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2001/02 HCHS Capital Allocations

To: NHS Executive Regional Directors

Cc: Health Authorities (England) - Chief Executive
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NHS Executive Regional - Directors of Finance
Health Authorities (England) - Directors of Finance
NHS Trusts - Directors of Finance
Primary Care Trusts (England) – Chief Executive
Primary Care Trusts (England) – Directors of Finance

Further details from: John Doran

Room 3W54
Quarry House
Quarry Hill
Leeds
0113 254 5471
jdoran@doh.gsi.gov.uk

Additional copies of this document can be obtained from:

Department of Health
PO Box 777
London
SE1 6XH

Fax 01623 724524

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2001/02 HCHS Capital Allocations

Summary

1. This HSC details the allocation of capital resources available for Hospital and Community Health Services (HCHS) in 2001/02. It also provides Regional Offices indicative figures for general capital allocations for the remaining two years of the Spending Review period to give planning certainty to deliver the NHS Plan.

Capital Resources for 2001/02

2. HCHS capital resources, which includes land sale receipts and investment generated through the Private Finance Initiative (PFI), are set to rise by £243 million next year to over £2.7 billion. Table 1 sets out these figures for 2001/02 in more detail and compares them to the preceding year, as announced in HSC 2000/08. This represents a significant increase in resources to help deliver the commitments made in the NHS Plan.

Table 1: HCHS Capital Investment	Plan 2000/01 (resource) £m	Plan 2001/02 (resource) £m	Cash Increase %	Real Terms Increase %
HCHS Exchequer Capital Baseline *	1,063	1,589		
<u>Plus:</u>				
Modernisation Fund for Capital	250			
Treasury Capital Modernisation Fund	122			
<u>Less:</u>				
Central Transfer to Revenue	(23)			
Net HCHS Capital	1,412	1,589	12.5	9.8
<u>Plus:</u>				
Gross Retained Estate Proceeds	154	210		
NHS Trust Receipts	<u>209</u>	<u>141</u>		
Total receipts	363	351		
Gross HCHS Capital	1,775	1,940	9.3	6.6
PFI Investment	710	788		
Total Planned HCHS Capital Investment	2,485	2,728	9.8	7.1

* Resource Accounting and Budgeting becomes live in 2001/02. The figure in Table 1 above for 2000/01 has been adjusted onto a resource basis in order to give a true comparison between the two years.

Disposition of resources

3. Table 2 provides a detailed breakdown of the disposition of capital resources in 2001/02.

Table 2: Disposition of Resources	£m	£m
Total Capital Investment (see Table 1)		2,728
<u>Less:</u> PFI Investment		(788)
Gross HCHS Capital		1,940
<u>Less:</u>		
Costs associated with the Retained Estate	20	
NHS Trust receipts	141	
Investment in Primary Care	54	
Treasury Capital Modernisation Fund	228	
Sub total		(443)
Available for allocation as capital		1,497
<u>To be allocated as follows:</u>		
Central Budgets (see Table 3)		24
<i>To Regional Offices</i>		
Secure Hospitals – Fallon Enquiry	9	
Additional Medical School Students	8	
Renal Services	9	
General Allocations *	1,247	
Total to Regional Offices		1,273
<i>To be distributed later</i>		
Pathology	8	
Cancer	53	
Coronary Heart Disease	10	
Waiting – Action On Programmes	75	
Quality	8	
Mental Health	44	
Junior Doctor Working Hours	2	
Total to be allocated later		200

* Includes funding for London Initiatives

Treasury Capital Modernisation Fund

4. The NHS is to receive £228 million from the Treasury's Capital Modernisation Fund in 2001/02. This investment will be targeted at improving access to primary care facilities and the treatment of coronary heart disease. A more detailed announcement will be made later on the precise disposition of the Treasury Capital Modernisation Fund.

Central Budgets

5. A total of £24 million has been set aside for capital central budgets. Table 3 provides details:

Table 3: Capital Central Budgets 2001/02	£000
National Blood Authority	16,149
Mental Health Act Commission	250
Prescription Pricing Authority	4,070
Dental Practice Board	703
UKTSSA	120
Modernising Regulation/ Students Grant Unit	1,000
NHS Information Authority	1,450
TOTAL	23,742

Allocations to Regional Offices

6. Table 4 below shows the total capital resources available to Regional Offices.

Table 4: 2001/02 Regional Capital Planning Totals	General Allocations	Fallon Enquiry	Additional Medical Students	Total
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Northern & Yorkshire	156,617			156,617
Trent	120,663	3,000	308	123,971
Eastern	120,120		2,358	122,478
London	245,096	3,000		248,096
South East	199,138			199,138
South West	112,535		2,046	114,581
West Midlands	135,121		1,731	136,852
North West	166,959	3,000	1,414	171,373
Total	1,256,250	9,000	7,857	1,273,107

including funding for London initiatives

Figures may not sum due to rounding

Funds Earmarked from Capital Planning Totals

7. Of the £1,256 million general allocations, £9 million is ear marked for renal services. The investment is aimed at bringing on stream new facilities for new and existing patients with end stage renal failure.

Table 5: Funds Earmarked from Capital Planning Totals	General Allocations	Renal Services	General Capital Remaining
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Northern & Yorkshire	156,617	1,171	155,446
Trent	120,663	902	119,761
Eastern	120,120	898	119,222
London	245,096	1,442	243,654
South East	199,138	1,489	197,650
South West	112,535	841	111,694
West Midlands	135,121	1,010	134,111
North West	166,959	1,248	165,711
Total	1,256,250	9,000	1,247,250

Includes funding for London initiatives

Figures may not sum due to rounding

8. The remaining £1,247 million is available to Regional Offices to fund block and discretionary capital. Allocations to NHS Trusts and level 4 Primary Care Trusts (PCTs) should be directed as follows:

- **Regional Offices are required to maximise the amount of block allocated to NHS Trusts and PCTs.** This will continue the initiative started in 1999/2000 to ensure investment is focused on smaller capital schemes that give real and visible improvements in the standard of facilities for staff and patients. Block capital should represent at least 55% of the general allocations made to Regional Offices. Other than in exceptional circumstances, individual NHS Trusts/PCTs should receive an increase in their block allocation.
- **Capital resources should be used for capital investment.** All Regional Offices will be set a virement threshold for capital to revenue transfers. All virement must be approved in advance by the Regional Office.
- **Priorities to be funded from general allocations.** From the resources available to Regional Offices, the following specific objectives will be addressed:
 - Sustainable reductions in Waiting Lists and Times
 - Elimination of mixed sex accommodation
 - Compliance with fire safety and other statutory requirements
 - Compliance with section 21 of the Disability Discrimination Act

Earmarked Funds to be allocated later

9. There is £200 million earmarked for specific priorities which will be allocated later. The breakdown of the £200 million is shown in Table 6 below.

Table 6: Earmarked funds to be allocated later	£m
Pathology	8
Cancer	53
Coronary Heart Disease	10
Waiting Lists and Times	75
Quality Initiatives	8
Mental Health	44
Junior Doctor Working Hours	2
TOTAL	200

10. These earmarked funds are to support the following priorities:

Pathology - This is the final year of a programme established in 1999 to support exemplar projects that take forward the modernisation of NHS pathology services. The fund will be allocated by means of a National Invitation to Bid posted onto the pathology modernisation website. The independent Pathology Modernisation Steering Group will scrutinise proposals and advise Ministers.

Cancer - the £53 million for cancer consists of two elements:

- £40 million of funding to implement the second year of the £100m programme of capital modernisation announced in January this year. This programme is for:

CT Scanners. By 2004, all NHS Trusts offering a CT service should have available equipment that offers volume scanning capability. It will also ensure that the CT service should be provided by means of either spiral or multi-slice scanners, depending upon

local circumstances. This investment programme should ensure that by 2004 all CT scanners within the NHS are less than 10 years old.

Simulators & Planning Computers. This relates to the acquisition of simulators to ensure accurate targeting of tumours and planning computers to calculate radiotherapy doses. All NHS Trusts providing radiotherapy services should be able to provide volume (3D) planning for patients by 2004.

➤ £13 million is for:

Breast Screening. Around £8 million will be spent in 2001/02 on modernising the breast screening service. This will cover the expected 40% increase in workload due to the extension of the screening services to women aged 65-70 by 2004 and to improve techniques by taking two views of the breast at each screening instead of just one.

Replacement of Linear Accelerators: Around £5 million will be spent on the replacement of outmoded linear accelerators.

Funds will be targeted at those NHS Trusts needing investment as identified by the national data base. Equipment will be purchased using the system established with NHS PASA and local supplies representatives.

Coronary Heart Disease (CHD) – The £10 million will be used to purchase cardiac equipment that will enable an additional 3,000 revascularisations to be carried out ahead of the original target date of April 2002, as set out in the CHD National Service Framework. The investment will also help to make progress towards achieving at least a further 3,000 operations by 2003, as announced in the NHS Plan.

Waiting Lists & Times - Action On Programmes - The £75 million is to support the further development of the three new Action On Programmes: Action On Orthopaedics; Action On ENT, Action On Dermatology. The funding will be allocated to successful Action On sites following a bidding process.

Quality Initiatives - This allocation will fund two initiatives. These are:

- £6 million to support the creation of on site nurseries for staff. There will be a central bidding process to decide the NHS Trusts that receive this funding.
- £2 million to support medical performance. The allocation will fund the capital start up costs of a new Special Health Authority called the National Clinical Assessment Authority.

Mental Health - This budget is to implement the recommendations of the Tilt Report. It will enable improvements to the security at each of the three High Security Special Hospitals and will also facilitate high secure discharge from the three hospitals to more appropriate settings.

Junior Doctors Working Hours – This allocation will fund improvements to junior doctors' living and working conditions to bring accommodation and catering facilities up to the new standards recently agreed with the BMA. It will also enable NHS Trusts to buy IT and other equipment which will help junior doctors reduce their working hours.

Timing of allocation of earmarked funds

11. To allow capital programmes to progress quickly, all capital central budgets will have been allocated to Regional Offices by the end of April. This will enable quarter 1 plans to fully reflect the total capital resources available.

Years 2 and 3 of the Spending Review

12. Table 7 shows the indicative figures for general capital allocations for the remaining two years of the current Spending Review:

Table 7: Indicative RO General Capital Allocations	General Allocations 2001/02	General Allocations 2002/03	General Allocations 2003/04
	£000	£000	£000
Northern & Yorkshire	156,617	176,649	199,153
Trent	120,663	136,096	153,434
Eastern	120,120	135,484	152,744
London *	245,096	267,513	295,222
South East	199,138	224,609	253,223
South West	112,535	126,930	143,100
West Midlands	135,121	152,404	171,820
North West	166,959	188,315	212,305
Total	1,256,250	1,408,000	1,581,000

*Includes funding for London Initiatives

13. This shows a 10% real terms cumulative increase in general allocations and represents the minimum level of resources Regional Offices can expect to fund block and discretionary capital in 2002/03 and 2003/04. This information is for planning purposes only and formal allocations will be made in each year to reflect changing priorities.

Contacts

14. For queries on this HSC please contact John Doran (telephone 0113 2545471) or John Guest (telephone 0113 2545466).
15. This circular has been issued by The Private Finance Initiative and Capital Investment Branch, NHS Executive, Quarry House, Leeds.



COLIN L REEVES
DIRECTOR OF FINANCE AND PERFORMANCE