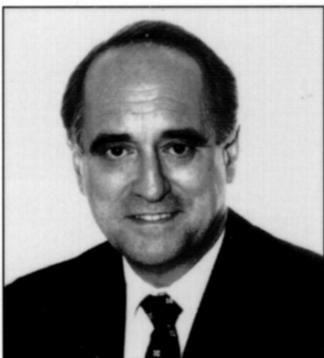


Capital Investment Manual

Foreword



Decisions to invest future financial and human resources in undertaking a capital investment are among the most important decisions made within the NHS.

Resources wasted through poor decision-making and ineffective project control invariably mean a shift of resources away from direct patient care, and possibly the cancellation of other important health care expenditure. This cannot be allowed to happen. By observing the principles set out in this manual such waste will be minimised or eliminated.

The separation of the purchaser and provider functions and the increased financial rigour introduced by the NHS reforms have necessitated a major overhaul of the guidance for handling capital investments in the NHS. The Trust financial regime has heightened the consciousness of the cost of capital and introduced a realism in the planning process that was missing from the previous system.

The new guidance is intended to reinforce the impact of the NHS reforms and to end bidding by providers for schemes which have not been properly thought through – in effect, bringing the demand for capital into balance with its supply. The cost of any

investment to a Trust will be reflected in its prices, and the investment must therefore be affordable to and supported by its purchasers (health authorities and GP fundholders).

The *Capital Investment Manual* reflects and reinforces these developments. It represents a comprehensive approach to the planning and delivery of capital schemes, and applies to all capital investments. It draws heavily on the lessons learned in handling past capital investments, and in particular emphasises the importance of strong project leadership, management and control.

Commensurate with the increased freedoms and responsibilities of Trusts, they now have total control over the delivery of capital investment projects. Failure to deliver to time and on cost will have an adverse impact on patient services and the long run viability of a Trust. I look to Trust Chairmen and other non-executive members of the Trust Board for the successful delivery of schemes within the agreed budget and timescale. I also expect the NHS executive to monitor this process rigorously.

It is the duty of all those involved in the capital investment process to live up to the standards set out in this important manual.

Yours sincerely

A handwritten signature in black ink that reads "Brian Mawhinney". The signature is written in a cursive style.

Dr Brian Mawhinney
Minister of Health