Islands Boards should also include projects below that level). On CAPAL A1 and A2, Boards etc should include projects which realistically are likely to be legally committed or received Approval to Build (ATB) by the end of the financial year with an indication of the stage they have reached at the time of submission. Where projects costing more than £1m were not included in the plans submitted in May by Boards, the State Hospital and Trusts, an explanation of why these projects could not have been foreseen then and the reasons why they are essential to the implementation of Boards' strategies should be given on CAPAL A5. It may be possible to repeat this year's initiative of providing extra capital resources for developing day surgery. Form CAPAL A3 should be used to provide details of both revenue saving projects (marked RS) and day surgery projects (marked DS). Otherwise Boards etc should follow the guidance in paragraph 3 of circular DGM(1992)21 on the completion of Forms CAPAL A1 to A5. Annex A to this letter gives a list of definitions.

4. Boards etc should include on Form A4 realistic estimates of the amounts needed for equipment replacement and for projects costing less than £100,000. An explanation of these amounts should

21 August 1992

Addressees

For action:

General Managers,
Health Boards

General Manager,
State Hospital

Chief Executives and
Chief Executive
Designate, NHS Trusts

Project Managers of
proposed Second Wave
Trusts

For information:

General Manager,
Common Service Agency

To be copied to Unit
General Managers for
action

Enquiries to:

Mrs M H Beattie
Strategic Planning &
Performance Review
Division
NHS Management
Executive
Room 274
St Andrew's House
EDINBURGH
EH1 3DE

Tel: 031 244 2396
Fax: 031 244 2051

be given on Form A5. Boards etc should note that these figures should include expenditure which until the 1991-92 allocations was classified as revenue expenditure.

5. Trusts and potential Trusts should include with their plans an endorsement from the purchasing Board(s) that the planned investment is consistent with their purchasing intentions. If there are any elements of the plan which are not so endorsed, Trusts and potential Trusts should indicate why they consider the capital investment to be required.

6. Forms CAPAL F1 and CAPAL F2 ask Boards to list disposals of land and property, showing the estimated receipts from each disposal expected in 1992-93 and in each of the following 4 years. Notes on the completion of these forms are at Annex B.

7. We are grateful for your timely co-operation with the earlier stages this year of the capital planning process. We would hope that prompt submission of correctly completed plans by 30 September should enable capital allocations to be issued to Boards and the State Hospital before Christmas. Trusts will be notified of their External Financing limits in January. Plans should be sent to the address at the head of this circular, addressed to the following people:-

**Boards, Trusts and Prospective Trusts in the
Following Areas**

ME Contact

Greater Glasgow, Lanarkshire
Argyll and Clyde, State Hospital

Mr T W Lodge
Room 265
St Andrew's House

Tel: 031-244-2276

Lothian
Borders
Forth Valley

Mr O Kelly
Room 267
St Andrew's House

Tel: 031-244-2401

Grampian
Highland
Orkney
Shetland
Western Isles

Mrs M H Beattie
Room 274
St Andrew's House

Tel: 031-244-2396

Ayrshire & Arran
Dumfries & Galloway
Fife
Tayside

Ms M Cuthbertson
Room 268
St Andrew's House

Tel: 031-244-2402

8. Questions on this circular should be addressed to the person noted in paragraph 6 above, apart from queries for all areas on:

The existing estate

Mr R F Lowe
Tel: 031-244-2076

Disposals

Mr B G Callaghan
Tel: 031-244-2425

Day Surgery Projects

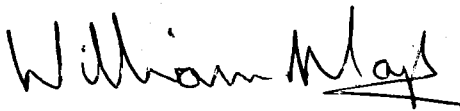
Mr I D Williamson
Tel: 031-244-2377

Copies of Forms CAPAL A1
to A5, F1 and F2, or of
Circular DGM(1992)21

Mrs M K Wood
Tel: 031-244-2393

9. This letter should be copied to Unit General Managers for action.

Yours sincerely



WILLIAM MOYES

CAPITAL PLANS, ALLOCATIONS AND RELATED MONITORING

Definitions

1. 'Total cost' means works cost, professional fees, equipment and, where applicable, allowances for fluctuations and VAT. Estimates of capital expenditure should be in cash terms rather than on an income/expenditure basis.

For projects not yet legally committed or not expected to be legally committed (see paragraph 2 below) no allowance should be made for inflation. Estimates should be of total cost but at the level of pricing prevailing when the plan is submitted.

2. 'Legally committed expenditure' means expenditure on projects for which a building contract has actually been let or expenditure on design fees where consultant firms have been formally instructed. In the latter case, where the building contract has not yet been let, the fee expenditure is legally committed, but the remainder is not.

3. 'Existing estate' comprises those assets of the NHS estate that physically exist and require both capital and revenue expenditure for estate maintenance, energy efficiency and compliance with statutory requirements.

Management Executive
August 1992

NOTE ON COMPLETION OF FORMS CAPAL F1 AND CAPAL F2

General

1. The information requested on CAPAL F1 and CAPAL F2 is required to assist the Department in monitoring receipts from land and property disposals. Careful preparation of forecasts of receipts from land and property disposals is vital to the arrangements for the handling of proceeds from the sale of land and property. The receipts information requested should be total proceeds from the disposal, ie not simply the 80% retained by the Health Board.
2. It is particularly important that estimated receipts for 1992-93 are forecast as accurately as possible and that these estimates are achieved so that the planned level of expenditure can be supported.

Form CAPAL F1

3. In forecasting receipts from land and property disposals, Boards should make due allowance for the time required to put land and property on the market and complete the necessary procedural steps (eg obtaining planning consents, completing legal agreements) before the receipt is received. This is particularly important for 1992/93 where guidance from Central Legal Office, planning authorities etc should be obtained where necessary and if time allows.
4. Receipts estimates should be based on recent valuations. If necessary, up-to-date valuations should be obtained from the District Valuer.

Form CAPAL F2

5. Receipts forecasts for houses should make allowance for discounts to sitting tenants which should be estimated as accurately as possible.