Public Finance Committee Meeting

Wed 16 November 2022, 14:00 - 16:00

Agenda

14:00 - 14:00
0 min

1. Standing Items

Rhian Thomas

1.1. Welcome and Introductions

1.2. Apologies for Absence

1.3. Declarations of Interest

1.4. Minutes of the previous Committee meeting – 19 October 2022

1.4 Draft Public Finance Minutes - OctoberMD.NF.pdf (9 pages)

1.5. Action log following the meeting held on 19 October 2022

1.5 Action Log - Following Public Meeting in OctoberMD.NF.pdf (2 pages)

1.6. Chair's Actions since previous meeting

14:00 - 14:00
0 min

2. Items for Review and Assurance

2.1. Financial Report – Month 7

Robert Mahoney

2.2. Financial performance of Clinical Boards

Paul Bostock Robert Mahoney

2.3. Board Assurance Framework – Financial Risk

Nicola Foreman

2.3 BAF Financial Sustainability cover report - 2022.NF(1).pdf (3 pages)
2.3a Financial Sustainability Nov updated.pdf (2 pages)

2.4. Operational Pressures

Paul Bostock

Mohamed Sarah
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14:00 - 14:00
0 min

3. Items for Approval / Ratification

3.1. Tertiary Tower Long term solution – Business Case

Catherine Phillips Geoff Walsh

The Full Business Case (FBC) contains commercially sensitive/confidential information and has therefore not been published on the Health Board's website. A copy of the FBC has been made available to the Finance Committee Members prior to the Committee meeting.

- 3.1 Tertiary Tower Electrical Infrastructure Finance Committee Nov 2022.pdf (4 pages)
- 3.1a 220811 UHW Tertiary Tower Electrical Infrastructure BJC Exec Sum.pdf (11 pages)

3.2. FNC Rate

Jason Roberts/Lynne Aston

- 3.2 FNC Rate Paper.pdf (4 pages)

3.3. Development of the Hybrid/Major Trauma theatres at UHW - Business Case

Abigail Harris Geoff Walsh

The Full Business Case (FBC) contains commercially sensitive/confidential information and has therefore not been published on the Health Board's website. A copy of the FBC has been made available to the Finance Committee Members prior to the Committee meeting.

- 3.3 Hybrid and Major Trauma Theatres FBC at UHW.pdf (7 pages)

14:00 - 14:00
0 min

4. Items for Information and Noting

4.1. Financial Monitoring Return – Month 7

Robert Mahoney

14:00 - 14:00
0 min

5. Agenda for Private Finance Committee Meeting

Rhian Thomas

5.1. Approval of Private Minutes

5.2. High Level Resource Map

5.3. Forecast Outturn

5.4. Adult Fracture Clinic

14:00 - 14:00
0 min

6. AOB

14:00 - 14:00
0 min

7. Review and Final Closure

Rhian Thomas

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7.1. Items to be deferred to Board / Committee

7.2. Date, time and venue of the next Committee meeting

14:00 - 14:00
0 min

8. Resolution

To consider a resolution that representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest [Section 1(2) Public Bodies (Admission to Meetings) Act 1960]

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Unconfirmed Minutes of the Public Finance Committee Meeting
Held On 19 October 2022 at 2pm
Via MS Teams

Chair:		
Rhian Thomas	RT	Independent Member - Capital and Estates
Present:		
John Union	JU	Independent Member – Finance
David Edwards	DE	Independent Member – ICT
In Attendance:		
Charles Janczewski	CJ	UHB Chair
Abigail Harris	AH	Executive Director of Strategic Planning
Catherine Phillips	CP	Executive Director of Finance
Tim Davies	TD	Head of Corporate Business
Nicola Foreman	NF	Director of Corporate Governance
Robert Mahoney	RM	Deputy Director of Finance (Operational)
Jason Roberts	JR	Executive Nurse Director
Paul Bostock	PB	Chief Operating Officer
Secretariat		
Sarah Mohamed	SM	Corporate Governance Officer
Apologies:		
Hywel Pullen	HP	Assistant Director of Finance

Item No	Agenda Item	Action
FC 19/10/001	**Welcome & Introduction** The Committee Chair (CC) welcomed everyone to the meeting.	
FC 19/10/002	**Apologies for Absence** **The Finance Committee resolved that:** a) No Apologies were noted.	
FC 19/10/003	**Declarations of Interest** **The Finance Committee resolved that:** a) No Declarations of Interest were noted.	
FC 19/10/004	**Minutes of the meeting Held on 28 September 2022** The minutes of the meeting held on 28 September 2022 were received. **The Finance Committee resolved that:**	

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	a) The minutes of the meeting held on 28 September 2022 were held as a true and accurate record of the meeting.	
FC 19/10/005	**Action Log following the meeting held on 28 September 2022** The Action Log was received. **The Finance Committee resolved that:** a) The Action Log was up to date.	
FC 19/10/006	**Chairs Action since previous meeting** There had been no Chair's Actions taken since the last meeting.	
	Items for Review and Assurance	
FC 19/10/007	**Financial Report – Month 6** The Deputy Director of Finance Operations (DDFO) presented the Financial Report Month 6 and highlighted the following. At month 6 the Health Board reported an overspend of £12.807m against the submitted draft plan. That comprised of £4.257m of operational overspend and the planned deficit of £8.550m (six twelfths of the annual planned deficit of £17.1m set out in 2022/23 financial plan). The Health Board was now in "enhanced monitoring" by Welsh Government (WG). <u>Core Financial Plan – Month 6 Cumulative Position</u> The Health Board had overspent by £12.807m against its core financial plan, of which (i) £8.550m was planned as part of the underlying financial deficit and (ii) £4.257m was unplanned as an overspend in delegated and central positions. It was noted that the rate of unplanned overspend had increased in month, deteriorating by £1.730m from the cumulative Month 5 unplanned overspend of £2.527m. Table 3 provided a summary of the Month 6 position. The UHB Chair queried how the work undertaken with regards to forecasting had impacted upon the actual spend. The DDFO responded that when looking at the forecast it had caused people to reassess liabilities. Across such a wide	

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financial position, they only needed a small update on the forecast for colleagues to reflect on. They might have considered something a risk that was not a risk.

The UHB Chair queried if the Finance team was confident that this was the overspend for the year to date.

The DDFO responded that nothing else should appear for the year to date. However, there were risks in the last six months of the year, because of the uncertainty which would be discussed in the meeting later on and which were likely to cause pressure on delivering the financial plan.

Table 3: Finance - Key Performance Indicator Dashboard at September 2022

- The first red indicator was marked against the delivery of the 2022/23 draft financial plan.
- The Finance team was confident that the capital resource limit would be managed and the Health Board would remain within the capital resource limit at year end. It was a challenge to manage because there were so many variables. The challenge was making sure the Finance team worked with WG to recycle slippage.
- The overspend situation had impacted upon the underlying deficit. Work had not yet been completed regarding that and it would be discussed in the Private session of the Committee meeting.
- The Health Board was substantially behind on the recovery of recurrent savings. It was difficult for the Clinical Boards to find current savings. The Health Board was £1.9 million short of the savings.
- The Health Board was currently working on cash savings. It had been the most challenging this year. There was an all Wales responsibility to WG. The Health Board have been asked to formulate their forecast to year end. If WG could not remain within the limits set by the Treasury, it would need to discuss how that could be managed.

The Committee Chair (CC) stated that the Health Board had a lot of expenditure that was not yet formally “backstopped” by WG or where there had been no formal confirmation from WG regarding the same. The CC queried whether that was an issue in terms of cash.

The DDFO responded that it was an issue in terms of cash. WG had not confirmed the resource cover to spend that yet. It was implicit in conversations with WG that the Health Board required the resources and the cash.

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It was noted that a number of cost pressures had emerged or increased in the year to date that had not been foreseen in the original financial plan.

Table 4: Financial Performance for the period ended 30th September 2022

Table 4 summarised the year to date position across the Clinical Boards and delegated areas of the Health Board.

The operational deficit of £8.907m against delegated budgets was offset by a £4.650m underspend against central budgets, leaving a total operational overspend of £4.257m before the addition of the cumulative £8.550m planned deficit, to leave a total overspend of £12.807m.

Table 5: Key Cost pressures and risks within delegated positions as at Month 6

Table 5 highlighted items which had been real pressures this year. That included the following:

- The first two figures for unfunded Medical staffing, including agency & premium costs, had become really acute this year.
- It was noted that international Nurse recruitment was an expensive way to recruit Nurses.
- The WHSSC LTA performance had moved back into a quasi-performance environment. There had been some mitigations to some of the contracts.
- There was a need to increase Patient catering in EU.
- The cost of prescribing had been going up. The Health Board increasingly had to go outside of normal contracts to obtain supply which came at a premium cost. The Finance team was monitoring the situation carefully.
- There had been an increased demand for Mental Health services and an increase in capacity. The Health Board was relying more on CHC placements.
- Security at Rookwood & Whitchurch was an estate cost. It was noted that there was a requirement to maintain sites in a good order.
- There was a reduced footfall in Aroma due to less patients as a result of COVID 19 and that had impacted upon sales.

The DDFO advised the Committee that the Health Board was reporting a £4.257m deficit over and above the planned defiit of £17.1m.

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	The DDFO added that the risks of pulling that back to £17.1m were significant and real. The different trajectories and concerns would be discussed in the Private session of the Committee meeting. The DDFO explained the trajectory graph contained within the meeting papers. It was noted that the blue line represented the planned deficit of £17.1m. A gap was appearing on the trajectory between where the Health Board was at month 6 and where it had planned to be at month 6, along with what the gap would look like at month 12. The UHB Chair queried what actions were being taken to correct the wayward trajectory. The DDFO responded that the Finance team was meeting with the Clinical Boards on a regular basis to discuss how the trajectory could be improved. The trajectory levels would be discussed further in the Private Session of the Committee meeting. The UHB Chair stated that it was important from the Board perspective to understand the importance of trying to take corrective action as soon as possible and the actions that were being undertaken in order to minimise any potential excesses. The Chief Operating Officer (COO) stated that there was an absolute focus on the financial position from the Clinical Board perspective. Monthly meetings had been set up between the COO, DDFO and EDF to meet all of the Clinical Boards in the same room at the same time. The CC requested that the COO shared the outcome of that meeting with the Clinical Boards at next month's Committee meeting. The DDFO stated the trajectory did not include a number of potential cost issues that could add pressure to recover the trajectory. Those included (i) winter pressures planning for additional bed capacity and (ii) Emergency Unit service mitigations whilst Covid restricted the ability to efficiently discharge patients. It was noted that the Health Board still had to deliver additional savings of £1.9m against its plans in the second half of 2022-23. <u>Exceptional costs</u>	**COO**

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It was noted that in line with guidance from WG, the Health Board's plan had anticipated WG funding for the three National Inflationary Pressure exceptional costs, namely:

- Increased energy costs of £20.9m for 2022-23.
- Employers NI costs of £6.9m.
- The impact of paying Real Living Wage (RLW) for staff working within Social Care and the Third Sector, which had remained at the original estimated level of a £2.9m increase in annual costs.

The DDFO advised that there had been huge volatility with the excess energy costs. However, there had been more positive news on pricing and modelling since month 5. The Government's guarantees to the Business sector would also apply to the NHS. The Health Board had greatly reduced the forecast ask from WG in that area.

Table 6 – Exceptional Cost forecast for 2022-23

It was noted that WG funding to support those costs had been assumed but had not yet been confirmed.

However, the COVID funding for response costs had moved in month because of the wage award. It was at £25m. It was being challenged by WG as to why it had not reduced since the COVID situation was improving.

However, the Health Board was still on a "COVID footprint" and there were still outbreaks on some wards. The DDFO described that situation as moving into "COVID consequential". It was the world the Health Board had emerged into since the pandemic and it was difficult not to rely upon COVID funding for response costs.

Table 8: Summary Financial Position for the period ended 30th September 2022

It was noted that this emphasised the £4.257m overspend the Health Board had anticipated for that time of the year.

Key Financial Assumptions and Risks

Approving the three-year financial plan was noted at "red". A revised financial plan was submitted into WG on 30 June 2022. The plan had projected a £17.1m deficit by the end of 2022-23. WG had now moved the Health Board into an Enhanced Monitoring position based on financial concerns.

The revenue funded limit was a red risk. The Health Board had submitted a £17.1m deficit plan and therefore would

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	breach the breakeven duty in 2022-23. It was a high risk that would not be recovered in years two and three of the rolling performance measure. Operational delegated positions had deteriorated in year resulting from cost and service pressures and excess inflation which was a red risk. Table 5 referred to new in year cost pressures which had arisen from demand and staffing pressures whilst still maintaining a Covid ready environment. The CC queried whether the rating was accurate enough to reflect the Health Board's current position. The Director of Corporate Governance (DCG) stated that the BAF would go to the next Finance Committee meeting and then to Board in November. It was previously agreed that once they were clear on the month 6 financial position, the financial risk would then be reviewed. The DCG would also check it against the Risk Register for consistency purposes. It was noted that WG funding exceptional costs and COVID costs still remained at risk. <u>Table 10: Savings Schemes</u> It was noted that the Health Board had yet to recover £1.9m of saving schemes. The Finance team would continue to work on that. The EDF advised that WG had asked the Health Board to provide a list of slippage bids. The Health Board had submitted bids of £15m, the vast majority of which was for relocating services that had restarted during COVID. A bid for urgent care had also been submitted, plus a bid for £700,000 - £800,000 to upgrade work in the Emergency front door. Bids to upgrade infrastructure would be submitted next month. The UHB Chair queried the current position of the savings plan for 2023-24. The DDFO responded that the Finance team was starting the planning for next year and assessing the needs for savings. There was pressure on the financial plan for next year along with the underlying deficit of this year. That could produce a need for a significant Cost Recovery/Reduction Programme (CRP) but there was also a need to be cautious. The CEO stated that following conversations with the EDF, the Health Board needed to find a way to shift from "salami slicing" to a more transformational place.	**DCG**

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	The Finance Committee resolved that: a) The reported overspend of £12.807m due to £4.257m of operational pressures and a planning deficit of £8.550m, was noted. b) The financial impact of COVID 19 which was assessed at £30.441m, was noted. c) The additional Welsh Government COVID 19 funding of £30.441m assumed within the position, was noted. d) The financial impact of Exceptional Inflationary Pressures which was assessed at £8.620m, was noted. e) The additional Exceptional Inflationary Pressures funding of £8.620m assumed within the position, was noted. f) The forecast deficit of £17.1m, which was consistent with the Final Financial plan and was a reduction of £3.7m from the £20.8m included within the initial Draft Financial Plan, was noted. g) The 2021/22 brought forward Underlying Deficit of £29.7m and the planned forecast carry forward of £20.0m to 2023/24, was noted.	
	Items for Information and Noting	
FC 19/10/008	**Financial Monitoring Return – Month 6** The Financial Monitoring Return – Month 6 was received. **The Finance Committee resolved that:** a) The extract from the UHB's Monthly Financial Monitoring Return was noted.	
	Agenda for Private Finance Committee Meeting	
FC 19/10/009	i. Approval of Private Minutes ii. Update on risks to the finance plan iii. COVID funding analysis	
FC 19/10/010	**Any Other Business** No Other Business was discussed.	
	Review and Final Closure	
FC 19/10/011	**Items to be referred to Board / Committee** No Items to be referred to Board / Committee.	
	Date & time of next Meeting Wednesday 16 November 2022 at 2pm Via MS Teams	

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Public Action Log

Following Finance Committee Meeting
19 October 2022
(For the Meeting 16 November 2022)

Completed actions					
REF	**SUBJECT**	**AGREED ACTION**	**ACTIONED TO**	**DATE**	**STATUS/COMMENTS**
FC 24/8/007	Financial performance of Clinical Boards	More quantifiable data and concrete information on the recovery plans to be shared with the Committee.	Mike Bond Hywel Pullen	19 October 2022	**Complete** Update provided on 19 October 2022
FC 28/9/007	Forecast	To put together a forecast and highlight any revision to the financial plan.	Robert Mahoney	19 October 2022	**Complete** Update provided on 19 October 2022
FC 28/9/007	Planned deficit vs actual extrapolated deficit graph	To ensure the deficit forecast was measured against actuals at month 6.	Robert Mahoney	19 October 2022	**Complete** Update provided on 19 October 2022

Actions in progress					
REF	**SUBJECT**	**AGREED ACTION**	**ACTIONED TO**	**DATE**	**STATUS/COMMENTS**
FC 19/10/007	Clinical Boards financial position	COO will share the outcome of the meeting with the Clinical Boards at next month's finance meeting.	Paul Bostock/Robert Mahoney	16 November 2022	**Update on 16 November 2022** Agenda item 2.2

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FC 19/10/007	BAF	BAF would go to the next Finance Committee meeting and to cross reference the Corporate Risk Register for consistency	Nicola Foreman	16 November 2022	**Update on 16 November 2022** Agenda item 2.3
Actions referred to Board/Committees					
FC 24/8/008	High-level funding resource map	The high-level funding resource map would be presented at a future Board Development Session.	Nicola Foreman	14 December 2022	**Complete** Due to go to Board Development Session agenda for December
FC 28/9/008	Items referred to Board	BAF Risk – Financial Sustainability	Nicola Foreman	24 November 2022	**To go to Board on 24 November 2022**

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Report Title:	**Board Assurance Framework – Financial Sustainability**				Agenda Item no.	2.3
Meeting:	Finance Committee		Public	x	Meeting Date:	16th November 2022
			Private			
Status *(please tick one only):*	Assurance	x	Approval		Information	
Lead Executive:	Director of Corporate Governance					
Report Author (Title):	Director of Corporate Governance					

Main Report
Background and current situation:

The purpose of the report is to provide Members of the Finance Committee with the opportunity to review the Financial Sustainability Risk on the Board Assurance Framework which links specifically to this Committee.

There are currently nine key risks on the BAF, agreed by the Board in May 2022, which are impacting upon the Strategic Objectives of Cardiff and Vale Health Board. Financial Sustainability is one of those key risks and specifically identifies:

- There is a risk that the organisation will not be able to manage the impact of COVID 19 and other operational issues within the financial resources available.

It is good practice for Committees of the Board to also review risks on the BAF which relate to them. The role of the Committee in relation to the risk is to review it, check that the controls are in place and working and agree any further actions required in order to mitigate the risk. The Committee can then provide further assurance to the Board that the risk is being managed or mitigated as much as possible at the current time. The Executive Director Lead for this risk is the Executive Director of Finance.

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The Board Assurance Framework provides the Board with information on the key risks impacting upon the delivery of the Strategic Objectives of Cardiff and Vale University Health Board.

The attached Finance risk (last considered by the Board in September 2022) is considered to be a key risk to the achievement of the organisation's Strategic Objectives. The actions on this risk have been updated by the Executive Director of Finance since the September Board Meeting. This updated risk will be included in the full BAF to be presented to the Board on 24th November 2022. It should also be noted that the net risk has been increased to 20 from 15 due to the current financial forecast been off plan for 2022/23.

Recommendation:

The Finance Committee are requested to:

Review the attached risk in relation to Financial Sustainability to enable the Committee to provide further assurance to the Board when the Board Assurance Framework is reviewed in its entirety.

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Link to Strategic Objectives of Shaping our Future Wellbeing:
Please tick as relevant

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing	x	8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect	x	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered
Please tick as relevant

Prevention	x	Long term		Integration		Collaboration		Involvement	

Impact Assessment:
Please state yes or no for each category. If yes please provide further details.

Risk: ~~Yes~~/No

Safety: ~~Yes~~/No

Financial: ~~Yes~~/No

Workforce: ~~Yes~~/No

Legal: ~~Yes~~/No

Reputational: ~~Yes~~/No

Socio Economic: ~~Yes~~/No

Equality and Health: ~~Yes~~/No

Decarbonisation: ~~Yes~~/No

Approval/Scrutiny Route:

Committee/Group/Exec	Date:
Executive Director of Finance	6th September 2022

Monitoring Officer
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1. **Financial Sustainability – Executive Director of Finance (Catherine Phillips)**

Across Wales, Health Boards and Trusts set out plans to manage their financial pressures by driving out inefficiencies, while at the same time looking to derive greater value from their resources through innovative ways of working and practicing Prudent and Value Based Healthcare. In October 2021 the Welsh Government signalled a return to a three-year planning approach and accordingly the Health Board has developed a new three-year IMTP for 2022 to 2025. In March 2022, the Board approved the draft 2022 – 2025 IMTP. In light of the financial position work was undertaken during the Quarter 1 to develop the financial plan. The final plan was approved by the Board on 30th June and submitted to Welsh Government.

Risk **Date added:** 01.04.2022	There is a risk that the organisation will not be able to manage the impact of COVID 19 and other operational issues within the financial resources available.		
Cause	The UHB has incurred significant additional costs arising from managing the COVID 19 pandemic. It also has to manage its operational budget.		
Impact	Unable to deliver a year-end financial position. Reputational loss. Improvement in the underlying financial position which is dependent upon recurrent funding provided		
Impact Score: 5	Likelihood Score: 5	**Gross Risk Score:**	**25 (Extreme)**
Current Controls	Additional expenditure is being authorised within the governance structure and the UHB Scheme of Delegation. Financial Plan submitted to Welsh Government 30th June to deliver financial balance over the three-year period 2022-2025.		
Current Assurances	The financial position is reviewed by the Finance Committee which meets monthly and reports into the Board (1) Financial performance is a standing agenda item monthly on Management Executives Meeting (1) Financial performance is monitored by the Management Executive (1). Finance report presented to every Finance Committee Meeting highlighting progress against mitigating financial risks (1).		
Impact Score: 5	Likelihood Score: 4	**Net Risk Score:**	**20 (Extreme)**
Gap in Controls	No gaps currently identified.		
Gap in Assurances	To confirm COVID 19 and exceptional funding assumptions with Welsh Government for response and recovery. Certainty of COVID 19 expenditure and the management of non COVID 19 operational pressures. The financial plan 2022/23 does not achieve overall financial balance during the financial year. Our current forecast outturn does not match our financial plan for 2022/23.		

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Actions	Lead	By when	Update since Sept 22
1. Continue to work with Welsh Government to manage our recovery and COVID 19 response as well as exceptional cost pressures.	Catherine Phillips	31/12/2022	This continues to take place to understand resources which will be made available to the Health Board in 2022/23.
2. To monitor and control additional expenditure and financial performance to ensure that the year-end forecast is in line with financial plan 2022/23	Catherine Phillips	31/12/2022	Board has approved the Winter Plan which will increase the financial forecast outturn. Specific financial performance meetings have been set up to understand the pressures on delivering forecast outturn and results reported to Senior Leadership Board, Finance Committee and Board in November and December.
3. To understand the impact of responding to the Covid 19 pandemic has had on the organisations underlying position. To deliver on our savings plan recurrently	Paul Bostock	31/12/22	COVID response and recovery costs are being reviewed for plans to sustain in line with Service need. Savings are being managed and monitored with Clinical Boards.
Impact Score: 5 Likelihood Score:1	**Target Risk Score:**		**4 (Moderate)**

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Report Title:	UHW Tertiary Tower Building – Electrical Infrastructure			Agenda Item no.	3.1
Meeting:	Finance Committee	Public	√	Meeting Date:	16th November 2022
		Private			
Status *(please tick one only)*:	Assurance		Approval	√	Information
Lead Executive:	Director of Finance				
Report Author (Title):	Director of Capital, Estates and Facilities				

Main Report
Background and current situation:

The purpose of this report is to set out a summary of proposals and associated Capital and Revenue implications for the upgrade of the main electrical infrastructure within the Tertiary Tower Building on the University Hospital of Wales site. It is provided to the finance committee to recommend that UHB Board approve the submission of the Business Justification Case (BJC) to Welsh Government (WG) to provide capital funding support of £2.286m.

The Executive Summary is attached and the full BJC is available on request.

The capital cost figures included within the document have been prepared following a comprehensive procurement process in line with the UHB Standing Financial Instructions.

The existing electrical system consists of a single high voltage electrical substation feeding directly to a main low voltage electrical switch panel. The panel then feeds various essential and non-essential distribution boards via a rising bus-bar system. There is an emergency backup feed to the panel via an automatic changeover system from the Maternity Unit electrical sub-station. This feed is undersized and only supplies a small percentage of sockets and lighting services within the building which houses several critical areas including the PET Imaging Centre, three main Operating Theatres, a Cardiology Transesophageal Echocardiogram Theatre, Paediatric Care Ward and Operating Theatres along with outpatient departments and Wards.

During January 2021, an earth fault occurred on two occasions which resulted in a loss of power to the Tertiary Tower building. There were a small number of socket outlets and essential lighting available within the building but insufficient given the critical services affected. The first outage lasted two hours, following which the supply was successfully reinstated with the second outage being of greater magnitude which required high voltage specialist switching in order to affect an isolation of the damaged cable. This process resulted in power loss for some three hours.

As a result of there being no local generator backup for the Tertiary Tower building the power failure drastically affected clinical services within the building during this period.

Any fault on the current system will results in loss of supply and clinical service provisions within the Building. There is a potential for a single-point failure with very little resilience provided on the current system. The distribution network does not meet the requirements of HTM 06-01.

Having identified the deficiency of maintaining the critical infrastructure, it was necessary to design and upgrade the electrical infrastructure to ensure its compliance with HTM-06-01 and thereby ensuring continuity of supply in the event of a mains failure.

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The scheme will include installation of a new switchboard and local generator to provide 100% electrical supply in the event of any failure.

A summary of the projected capital costs is shown below:

	£000
Works costs	1.647
Fees	308
Non-works costs	135
Equipment	0
Risk provision	247
Total Net	2.337
VAT Reclaim	51
Total Gross	**2.286**

The revenue implication for this scheme relates to the annual maintenance of the new plant and equipment and is estimated at £1k which will be managed within the existing allocation.

The following hyperlink will provide access to the full version of the Business Justification Case:

Full BJC Submission

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

- The BJC has been developed to provide improved infrastructure to enhance the resilience of the electrical supplies to critical service areas such as the PET Imaging Centre, three main Operating Theatres, a Cardiology Transoesophageal Echocardiogram Theatre, Paediatric Care Ward and Operating Theatres
- The revenue consequences relate only to the annual maintenance of the plant installed and will be managed within the existing Capital Estates and Facilities budget
- The BJC has been considered by the Capital Management Group who have recommended its approval to the Board.

Recommendation:

Finance Committee are requested to:

RECOMMEND that the UHB Board APPROVE

1. the submission of the electrical infrastructure upgrade for the UHW Tertiary Tower – Business Justification Case to the UHB Board for approval to submit to Welsh Government for capital funding support
2. the awarding of the construction contract, subject to Welsh Government approval of the BJC, to Amberwell Engineering Services Ltd at a value of £1.647m (inclusive of VAT) under the terms and conditions of the NEC short form contract
3. the appointment of Gleeds Management Services as the Project Manager, subject to Welsh Government approval of the BJC, at the cost of £50.435k (inclusive of VAT) under the terms and conditions of the SBS Framework
4. the appointment of Gleeds Cost Management as the Cost Advisor, subject to Welsh Government approval of the BJC, at the cost of £38.572k (inclusive of VAT) under the terms and conditions of the SBS Framework

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RECOMMEND the Health Board to enter into the said contracts, subject to recommendation 2,3&4 being satisfied.

Link to Strategic Objectives of Shaping our Future Wellbeing:

Please tick as relevant

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	√
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect	√	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	√
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered
Please tick as relevant

Prevention	√	Long term	√	Integration		Collaboration		Involvement	

Impact Assessment:
Please state yes or no for each category. If yes please provide further details.

Risk: Yes

Lack of capital funding to deliver the scheme has implications on statutory compliance and clinical service delivery.

Safety: Yes

The scheme has clinical safety implications as limited backup power is available for the building that will impede clinical service delivery and patient safety in the event of a power failure.

Financial: Yes/No

Workforce: Yes/No

Legal: Yes

Statutory obligations require investment and the lack thereof can lead to exposure to risk and legal challenge.

Reputational: Yes

The UHB's ability to reduce waiting times and deliver services in an appropriate setting being cognisant of patient's privacy and dignity.

Socio Economic: No

Equality and Health: Yes

Increasing resilience of electrical services will improve overall reliability of the infrastructure ensuring clinical staff are able to appropriately perform intensive clinicals activities.

Decarbonisation: Yes

Although not been specifically, new equipment installed will be more energy efficient.

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Approval/Scrutiny Route:

Committee/Group/Exec	Date:

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GIG CYMRU NHS WALES | Bwrdd Iechyd Prifysgol Caerdydd a'r Fro | Cardiff and Vale University Health Board

Electrical Infrastructure Resilience Upgrade of the Tertiary Tower Block at University Hospital of Wales

Business Justification Case: Executive Summary

August 2022 – v3 – Final

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CARING FOR PEOPLE
KEEPING PEOPLE WELL

GIG CYMRU NHS WALES | Bwrdd Iechyd Prifysgol Caerdydd a'r Fro | Cardiff and Vale University Health Board

1.0 EXECUTIVE SUMMARY

1.1 Overview and Introduction

This business case seeks the approval for a capital investment of £2.286m to enable the electrical infrastructure resilience upgrade of the Tertiary Tower Block at University Hospital of Wales (UHW).

1.2 Strategic Context

Cardiff and Vale University Health Board (UHB) is responsible for planning and delivering health services for its local population of around 502,000, which represents 15.5% of the country's residents. This includes health promotion and public health functions as well as the provision of local primary care services (GP practices, dentists, optometrists and community pharmacists) and the running of hospitals, health centres, community health teams and mental health services. The Health Board employs approximately 15,000 staff and has an annual budget of £1.6 billion. The Health Board provides approximate 75 distinct tertiary services i.e. those that meet the Welsh Health Specialised Services Committee (WHSSC) definition of 'services provided' in a relatively small number of centres and requiring planning at a population of more than 1 million.

As a teaching Health Board, there are very close links to Cardiff University, which boasts a high-profile teaching, research and development role within the UK and abroad. This is alongside other academic links with Cardiff Metropolitan University and the University of South Wales. Training the next generation of clinical and non-clinical professionals, in order to develop expertise and improve clinical outcomes is a key priority for the Health Board.

The population served by the Health Board is growing rapidly in size, projected to increase by 10% between 2017-27, higher than the average growth across Wales and the rest of the UK. An extra 36,000 people will live in Cardiff over the next five years who require access to health and wellbeing services.

The Health Board is confident that the strategic drivers for this investment and associated strategies, programmes and plans are consistent with national, regional and local strategy and policy documents.

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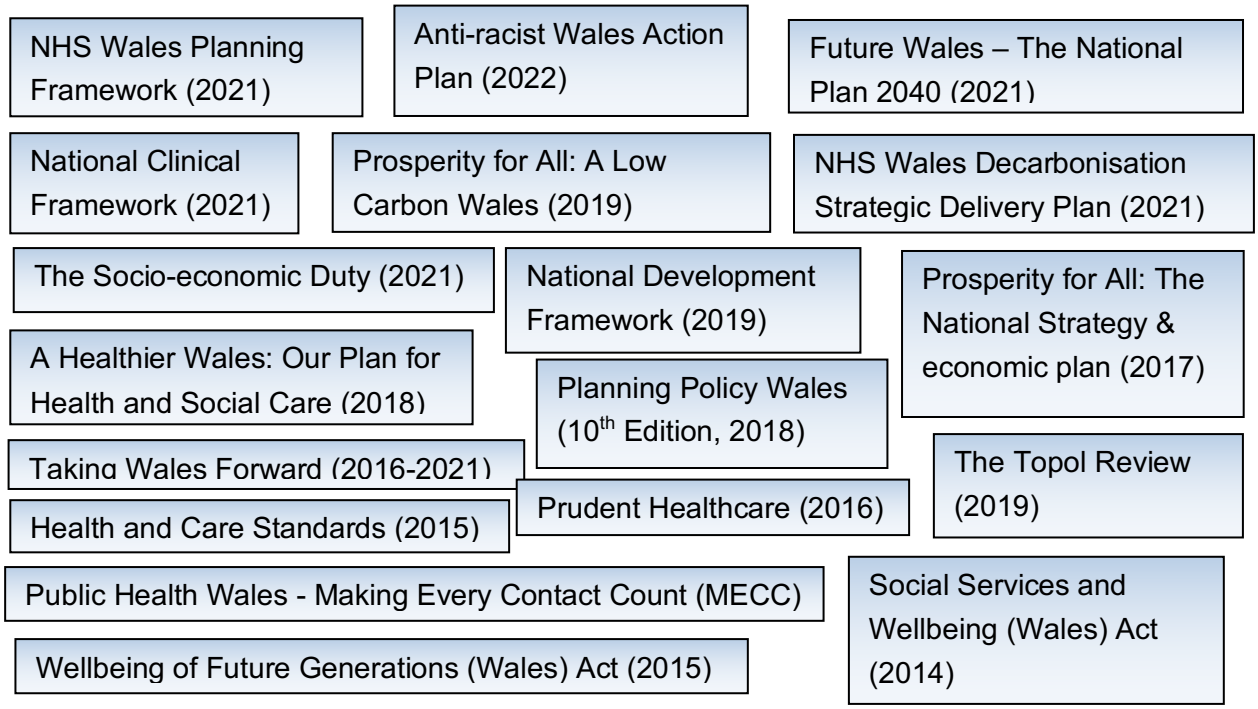
Some of the key Welsh Government policies that have shaped this Business Justification Case (BJC) are:



Executive Summary Figure 1: Overarching National Policies considered within this BJC

This BJC also takes cognisance of the relevant local strategies, these are:

- 2022 – 2023 Integrated Plan (June 2022)
- Shaping Our Future Wellbeing – Future Hospitals Programme Business Case (September 2021)
- Cardiff and Vale People and Culture Plan 2022 – 2025
- Shaping our Future Clinical Services
- Shaping Our Future Wellbeing Strategy 2015 – 2025
- Integrated Medium Term Plan 2022 – 2025
- Cardiff and Vale UHB Estates Strategy

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1.3 Case For Change

The specific investment objectives for this business case are:

Investment Objective 1: Quality and Safety of Electrical Services	
Specific	Services that deliver to appropriate quality and safety standards
Measurable	Evidenced by: ▪ The services meeting all applicable regulatory requirements
Achievable	Providing functionally suitable equipment appropriately sized to appropriate quality and safety standards
Relevant	This objective ensures the service will: ▪ Provide compliance with legislation, regulations and accreditation standards / performance; ▪ Support rapid adoption of best practice.
Time-bound	Service remains open throughout the development of the new facility and meets regulatory requirements upon commissioning
Investment Objective 2: Provide Sufficient Capacity to Meet Demand	
Specific	To ensure that the changing needs at UHW are met and that the solution does not destabilise other mechanical or electrical services
Measurable	Evidenced by: ▪ Facility meeting current demand; ▪ Providing increased capacity to ensure growth in demand is met; ▪ Providing resilience to provide short term capacity when required
Achievable	Providing functionally suitable equipment with sufficient capacity to meet the demands both now and in the future.
Relevant	This objectives will ensure access to services is optimised with: ▪ Service capacity that will meet demand in a timely way; ▪ Services delivered in an appropriate manner.
Time-bound	Upon commissioning of the new equipment
Investment Objective 3: Effective Use of Resources	
Specific	To maximise the use of available resource and provide equipment that delivers improved service efficiency Onsite infrastructure that can be drawn upon during contingency and business continuity management
Measurable	Evidenced by: ▪ Meeting capacity; ▪ Minimal emissions
Achievable	By providing additional capacity through the installation of modern equipment
Relevant	This objective will promote improved service efficiency through improved resilience
Time-bound	Upon commissioning of the new equipment

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Investment Objective 4: Sustainability	
Specific	To provide a solution that will ensure the reputation of the Health Board and will support the delivery of safe and sustainable services both in the short and medium term
Measurable	Evidenced by: ▪ Utilising new / modern transformers - less energy will be lost in the form of wasted thermal energy generated from the existing ohmic resistance of the transformer's nonferrous windings
Achievable	By providing new equipment specified to modern standards and in line with best practice in regard to the green agenda and move towards zero carbonisation
Relevant	This objective will ensure built-in resilience to adapt to changing needs
Time-bound	One year after commissioning the new equipment

Executive Summary Table 1: Investment Objectives

1.3.1 Current Arrangements and Business Need

The University Hospital of Wales is a large and complex site comprising of Health Board and Cardiff University services, all of which require a significant amount of electrical power to operate. In order to supply and distribute the large electrical demands of the site, the site is supported by an electrical high voltage network. This network is split into sections and consists of fifteen high voltage substations to feed the various buildings/areas of the site.

The Tertiary Tower Building was built in 2009 to house the PETIC treatment area. The building upon completion was built with areas above left as "a shell" to allow for potential future development opportunities/requirements of the UHW Services. The building however when completed and housing the current services did not consider the need to provide a generator as back up to this building, but at the time the building may have been thought to be used as "back of house" services rather frontline clinical services.

There is a secondary emergency supply to the Tertiary Tower from the Maternity Building however this supply is only sized to feed a small amount of lighting and small power sockets within the building and is not suitably rated to provide power to the essential services located within the building or enough power for any clinical functions to continue to operate.

1.3.2 Business Need

1.3.2.1 Current Issues

On the 6th January 2021 part of the Health Board's own internal high voltage network experienced an earth fault causing the system to trip to off. Initial investigations of the electrical infrastructure found no obvious causes for the fault and the supply was successfully re-instated.

On the 10th January 2021 a further loss of power was experienced on the same section of the high voltage network. On this occasion the fault had increased in magnitude enough to allow the earth fault to be located on the network. High voltage switching of the network was

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carried out to isolate the affected section of the network, power was restored and a repair was immediately carried out.

The network fault caused a power loss that affected the Sir Geraint Evans (SGE) Building, the Tenovus Building, the Tertiary Tower Building, the Maternity Unit and the Concourse area.

SGE, Tenovus and Maternity all have local onsite generator backup and power was restored a short time after the initial fault. The Tertiary Tower and Concourse, however, have no local generator backup facility and were without electricity for the duration of the network fault until the supply was able to be restored.

1.3.2.2 Existing Risks

The risk implications are as occurred during the events of the 6th January 2021 and 10th January 2021, failure to implement a new back-up system will result in the loss of services provided within the Tertiary Tower Building.

In the meantime the Capital, Estates and Facilities project team are implementing a short term measure to improve resilience in the event of service failure for certain specific elements of the Tertiary Tower Building that relate to, and impact on, patient care and treatment.

1.3.3 Proposed Scope

This section describes the potential scope for the project in relation to the investment objectives and business needs.

The usual process is to comply with Welsh Government guidance is to assess the scope against a continuum of need ranging from:

- A minimum – essential or core requirements/outcomes;
- An intermediate – essential and desirable requirements/outcomes;
- A maximum – essential, desirable and optional requirements/outcomes.

However, with regards to this business case there is only one scope that is possible and that is a proposed electrical substation to house a back-up generator to supply the Tertiary Tower Building. There is no other scope that can be considered as part of the development of this BJC in order to deliver the required project outcome and investment objectives.

1.3.4 Main Benefits

This section describes the main outcomes and benefits associated with the implementation of the investment of the identified scope in relation to the identified business needs.

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Benefits are expressed in relation to the developed appraisal criteria that were derived from the investment objectives as follows:

Investment Objective	Beneficiary	Main Benefits
Investment Objective 1: Quality and Safety of Electrical Services	Service Users and wider Health Board	Non QB - High quality, safe and timely services to patients QB - Services that meet all applicable regulatory requirements
Investment Objective 2: Provide Sufficient Capacity to Meet Demand	Service Users and wider Health Board	QB - Provision of sufficient capacity to meet the demands both now and in the future in the Tertiary Tower at UHW QB – Reducing pressures on other facilities and provide resilience in the short term
Investment Objective 3: Effective Use of Resources	Service Users and wider Health Board	QB – Improved service efficiency
Investment Objective 4: Sustainability	Service Users, Health Board and wider societal economy	QB – Provides a reduction in emissions, promotes best practice in regard to the green agenda and move towards zero carbonisation

Executive Summary Table 2: Main Benefits

1.3.5 Main Risks

The table below provides a summary of the key risks that might affect the delivery of the project along with the counter measures:

Risk Description	Counter Measure
Current world events and effects on world economy (steel, oil, etc)	Review of market place throughout scheme and tender
Risk of interuption to hospital operational services during construction stage	Ongoing engagment with users during design and construction
Interaction of site constraints on construction	Review of restrictions between the Health Board and Contractor on a live hospital site
Interuption to existing serices (utilities) during construction	Review current capacity of infrastructure and assess demand. Potential for existing services to require upgrading
Access to work site	Site access is tight and needs to be considered by the Contractor at tender stage. Welfare and storage areas not in close proximity to working area.

Executive Summary Table 3: Main Risks

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1.4 Available Options

Due to the specific nature of this business case, there is only one viable option, that is to provide:

- A new electrical substation which will house a new transformer, generator and electrical switchboard

The only suitable location is in the emergency admissions lane at UHW, immediately adjacent to the Tertiary Tower Building. Whilst there were some minor options with regards to the exact location these were all in very close proximity as to make no material difference to either qualitative or economic values, therefore no option appraisal has been undertaken.

1.5 Preferred Option

The preferred option to be developed is for a new electrical substation which will house a new transformer, generator and electrical switchboard to feed and provide the required additional electrical resilience to the Tertiary Tower Building

The substation will be developed and created in the emergency admissions lane at UHW, immediately adjacent to the Tertiary Tower Building and will be constructed on a raised platform to sit at the upper ground floor level of the site therefore connecting this new structure with the existing plantroom housed within the Tertiary Tower.

The plan of works will be to create the platform, install the back-up generator and transformer, then finally install the electrical panel and breakthrough into this existing plantroom area for full connectivity.

The provision and siting of this new substation will inevitably cause some disruption whilst works are taking place on site but this will be minimised wherever possible. The connection of the new back-up generator supply may also require the Tertiary Tower Building to be shut down for a period of time however, again this will be controlled and agreed with all parties and minimised to reduce the impact on services and patient treatment.

Further information is contained within the Estates Annex that accompanies this business justification case.

1.6 Procurement Route

Due to the specialist nature of the scheme, the procurement route to be utilised will be as follows:

- NHS SBS Construction Consultancy Service (NHS Shared Business Services);
- The Health Board's Construction Services Framework (Contractor).

The procurement strategies are in line with the procedures and practices as laid down in the varying frameworks. The construction elements of the proposed scheme were formally competitively tendered as part of the production and agreement of the target price. An open

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book approach to prices was adopted in line with the Framework and all costs were closely scrutinised to ensure that the Health Board is getting the best value for mone

1.7 Funding and Affordability

1.7.1 Capital Costs

This Business Case seeks approval to invest £2.286m from the All Wales Capital Programme, a breakdown of the capital costs is summarised in the table below:

	£000
Building/Engineering	2.286
Equipment costs	0.000
Total	**2.286**

Executive Summary Table 4: Capital Costs for the Preferred Option

1.7.2 Capital Charges and Depreciation

A summary of the capital and depreciation for the project is as follows:

	£000
Impairment	1.588
Depreciation - Building/Engineering	-0.017
Depreciation – Equipment	0.00
Accelerated Depreciation	0.00
Total Capital Charges/Depreciation	**1.571**

Executive Summary Table 5: Capital Charges and Depreciation

The following is a summary of the total impact of impairment by year until the planned opening of the new facility:

	2023/24 £m	2024/25 £m	2025/26 £m
DEL Impairment	0	0	0
AME Impairment	1.588	0	0
Total Impairment	**1.588**	**0**	**0**
Depreciation – Build	(0.012)	(0.017)	(0.017)
Depreciation - Equipment	0	0	0
Total Depreciation	**(0.012)**	**(0.017)**	**(0.017)**

Executive Summary Table 6: Impairment for the Preferred Option

This BJC assumes all capital charges and depreciation will be funded by Welsh Government in each of the years as per the above.

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1.7.3 Revenue Costs

It has been estimated that the revenue costs will be minimal and circa £1,000 per year.

1.7.4 Impact On The Income And Expenditure Account

The anticipated capital spend, capital charges and depreciation profile for the extent of the project is as follows:

	2022/23 £000	2023/24 £000	2024/25 £000
Capital (Ex VAT) - DEL	1.049	1.247	0.041
Accelerated Depreciation		(0.012)	(0.017)
Total	**1.049**	**1.235**	**0.024**

Executive Summary Table 7: Impact on Income and Expenditure Account

All assets will be shown on the Health Board's balance sheet. The asset will be valued on completion and recorded on the balance sheet at that value. Subsequently it will be treated as per the Health Board's capital accounting policy.

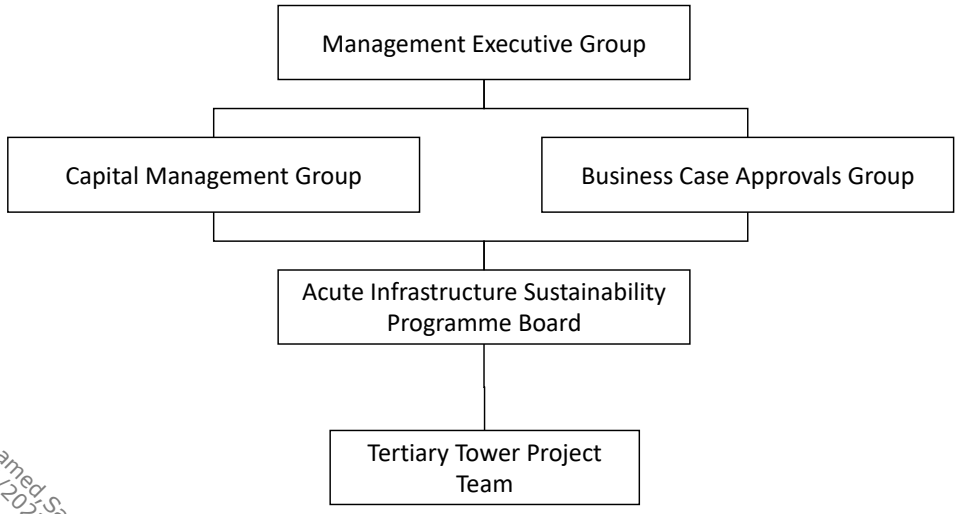
1.7.5 Project Bank Account

The Health Board can confirm that a Project Bank Account will be prepared at the appropriate stage as the project exceeds the Welsh Government value threshold for the mandatory use of Project Bank Accounts.

1.8 Management Arrangements

Robust project management arrangements are vital to ensure the implementation of the overall project and that effective control is maintained over the capital scheme.

The reporting organisation and the reporting structure for the whole of the project is shown as follows:



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Executive Summary Figure 2: Project Reporting Structure

The dates detailed below highlight the proposed key milestones of the project:

Milestone Activity	Date
BJC submission to WG	October 20 22
Construction comencement	January 2023
Completion	October 2023

Executive Summary Table 8: Project Plan

1.8.1 Risk Management

The risk management strategy has been integrated into the project management procedures, with responsibility for implementation of the strategy resting with the Project Director. A project risk register has also been established and is subject to review and update on a regular basis. The current risk register is included within the Estates Annex.

1.9 Recommendation

If this project does not go ahead, the risk is that without a back-up power supply to the affected buildings the electrical supply could be interrupted due to a repeat of the similar faults already seen and this would impact on patient care and safety. Therefore, it is recommended that approval be given for the Cardiff and Vale University Health Board to develop the preferred option to secure the infrastructure required.

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Report Title:	**Funded Nursing Care: Setting the 2022/23 Rate**			Agenda Item no.	3.2
Meeting:	Finance Committee	Public	X	Meeting Date:	16th November 2022
		Private			
Status *(please tick one only):*	Assurance	Approval	X	Information	
Lead Executive:	Executive Director of Nursing				
Report Author (Title):	Assistant Director of Finance, Head of Finance PCIC Clinical Board/Deputy Director of Nursing PCIC				

Main Report
Background and current situation:

Funded Nursing Care (FNC) is the term used to describe the NHS funding of Registered Nurse (RN) time in care homes for those residents assessed as requiring nursing supervision and input into their care.

The rate is set annually by HBs working together to ensure a consistent rate is applied across Wales. The rate is calculated using the Inflationary Uplift Mechanism (IUM) which is made up of two components

(i) an identified amount of RN time
(ii) continence products.

The RN component is calculated using Agenda for Change Band 5 and is uplifted annually in line with the NHS Pay Award. The continence component is uplifted annually in line with the Consumer Price Index (CPI).

A Supreme Court Judgment in 2017 determined the services provided by the RN that should be reflected in the FNC rate and the IUM used by HBs to set the rate annually complies with that Judgment. In its Judgment the Supreme Court also found that a proportion of the RN time was used undertaking roles and tasks that were incidental[1] and should therefore be funded by either the local authority[2] or the self-funder.

The extant Welsh Government policy guidance was issued in 2004 so is now some 18 years old. It does not reflect the current national legislative and policy landscape. WG has committed to undertaking a review of the FNC Policy Guidance but as yet there has been no commitment to a timescale for this. Instead, in the short term WG intend to issue an Interim Policy Statement. This is currently being drafted by WG. Early drafts indicate it is likely to confirm the current position is that determined by the Supreme Court but this is not yet confirmed.

HB Boards initially approved the IUM to apply for a period of five years and then review. The five year period ended with the 2018/19 calculation.

HB Boards then approved an extension to the IUM for a further two years, to cover 2019/20 and 2020/21, the intention being that this would allow for WG to issue revised FNC Policy Guidance which would include a policy expectation regarding what services should be included within the rate. The COVID-19 pandemic led to a suspension of many planned policy developments, leading to the current plan by WG to issue an Interim Policy Statement as a short-term measure during 2022.

The two year extension approved by HB Boards completed in March 2022

[1] The Supreme Court Judgment viewed the tasks undertaken by the RN as a matter of convenience rather than needing to be undertaken as a nursing task/skill should not be included as a charge to the NHS. This amounted to 0.385 hours per nursing resident per week and this amount is the responsibility of either the self-funder or the LA, as appropriate.

[2] WG provided local authorities with recurring funding via the Revenue Support Grant to meet the costs of the 0.385 hour of RN time that comprise the LA component of the rate

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

Health Boards need therefore to formally consider whether to continue with the IUM as an appropriate option or to implement an alternative mechanism. This option has been considered by: HB professional and finance leads; HB accountable executive Directors; and most recently by HB Chief Executives. **The recommendation is that the IUM be further extended to commence with the current 2022/23 year and for further years until a revised WG Policy indicates it to be inappropriate.**

Should the anticipated WG Policy Guidance review not be forthcoming for any reason it is proposed the IUM be reviewed again after three years to ensure it remains an appropriate mechanism. This would mean that in the absence of a policy update the IUM would be reviewed before the end of 2024/25.

The benefits of retaining the IUM are:

- It is a well-established and tested mechanism which was not challenged during the 2017 legal proceedings;
- It provides a mechanism that allows for the rapid calculation of the FNC rate once the annual announcement of the NHS Pay Award is made.
- It complies with the Supreme Court Judgment.

Care home Providers continue to experience significant financial pressures and view the current FNC rate as insufficient to meet the full costs of delivering nursing care within a care home. WG has indicated that updated FNC Policy Guidance would consider all perspectives and views.

Extending the IUM for 2022/23 and beyond requires formal consideration and approval by each HB. This paper is being considered by the Board as the appropriate decision making and governance process

.

The 2021/22 FNC rate was £191.80. Based on the 2022/23 NHS Pay Award the in-year FNC rate has been calculated as £201.74. This is made up of the components set out in the table below. Previous years have been included to reflect the uplifts over time. The £201.74 includes the component that the local authorities are responsible for. Excluding this the total FNC rate for NHS Wales for 2022/23 is £193.88.

The total cost of this to the UHB is £0.474m. The initial planning assumption was £0.249m, but agreed national funding agreements have meant that there is an impact of an additional £0.225m which will impact on the UHB's position (This is currently within the PCIC forecast)

Financial Year	RN component	Continence component	HB component of FNC rate	Social care related to FNC and so funded by LA (0.385 hours)	Total FNC weekly rate (9.24 hours plus continence component)
2014/15	£150.62	£11.00	**£161.62**	£6.55	**£168.17**
2015/16	£150.98	£11.00	**£161.98**	£6.56	**£168.54**
2016/17	£152.48	£11.00	**£163.48**	£6.63	**£170.11**
2017/18	£153.99	£11.29	**£165.28**	£6.70	**£171.98**
2018/19	£156.30	£11.57	**£167.87**	£6.80	**£174.67**
2019/20	£161.15	£11.82	**£172.96**	£7.01	**£179.97**
2020/21	£167.11	£12.02	**£179.13**	£7.27	**£186.40**
2021/22	£172.12	£12.20	**£184.32**	£7.48	**£191.80**
2022/23	£180.73	£13.15	**£193.88**	£7.86	**£201.74**

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The position regarding FNC in England differs to that in Wales. In England the rate is set and announced annually by the Department for Health and Social Care and relates purely to the RN time; continence products are provided via NHS procurement routes in addition to the FNC rate. In May 2022 the DHSC announced an 11.5% uplift to the FNC rate, backdated to also cover 2021/22. Whilst the two rates are not directly comparable as they reflect different funding components this has led to a divergence in rates.

Recommendation:

The Committee is requested to:

- **Note** the update provided in this paper.
- **Note** and **support** the recommendation of HB Chief Executives[3] that the IUM be extended to 2022/23, and beyond, thus providing the opportunity to respond to requirements in future financial years in a timely manner using a tried and tested methodology. . This would allow time for WG to formulate revised FNC Policy Guidance that may impact on the way the FNC rate is calculated in future; a review of the mechanism to set the rate that complies with any future policy requirement would then be necessary.
- **Note** and **support** the proposal that, should the anticipated updated policy guidance not be forthcoming, the IUM will be reviewed after three years to ensure it remains an appropriate mechanism to set the FNC rate.
- **Recommend** to Board to approve the recommended uplift to the HB component of the weekly FNC rate to £193.88, backdated to 1 April 2022[4]

Link to Strategic Objectives of Shaping our Future Wellbeing:

Please tick as relevant

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	X
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	X
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	X
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant

Prevention		Long term		Integration		Collaboration		Involvement	

Impact Assessment:

Please state yes or no for each category. If yes please provide further details.

Risk: No

Safety: No

Financial: Yes

Detailed in main report

[3] Based on a recommendation by HB professional and finance leads and each HBs lead executive director.

[4] Using the IUM means the FNC rate can only be calculated when the NHS Pay Award is announced. There is therefore an inevitable delay to calculating and issuing the rate whilst the pay announcement is awaited. In light of this and other COVID-19 related pressures being experienced by the care home sector, WG asked HBs earlier to 2022 to consider applying an interim uplift with an in year adjustment once the pay award was announced. Some HBs actioned this, for those that did an in year adjustment will be necessary.

Workforce: No
Legal: No
Reputational: No
Socio Economic: No
Equality and Health: No
Decarbonisation: No

Approval/Scrutiny Route:	
Committee/Group/Exec	Date:

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Report Title:	Development of the Hybrid/Major Trauma theatres at UHW – Submission of Full Business Case	Agenda Item no.	3.3
Meeting:	Finance Committee (Public)	Meeting Date:	16th November 2022
Status *(please tick one only)*:	Assurance ☐ Approval ✓	Information ☐	
Lead Executive:	Abi Harris, Executive Director of Strategy and Planning		
Report Author (Title):	Director of Capital Estates and Facilities		

Main Report

Background and current situation:

The attached Full Business Case (FBC) sets out the rationale for constructing a hybrid theatre and major trauma theatre at UHW and makes the case for a capital investment of £40.611m to be funded from the All Wales Capital Programme.

The OBC was approved by Welsh Government 30th September 2021, with funding support to progress the FBC.

The development of a dedicated theatre for trauma was an integral part of the service model identified in the business case for the Major Trauma Centre (MTC) at UHW and whilst the MTC has been operational since 2020 theatre capacity has been available as a result of the inactivity during COVID. However, as activity returns to pre-COVID levels, and with additional activity planned to deal with a backlog the need for this dedicated facility is even more significant.

The delivery of a hybrid theatre (a surgical theatre that is also equipped with interventional radiology equipment) has been identified as key to the successful implementation of the network model of vascular surgery across SE Wales and is aligned with the recommendations of the Vascular Society of Great Britain and Ireland for the provision of high-quality care. Benefits will include:

- Sustained good clinical outcomes, as a result of increased volumes of procedures in one location.
- Significantly increased likelihood of recruitment to consultant posts.
- Sustainable on-call rotas.
- Improvement in surgical training.

A number of options were shortlisted for consideration:-

- Option 0 Do nothing;
- Option 1 New build/ remodelling of ground floor (Jubilee Court);
- Option 2 On a podium deck adjacent to existing main theatres (Academic Avenue);
- Option 3 On a podium deck adjacent to the rear of existing main theatres (Emergency Access Road).

Having re-assessed the non-financial and economic appraisals of the shortlisted options, the preferred option as outlined within the FBC remains as Option 2 due to its capability of meeting the various criteria of the project as set out within the economic case.

The proposed development comprises of an elevated building linking in to the existing main theatre suite at the UHW Site. The project consists of the provision of two theatres; both fitted out with interventional radiology equipment providing maximum flexibility with one dedicated to vascular interventions and the other for Major Trauma. Additional recovery capacity will be provided by extending the existing area, maximising resource.

Mohamed Sarah
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The FBC has been written in accordance with Welsh Government guidance for the development of better business cases. It sets out the strategic context for the development; the case for change,

which summarises the business need for the investment and the need for service improvement; consideration of the options available and identification of the preferred option following economic appraisal; the procurement strategy and intended contractual arrangements; capital and revenue costs, funding arrangements and overall affordability of the scheme; management arrangements for the project, including governance, risk management and benefit realisation.

Capital and Revenue Costs

The capital costs for the preferred option are shown below. The scheme will be funded through the All Wales Capital Programme.

Capital Costs	£'m
Works Costs	24.593
Fees	3.581
Non Works Costs	0.621
Equipment costs	10.448
Quantified Risk Contingency	1.998
VAT Recovery	-0.63
Total Capital Cost/ Cost Forms	40.611

The indicative summary revenue costs for the preferred option are shown below:

The hybrid theatre development represents two theatres equipped to an extremely high standard significantly outstripping anything that currently exists within the Health Board. The designation of this capacity needs to be strictly controlled to ensure there are no additional costs incurred outside of those outlined in this case.

This equipment has a life expectancy of up to 10 years, similar to that of other major diagnostic equipment, it is not therefore expected that there will be a requirement to relocate to any new development associated with the Shaping Our Future Hospitals Programme.

The working assumption has always been that one Theatre would be for Major Trauma activity and the second for Vascular Surgery in terms of reflecting the additional revenue costs of this development by commissioner. This position is subject to the above clarification and as such is likely to change.

The total revenue cost is £1.297m, which is required to be funded via commissioners. This assumes that there are no additional Radiology staffing costs, with an associated transfer of existing baseline. This needs to be confirmed.

The commitment is split equally between LHB's and WHSSC at c£648k each. The table below summarises the LHB requirement, of which an investment of £251k is required from C&VUHB.

Additional revenue costs have increased since the OBC was submitted, specifically due to the increased costs of energy as can be seen in the table below:-

	Preferred Option OBC £'000	**Preferred Option FBC £'000**
Equipment Service/Maintenance	800	800
Energy	96	349
Business Rates	22	22
Domestic Service	65	67
Estates Maintenance	41	48
Waste	5	6

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Security Post	4 1	4 1
Total additional revenue Costs	**1,034**	**1,297**

Maintenance costs remain an estimate based upon total capital projected expenditure on equipment.

The business case approved by WHSSC to establish Cardiff and Vale UHB as a Major Trauma centre acknowledged that a significant step up in activity would be required that could not be accommodated within the existing Theatre footprint. The additional revenue costs as identifiable at that time to support the anticipated activity costs were included in that business case, with the exception of equipment maintenance and facilities costs. Both the South Wales Major Trauma Network Board and WHSCC have acknowledged the essential nature of this development to delivering the required service in line with similar arrangements elsewhere in the UK. The cost is understood, but given implementation will not be before April 2024 provision is not yet within WHSSC's financial plans.

As part of the readiness assessment it is recommended that the service reviews its Theatre demand and capacity for Major Trauma given that significantly more is now known about activity levels than at the time the business case was submitted. The business case included the required step up in Theatre infrastructure acknowledging that emergency capacity can not be simply transferred as if it were elective capacity.

The Vascular centralisation business case reflects an incremental investment to Theatre infrastructure to meet the estimated regional demand. The hybrid Theatre capacity requirement is unlikely to exceed five sessions, as some sessions can remain within the main theatre suite at UHW. The actual number of required Hybrid sessions needs to be finalised.

Whilst the centralisation business case sets out the additional infrastructure required associated with the estimated increase in demand, confirmation is required that the nature of the integrated theatres does not require any further investment in Radiology. The same requirement extends to Major Trauma

On the basis that additional revenue implications continue to accrue equally then the Commissioner share of the Vascular centralisation development would be as per the summary below. A further 50% would be required from WHSSC.

	AB £	C&V £	CTM £	SBU £	HD £	P £	Total £
Cardiff and Vale Baseline Hub Activity	**271,561**	**2,596,282**	**123,101**	**-**	**73,323**	**35,259**	**3,099,526**
Centralisation Transfer and Investment	2,668,129	660,146	1,928,642	16,039	-	32,077	5,305,032
Offsetting LTA Adjustments	(40,096)	(16,039)	104,250	(16,039)	-	(32,077)	-
Health Board Recurrent Financial Contribution to C&V UHB as Hub (for Board Approval)	**2,628,033**	**644,107**	**2,032,892**	**-**	**-**	**-**	**5,305,032**
Offsetting LTA Adjustments	40,096	16,039	(104,250)	16,039	-	32,077	-
Total Recurrent Vascular Hub Resource Post implementation (Excl. Hybrid Theatre)	**2,939,690**	**3,256,428**	**2,051,742**	**16,039**	**73,323**	**67,336**	**8,404,559**

Hybrid Theatre cost	***227***	***251***	***158***	***1***	***6***	***5***	***648***

Mohamed Sabri
01/01/2022 16:09:18

It is assumed that the impairment and recurrent charges for depreciation, shown in the table below, will be funded by Welsh Government.

Assumptions that underpin affordability:

- Funding is anticipated from WG for additional recurrent capital charges and non-recurrent impairment based on actuals – see table below.
- It is assumed that there will not be any transition or decant costs.

	£000
WG Impairment	26,627
WG depreciation	1,625

Clinical Assurance

The selection of principal equipment and internal theatres design has been clinically led and undertaken in two phases as described within a previous report.

Project Milestones

Milestone	Target Date
Submission of Full Business Case to Welsh Government	November 2022
WG approval of the FBC	February 2023
Start on Site	February 2023
Completion and Handover	February 2025

Benefits

The benefits to patients are:

- Potential to speed diagnosis and therapy
- Access to minimally invasive techniques that support the goal of faster recovery
- Eventual elimination of corrective surgeries and reduction of anaesthetics
- Real-time availability of high-quality imaging that helps surgeons preserve as much healthy tissue as possible
- Better imaging for better diagnosis and surgical precision
- Assists in reducing procedure length with online diagnostic
- Increased safety due to direct control § Better quality of care
- Improved cross-speciality communication
- Expansion of reputation-enhancing medical services
- Flexibility to focus on increasing the number of patient-preferred minimally invasive procedures
- Shorter patient stay resulting in patient satisfaction and revenue generation

Risks

A Risk Potential Assessment has been undertaken and this is included in the OBC.

Equality Health Impact Assessment (EHIA)

An EHIA has been undertaken for the proposals (Appendix 13 of the FBC refers). Both positive and negative impacts have been identified and recommended actions noted where appropriate.

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07/12/2022 16:46:35

Governance

The FBC is currently being assurance tested within the Health Board. It was signed off by the project team on 15 September then reviewed and supported by the Capital Management Group on 18 October. It will continue its passage through Health Board's governance process and at the time of writing is scheduled to be reviewed by the BCAG on 9 November 2022, ahead of consideration by

the Cardiff & Vale Board on 24 November for submission to Welsh Government for funding and to award contracts to move into the construction stage.

The full FBC is available on request.

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

- This project is key to supporting the delivery of the Vascular Network Service and the Major Trauma activity.
- The revenue associated with the activity was included in the respective Major Trauma and Vascular business cases, but the operational costs including cleaning, estates maintenance and energy was not considered at that time and so is included in this business case.

Recommendation:

The Committee is asked to:-

A. Recommend that the Board APPROVE

1. the submission of the Development of the Hybrid/Major Trauma theatres at UHW Full Business Case to Welsh Government for capital funding support.
2. the award of the contract to the Supply Chain Partner, Willmott Dixon Construction Ltd, subject to WG approval of the FBC, under the terms and conditions of the NEC Option 3 contract, as required by the Building For Wales Programme with an anticipated target cost of £28.075m (Inclusive of VAT) and a commencement date to be agreed,
3. the award of the contract to the Project Manager, Gleeds Management Services, subject to WG approval of the FBC, under the terms and conditions of the NEC Professional Services contract, as required by the Building For Wales Programme at a cost of £0.156m (Inclusive of VAT) and a commencement date to be agreed
4. the award of the contract to the Cost Advisor, Gleeds Cost Management, subject to WG approval of the FBC, under the terms and conditions of the NEC Professional Services contract, as required by the Building For Wales Programme at a cost of £0.130m(Inclusive of VAT) and a commencement date to be agreed
5. the appointment of an NEC Supervisor to be procured under the SBS Framework, subject to WG approval of the FBC, at a cost of £0.125m (Inclusive of VAT) and a commencement date to be agreed

B. Recommend the Health Board enter into the said contracts, subject to recommendation 2,3,4 & 5 being approved

Link to Strategic Objectives of Shaping our Future Wellbeing:

Please tick as relevant

1. Reduce health inequalities	✓	6. Have a planned care system where demand and capacity are in balance	✓
2. Deliver outcomes that matter to people	✓	7. Be a great place to work and learn	✓
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	✓
4. Offer services that deliver the population health our citizens are entitled to expect	✓	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	✓
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time	✓	10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	✓

Mohamed Sarah
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Five Ways of Working (Sustainable Development Principles) considered *Please tick as relevant*									
Prevention	✓	Long term	✓	Integration	✓	Collaboration	✓	Involvement	✓

Impact Assessment: *Please state yes or no for each category. If yes please provide further details.*
Risk: Yes/~~No~~
Risk Potential Assessment has been undertaken, which considered the project risk in relation to strategic alignment, finance/funding, stakeholder engagement, governance, project dependencies, and concluded that the overall risk is **medium** A project risk register has also been completed.
Safety: Yes/~~No~~
The capital design incorporates statutory health and safety requirements
Financial: Yes/~~No~~
Capital funding for this project is anticipated to come from the All Wales Capital Programme. The FBC sets out the rationale and capital costs for the theatres. Cardiff and Vale UHB has a robust project management structure in place to manage the project. The revenue business case to support the MTC activity has been approved by WHSSC. A revenue business case for vascular activity is in development by the network and has been approved by the appropriate SE Wales health boards.
Workforce: Yes/~~No~~
The revenue business case was included in the vascular network business case and the MTC business case and will be subject to BCAG Approval prior to Board submission
Legal: ~~Yes~~/No
Reputational: ~~Yes~~/No
Socio Economic: Yes/~~No~~
Socio-economic assessment undertaken as part of the EHIA
Equality and Health: Yes/~~No~~
A completed EHIA is appended to the main FBC document.
Decarbonisation: Yes/~~No~~
The capital design incorporates required decarbonisation measures

Approval/Scrutiny Route:	
Committee/Group/Exec	Date:
Project Team	15th September 2022
Capital Management Group	18th October 2022
Business Case Approval Group	tbc November 2022
Finance Committee	23rd November 2022
CAV Board	24th November 2022

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18/11/2022 15:56:14

Submission to Welsh Government for scrutiny and approval	30th November 2022

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