

# Public Finance Committee Meeting

Wed 22 March 2023, 14:00 - 16:00

## Agenda

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### 14:00 - 14:00 1. Standing Items

0 min

*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 –15th February 2023

 1.4 Draft Public Finance Minutes - FebMD.pdf (7 pages)

#### 1.5. Action log following the meeting held on 15th February 2023

 1.5 Draft Public Finance Action Log - FebMD.pdf (2 pages)

#### 1.6. Chair's Actions since previous meeting

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### 14:00 - 14:00 2. Items for Review and Assurance

0 min

#### 2.1. Financial Report – Month 11

*Catherine Phillips Robert Mahoney*

 2.1 Public Finance Committee SUMMARY Finance Position Report for Month 11 SUMMARY FINAL.pdf (12 pages)

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### 14:00 - 14:00 3. Items for Approval / Ratification

0 min

#### 3.1. Velindre Cancer Centre Business Case

*Abigail Harris Mel Wilkey*

The Strategic Case and the Business Case can be located in the supporting documents folder

 3.1 New Velindre Cancer Centre (nVCC) Full Business Case (FBC) Cover Paper.pdf (9 pages)


 3.1a Appendix 1 (Velindre NHS Cover paper template).pdf (21 pages)

#### 3.2. Mortuary Business Case

*Catherine Phillips Geoff Walsh*

The full Business Case can be located in the supporting documents folder

 3.2 UHW Mortuary Refurbishment Cover Paper.pdf (4 pages)



 3.2a Mortuary BJC Executive Summ v10.pdf (19 pages)

Mohamed Sarah  
17/03/2023 10:11:00

### 3.3. UHW Lift Refurbishment Scheme - Business Case

*Catherine Phillips Geoff Walsh*

The full Business Case can be located in the supporting documents folder

-  3.3 UHW Lift Refurbishment BJC Cover Paper Finance Committee 22.03.23.pdf (5 pages)
-  3.3a UHW Lift Upgrade Exec Sum v4.1.pdf (11 pages)




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#### 14:00 - 14:00 4. Items for Information and Noting

0 min

##### 4.1. Financial Monitoring Return – Month 11

*Catherine Phillips Robert Mahoney*

-  4.1 WG month 11 MMR Covering Report.pdf (2 pages)
-  4.1a CV Financial Monitoring Returns 2022-23 - Month 11 (003).pdf (13 pages)
-  4.1b 2022-23 MMR Template - Cardiff Vale UHB Month 11.pdf (9 pages)

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#### 14:00 - 14:00 5. Agenda for Private Finance Committee Meeting

0 min

##### 5.1. Approval of Private Minutes - 15.2.2023

##### 5.2. Velindre Cancer Centre Business Case (confidential discussion)

##### 5.3. IMTP Financial Plan Update (confidential discussion)

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#### 14:00 - 14:00 6. AOB

0 min

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#### 14:00 - 14:00 7. Review and Final Closure

0 min

##### 7.1. Items to be deferred to Board / Committee

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

Wednesday 19th April 2023 via MS Teams

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#### 14:00 - 14:00 8. Declaration

0 min

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]

Mohamed Sarah  
17/03/2023 10:21:00

**Unconfirmed Minutes of the Public Finance Committee Meeting  
Held On 15<sup>th</sup> February 2023 at 2 pm  
Via MS Teams**

<b>Chair:</b>		
Rhian Thomas	RT	Independent Member - Capital and Estates
<b>Present:</b>		
John Union	JU	Independent Member – Finance
David Edwards	DE	Independent Member – ICT
Keith Harding	KH	Independent Member – University
<b>In Attendance:</b>		
Charles Janczewski	CJ	UHB Chair
Suzanne Rankin	SR	Chief Executive Officer
Abigail Harris	AH	Executive Director of Strategic Planning
Catherine Phillips	CP	Executive Director of Finance
Robert Mahoney	RM	Deputy Director of Finance (Operational)
Andrew Gough	AG	Deputy Director of Finance (Strategy)
Paul Bostock	PB	Chief Operating Officer
Jason Roberts	JR	Executive Nurse Director
James Quance	JQ	Interim Director of Corporate Governance
<b>Observers:</b>		
<b>Secretariat:</b>		
Sarah Mohamed	SM	Corporate Governance Officer
<b>Apologies:</b>		

Item No	Agenda Item	Action
<b>FC 15/02/001</b>	<b>Welcome &amp; Introduction</b>  The Committee Chair (CC) welcomed everyone to the meeting.	
<b>FC 15/02/002</b>	<b>Apologies for Absence</b>  <b>The Finance Committee resolved that:</b>  a) No Apologies were noted.	
<b>FC 15/02/003</b>	<b>Declarations of Interest</b>  <b>The Finance Committee resolved that:</b>  a) No Declarations of Interest were noted.	
<b>FC 15/02/004</b>	<b>Minutes of the meeting Held on 18 January 2023</b>  The minutes of the meeting held on 18 January 2023 were received.	

	<p><b>The Finance Committee resolved that:</b></p> <p>a) The minutes of the meeting held on 18 January 2023 were held as a true and accurate record of the meeting.</p>	
<p><b>FC 15/02/005</b></p>	<p><b>Action Log following the meeting held on 18 January 2023</b></p> <p>The Action Log was received.</p> <p>FC18/01/007 - The Executive Director for Finance (EDF) stated that the Finance team would incorporate a workforce efficiency element into the savings plan and savings development which would be discussed in today's IMTP discussions within the Private meeting.</p> <p>FC 14/12/007 and FC 18/01/007 – The EDF emphasised the connection between the cost pressures and the lessons learnt. She requested Independent Members to provide feedback in the Private session.</p> <p>FC 14/12/007 and FC 18/01/007 – The deadline should be changed to April 2023.</p> <p><b>The Finance Committee resolved that:</b></p> <p>a) The Action Log was up to date.</p>	<p><b>Action log</b></p>
<p><b>FC 15/02/006</b></p>	<p><b>Chairs Action since previous meeting</b></p> <p>There had been no Chair's Actions taken since the last meeting.</p>	
<b>Items for Review and Assurance</b>		
<p><b>FC 15/02/007</b></p>	<p><b>Financial Report – Month 10</b></p> <p>The Deputy Director of Finance (Operational) (DDFO) presented the Financial Report – Month 10 and highlighted the following:</p> <p>At month 10 the Health Board was reporting an overspend of £22.417m. That was comprised of £8.167m of operational overspend and the planned deficit of £14.250m (ten twelfths of the annual planned deficit of £17.1m set out in the 2022/23 financial plan).</p> <p>The Health Board had forecast a £26.9m deficit for the end of 2022-23.</p> <p><u>Key Performance Indicator Dashboard at January 2023</u></p> <ul style="list-style-type: none"> <li>• That remained unchanged from previous months.</li> </ul>	

## Financial Performance of Clinical Boards

- The operational deficit of £12.203m against delegated budgets was offset by a £4.036m underspend against central budgets.
- That left a total operational and Covid overspend of £8.167m before the addition of the cumulative £14.250m planned deficit. That resulted in a total overspend of £22.417m.
- Table 4 provided details of some of the cost pressures impacting operational positions.
- The cost pressures had the effect of removing budgetary surpluses that the Health Board had partially relied on to achieve break even positions in previous financial years.

## Planned versus current EOY Trajectory 2022-2023 Month 1

It was noted that enhanced action had been taken at Month 7 which had broken the trend.

The CC queried the type of enhanced actions taken since month 7 to ensure the Health Board was on the grey line trajectory as opposed to the orange line. The CC also queried whether those actions were sustainable or not.

The DDFO responded that the Finance team had asked the Clinical Boards to firm up forecasts and look for all opportunities. The Finance team had also set a number of control totals.

The COO explained that having control totals would be really helpful and should set the Health Board up in the right direction for next year.

The CC queried the reason why some of the Clinical Boards were breaching the control totals.

The COO responded that some of the Clinical Boards needed extra help and support in meeting their control totals.

The UHB Chair queried whether the approach would be looked at when deciding the overall situation of the control totals.

The Deputy Director of Finance (Strategy) (DDFS) stated that next year would be the first year that a differential cost improvement target would be applied across the Health Board. Opportunities were not equal across different Clinical Boards. Going into next year, it was important that budgets were aligned to the plan that was agreed for 2023-24. The targets also needed to be agreed at the outset.

Mohamed Sarah  
17/03/2023 10:21:00

The CEO commented that work was required with regards to the maturity of the organisation to embrace that approach. There should also be rigour with setting and applying the control totals.

The EDF stated that the control totals needed to be both individual and collective. All the problems due to the pressures of Covid which had led to activity that was not fully understood also needed to be flushed out. The control totals were important to understand what the cost drivers were. It would also allow for solutions that dealt with the core problem which was the layering on of costs. The EDF added that the Finance team also wanted people to own their targets.

#### Exceptional Costs

It was noted that Welsh Government funding to support the National Insurance Levy and Social Care Providers had been confirmed.

Welsh Government had also confirmed that funding for the exceptional costs of Energy was no longer at risk.

#### Covid 19 expenditure and funding

- It was noted that there had been a slight decline.
- The forecast local Covid response costs and Cleaning Standards was £35.492m, which was a decrease of £1.327m against the comparable £36.819m forecast costs reported at month 9.
- Welsh Government had also acknowledged the assumption of financial support for Covid Response costs by Health Boards in the 2022-23 financial year but had been consistent in stating that assumption was carried at risk.
- Welsh Government had recently reviewed guidance and had indicated to Health Boards that funding support would be capped at a maximum of Month 8 reported costs for each Health Board.

#### Risk Register at January 2023

- It was noted that two risks were green.
- Welsh Government had confirmed Exceptional Costs funding in 2022-23.
- Welsh Government had also confirmed the basis of Covid Response funding in 2022-23. The Health Board had currently forecast Covid Response costs below the confirmed claimed amount.

#### Public Sector Payment Compliance

- The Health Board's public sector payment compliance performance remained below the target of 95%.
- Performance for the 10 months to the end of January was 94.4%. That remained below the target following a deterioration of 0.2% in month.
- The below target performance was due to the high number of invoices which were on hold and subsequently cleared following work by the Procurement department with those placing orders to clear the backlog of "holds".
- However, that had contributed to the performance remaining below target, as any "holds" exceeding 30 days had been resolved and paid.
- Performance was expected to improve and work was ongoing with departments within the Health Board, including training, to address the level of orders not receipted, and the high number of workforce and nursing "holds", which should improve the Health Boards position.

#### Capital Resource Limit

- The Health Board had an approved capital resource limit of £51.675m, in line with the latest capital resource limit received from Welsh Government, which comprised of £10.263m discretionary funding and £41.412m towards specific projects.
- 53% had been expended to date of the Health Board's approved Capital Resource Limit.

The CC queried what the Capital Resource Limit profile looked like with two months left.

The DDFO responded that the profile would be to expend the remaining amount.

#### **The Finance Committee resolved that at Month 10:**

- a) The reported year to date overspend of £22.417m and the forecast deficit of £26.900m, was noted.
- b) The year to date financial impact of forecast COVID 19 costs which was assessed at £47.914m with assumed Welsh Government funding of £47.914m, was noted.
- c) The financial impact of year to date Exceptional Inflationary Pressures which was assessed at £16.453m with assumed Welsh Government funding of £16.453m, was noted.
- d) The forecast deficit of £26.900m, which comprised of the £17.1m planned deficit identified in the Final Financial plan and £9.800m of additional operational pressures recognised by the Health Board, was noted.

Mohamed Sarah  
17/03/2023 10:21:00

	<b>Items for Approval / Ratification</b>	
<b>FC 15/02/008</b>	<p><b>Finance Committee Annual Report 2022/23</b></p> <p>The Interim Director of Corporate Governance (IDCG) presented the Finance Committee Annual Report 2022/23 and highlighted the following:</p> <ul style="list-style-type: none"> <li>• The report summarised the activity of the Committee during the past year.</li> <li>• All of the Committees' Annual Reports would be combined and summarised to go into the Health Board's overall Annual Report as part of the Health Board end of year process.</li> </ul> <p>The CC stated that the January update was missing from the Committee's draft Annual Report.</p> <p>The CEO congratulated the independent members on their excellent attendance rate.</p> <p><b>The Finance Committee resolved that:</b></p> <ol style="list-style-type: none"> <li>a) The draft Annual Report 2022/23 of the Finance Committee was reviewed.</li> <li>b) The Annual Report was recommended to the Board for approval.</li> </ol>	
	<b>Items for Information and Noting</b>	
<b>FC 15/02/009</b>	<p><b>Financial Monitoring Return – Month 10</b></p> <p>The Financial Monitoring Return – Month 10 was received.</p> <p>It was noted that it had been updated since the paper was published. The updates would be discussed in the Private session of the Committee meeting.</p> <p><b>The Finance Committee resolved that:</b></p> <ol style="list-style-type: none"> <li>a) The extract from the UHB's updated Monthly Financial Monitoring Return would be noted at the next public Committee meeting.</li> </ol>	
	<b>Agenda for Private Finance Committee Meeting</b>	
<b>FC 15/02/0010</b>	<ol style="list-style-type: none"> <li>i. Approval of Private Minutes</li> <li>ii. IMTP Financial Plan Update (confidential discussion)</li> </ol>	
<b>FC 15/02/0011</b>	<b>Any Other Business</b>	

	No Other Business was discussed.	
	<b>Review and Final Closure</b>	
<b>FC 15/02/012</b>	<b>Items to be referred to Board / Committee</b>  No Items to be referred to Board / Committee.	
	<b>Date &amp; time of next Meeting</b>  Wednesday 22 <sup>nd</sup> March 2023 at 2pm Via MS Teams	

Mohamed Sarah  
17/03/2023 10:21:00

## Public Action Log

Following Finance Committee Meeting  
15 February 2023  
(For the Meeting 22 March 2023)

Completed actions					
REF	SUBJECT	AGREED ACTION	ACTIONED TO	DATE	STATUS/COMMENTS
Actions in progress					
REF	SUBJECT	AGREED ACTION	ACTIONED TO	DATE	STATUS/COMMENTS
FC 14/12/007 and FC 18/01/007	Financial Report – Month 8	Unforeseen cost pressures – to undertake a lesson learnt exercise and report back to the Committee.	Catherine Phillips/Rob Mahoney	April 2023	Update at the Committee meeting in April 2023.
FC 18/01/007	Workforce Efficiency Programme Board	The EDPC and EDF to establish a workforce efficiency Programme Board in order to discuss and draw up a detailed workforce plan, trajectories and deliverables alongside the financial plan.	Catherine Phillips/Rachel Gidman	22 March 2023	Update to be provided on 22 March 2023
<b>Actions referred to Board/Committees</b>					

Mohamed Sarah  
17/03/2023 10:21:00

<b>FC 24/8/008</b>	High-level funding resource map	The high-level funding resource map would be presented at a future Board Development Session.	Nicola Foreman	23 February 2023	Completed  Was discussed at Board Development Session in February 2023
<b>FC 14/12/007</b>	Run rates	To consider in detail the feasibility of basing the Health Board's longer term financial plan using run rates rather than historical budgets at the next Board Development Session.	Nicola Foreman	23 February 2023	Completed  At February's Board Development Session, the Finance Team presented the High-Level resource Map and how that translated into the Health Board's long-term financial model (using run rates).

Mohamed Sarah  
17/03/2023 10:21:00

Report Title:	Finance Report for the Period Ended 28 <sup>th</sup> February 2023		Agenda Item no.	2.1	
Meeting:	Finance Committee	Public	<input checked="" type="checkbox"/>	Meeting Date:	22 <sup>nd</sup> March 2023
		Private	<input type="checkbox"/>		
Status <i>(please tick one only):</i>	Assurance	<input checked="" type="checkbox"/>	Approval	<input type="checkbox"/>	Information
Lead Executive:	<b>Executive Director of Finance</b>				
Report Author (Title):	<b>Deputy Director of Finance (Operational)</b>				

Main Report  
Background and current situation:

**Summary**

At month 11 the UHB is reporting an overspend of £24.658m. This is comprised of £8.983m of operational overspend and the planned deficit of £15.675m (eleven twelfths of the annual planned deficit of £17.1m set out in 2022/23 financial plan).

The UHB forecasts a £26.9m deficit for the end of 2022-23.

Welsh Government funding to support COVID Response and National Programme costs and exceptional inflationary costs incurred in 2022/23 has now been confirmed.

**Table 1: Month 11 Financial Position 2022/23**

	Cumulative to Month 11 £m	Forecast Year-End Position £m
Planned deficit	15.675	17.100
Operational position (Surplus) / Deficit	8.983	9.800
<b>Financial Position £m (Surplus) / Deficit £m</b>	<b>24.658</b>	<b>26.900</b>

**Financial Plan Approved by Board and submitted to Welsh Government**

The Health Board submitted an initial draft financial plan to Welsh Government at the end of March 2022 and a revised plan on 30 June 2022. The plan was structured in three parts, in line with Welsh Government discussions, as follows:

- Core Financial Plan including recovery
- Exceptional inflationary cost increases
- Ongoing COVID response costs (Local and Welsh Government Covid Programmes)

This resulted in an initial 2022-23 planning deficit of £20.8m. The revised plan submitted in June incorporated additional savings totaling £3.7m, resulting in a revised planning deficit of £17.1m.

**Core Financial Plan – Month 11 Cumulative Position**

The UHB is overspent by £24.658m against its core financial plan. £15.675m of this was planned as part of the underlying financial deficit. £8.983m is unplanned, as an overspend in delegated and central positions. Table 2 provides a summary of the Month 11 position.

Mohamed Afah  
17/03/2023 10:21:00

A number of cost pressures have emerged or increased in the year to date which were not foreseen in the original financial plan. Table 3 summarises the year to date position across the Clinical Boards and delegated areas of the UHB. These placed the UHB's ability to remain within the revised plan's forecast £17.1m deficit under severe pressure causing the UHB to reassess the most likely year end out-turn.

These concerns were shared with Welsh Government colleagues in the mid-year review meeting with the Financial Delivery Unit on the 10th November 2022 and were discussed through the UHB's governance structure, including the Finance Committee and Board, during November. The UHB now forecasts a deficit of £26.9m.

**Table 2: Finance - Key Performance Indicator Dashboard at February 2023**

Measure	STATUS REPORT				
	February 2023	RAG Rating	Latest Trend	Target	Time Period
Deliver 2022/23 Draft Financial Plan	£24.658m deficit at month 11. £15.675m planned deficit and £8.983m operational deficit	R	↓	Deliver 2022/23 £17.1m Planned Deficit	M11 2022-23
Remain within capital resource limits.	Expenditure at the end of February was £32.273m (63% of the annual forecast)	G	Ⓣ	Remain within approved planned expenditure £51.535m	M11 2022-23
Delivery of recurrent £15.400m savings target	£12.721m forecast at month 11.	R	Ⓣ	£15.400m	M11 2022-23
Delivery of £4m non recurrent savings target	£6.622m forecast at month 11.	G	Ⓣ	£4.000m	M11 2022-23
Creditor payments compliance 30 day Non NHS	Cumulative 94.3% at the end of February	R	↓	95% of invoices paid within 30 days	M11 2022-23
Remain within Cash Limit	The UHB's working capital and strategic cash requirement has been relayed to Welsh Government via an Accountable Officer Letter,. At month 11 the UHB forecast is a year end cash deficit of £29.779m. £26.900m is required to support the forecast deficit and a further £2.779m in respect of working balances.	A	Ⓣ	To remain within Cash Limit	M11 2022-23
Maintain Positive Cash Balance	Cash balance = £2.025m	G	Ⓣ	To Maintain Positive Cash Balance	End of February 2023

Mohamed Sarah  
17/03/2023 10:21:00

## Financial Performance of Clinical Boards

Budgets were set in the anticipation that they were sufficient to deliver the UHB's plan. Financial performance for month 11 by Clinical Board is shown in Table 3.

**Table 3: Financial Performance for the period ended 28th February 2023**

Clinical Board	Gross Expenditure Due To COVID 19 £m	Welsh Government Covid 19 Funding £m	Exceptional Inflationary Expeniture £m	Welsh Government Exceptional Inflationary Pressure Funding £m	Operational & Covid Position (Surplus) / Deficit Variance £m	Total (Surplus) / Deficit Variance £m
<b>In Month</b>						
Clinical Diagnostics & Therapies	0.351	(0.351)	0.000	0.000	0.071	0.071
Children & Women	0.288	(0.288)	0.000	0.000	0.169	0.169
Capital Estates & Facilities	0.453	(0.453)	1.643	(1.643)	0.005	0.005
Surge Hospitals	0.000	0.000	0.000	0.000	0.011	0.011
Executives	0.113	(0.113)	0.000	0.000	(0.162)	(0.162)
All Wales Genomics Service	0.000	0.000	0.000	0.000	(0.012)	(0.012)
Medicine	0.593	(0.593)	0.000	0.000	0.425	0.425
Mental Health	0.116	(0.116)	0.000	0.000	0.341	0.341
PCIC	1.022	(1.022)	0.242	(0.242)	(1.019)	(1.019)
Specialist	1.033	(1.033)	0.000	0.000	(0.363)	(0.363)
Surgery	0.400	(0.400)	0.000	0.000	0.125	0.125
<b>SubTotal Delegated Position £m</b>	<b>4.369</b>	<b>(4.369)</b>	<b>1.885</b>	<b>(1.885)</b>	<b>(0.410)</b>	<b>(0.410)</b>
Central Budgets	(0.066)	0.066	(0.001)	0.001	1.226	1.226
Central Budgets - Planning Deficit					1.425	1.425
<b>Total Deficit/(Surplus) £m</b>	<b>4.303</b>	<b>(4.303)</b>	<b>1.884</b>	<b>(1.884)</b>	<b>2.241</b>	<b>2.241</b>
Draft 2022/23 Planning Deficit					(1.425)	(1.425)
<b>Operational Deficit/(surplus Against Plan) £m</b>	<b>4.303</b>	<b>(4.303)</b>	<b>1.884</b>	<b>(1.884)</b>	<b>0.816</b>	<b>0.816</b>
<b>Cumulative</b>						
Clinical Diagnostics & Therapies	2.582	(2.582)	0.380	(0.380)	0.292	0.292
Children & Women	1.712	(1.712)	0.447	(0.447)	1.473	1.473
Capital Estates & Facilities	5.034	(5.034)	12.443	(12.443)	2.874	2.874
Surge Hospitals	0.000	0.000	0.001	(0.001)	0.015	0.015
Executives	1.315	(1.315)	0.177	(0.177)	(0.667)	(0.667)
All Wales Genomics Service	0.000	0.000	0.049	(0.049)	(0.048)	(0.048)
Medicine	15.638	(15.638)	0.506	(0.506)	4.571	4.571
Mental Health	1.650	(1.650)	0.255	(0.255)	2.518	2.518
PCIC	15.903	(15.903)	2.826	(2.826)	1.088	1.088
Specialist	3.615	(3.615)	0.482	(0.482)	(3.002)	(3.002)
Surgery	4.282	(4.282)	0.628	(0.628)	2.677	2.677
<b>SubTotal Delegated Position £m</b>	<b>51.731</b>	<b>(51.731)</b>	<b>18.194</b>	<b>(18.194)</b>	<b>11.793</b>	<b>11.793</b>
Central Budgets	0.202	(0.202)	0.144	(0.144)	(2.810)	(2.810)
Central Budgets - Planning Deficit					15.675	15.675
<b>Total Deficit/(Surplus) £m</b>	<b>51.933</b>	<b>(51.933)</b>	<b>18.338</b>	<b>(18.338)</b>	<b>24.658</b>	<b>24.658</b>
Draft 2022/23 Planning Deficit					(15.675)	(15.675)
<b>Operational Deficit/(surplus Against Plan) £m</b>	<b>51.933</b>	<b>(51.933)</b>	<b>18.338</b>	<b>(18.338)</b>	<b>8.983</b>	<b>8.983</b>

The operational deficit of £11.793m against delegated budgets is offset by a £2.810m underspend against central budgets leaving a total operational & Covid overspend of £8.983m before the addition of the cumulative £15.675m planned deficit to leave a total overspend of £24.658m

The largest operational overspends are in the Medicine Clinical Board (£4.571m deficit) where the main pressure areas are nursing and medical staffing, in Capital Estates & Facilities (£2.874m deficit) where there are pressures against security costs, patient catering in EU and commercial income and in Surgery (£2.677m deficit) where there are medical staffing pressures.

Table 4 provides details of some of the cost pressures impacting operational positions. These pressures are incorporated within the financial tables included within the body of the report and

within the appendices. The cost pressures have the effect of removing budgetary surpluses that the UHB has partially relied on to achieve break even positions in previous financial years.

**Table 4: Key Cost pressures and risks within delegated positions as at Month 11**

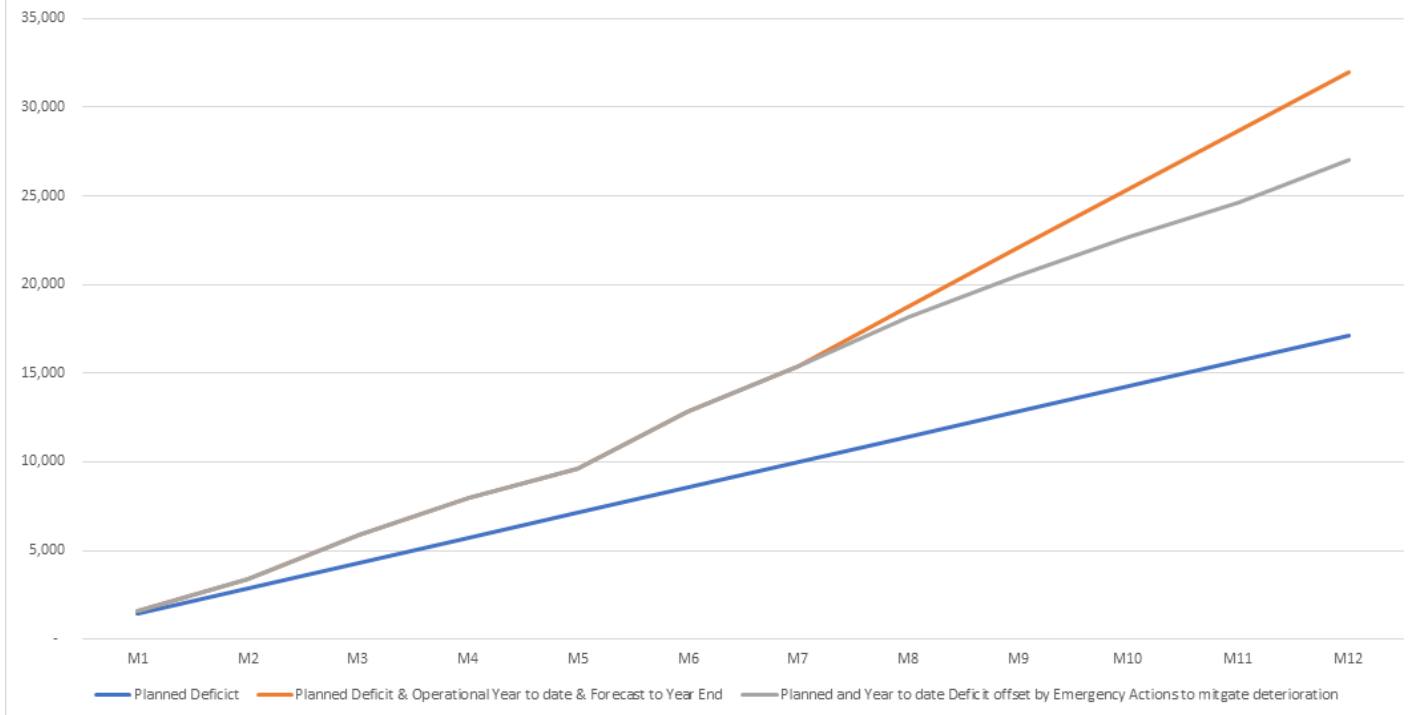
	Impact in Month	Year to date impact	Full Year Forecast Impact	
Key Cost pressures incorporated in position at Month 11	£000s	£000s	£000s	Future outlook and potential mitigations
Unfunded Medical Staffing inc. Agency & Premium costs	300	4,895	5,755	The UHB workforce strategies aim to maximise recruitment to permanent posts alongside the improvement of staff retention rates. Over time this will reduce dependency on agencies.
Nursing Staff Agency & Premium costs	545	3,835	4,353	
Children's CHC Placements	76	1,042	1,201	Further advice being taken from the CHC panel and exploring options to secure appropriate placement subject to legal position.
WHSSC LTA performance	337	764	850	WHSSC performance should recover towards the end of the year and will improve on return to pre Covid footprint
Patient Catering to EU and food price rises	71	914	997	Subject to wider inflationary pressures.
Prescribing	-100	4,509	5,220	National Pressures including exceptional costs associated with NCSOs . The Prescribing advisors have a plan in place focussed in part on further savings plans.
Mental Health CHC Placements	157	2,278	2,500	Physical and staffing capacity difficulties at Hafen Y Coed have caused additional external placements for some patients.
Community Pharmacy increased product and practice payment costs	1	944	1,030	Increased product and practice payment costs.
Security at Rookwood & Whitchurch	99	1,075	1,173	Will continue to be incurred until the disposal of estate
Footfall impact on Aroma Sales/Concourse Leases	112	1,321	1,441	Anticipated that footfall will improve in 2023-24 as UHB moves away from Covid footprint. Service is working through options to reduce losses

The UHB continues to face a significant challenge as it improves elective throughput from an operational footprint that is still dealing with Covid patients and primed for a further upswing in cases. This is coupled with difficulties in discharging patients to appropriate support packages in the community whilst experiencing increased emergency demand. This in turn has restricted the UHB's ability to deliver a full elective output when contractual obligations to recover to pre pandemic activity levels has re-introduced financial performance arrangements for under delivery of patient activity. In particular, WHSSC commissioned specialties operate to sensitive contract parameters that include high marginal rates for under and over performance.

The continued deterioration of the UHB position in Month 11 and the ongoing nature of the cost pressures highlighted in Table 4 continues to represent a risk. A central focus of Executive Performance Reviews with Clinical Boards has been on the remedial actions and additional savings that are needed to mitigate and address these cost pressures.

The revised forecast deficit of £26.9m was agreed by the Board in month 8 in recognition of year to date position. Delivery of the revised forecast requires continuing focus and downward pressure on the UHBs cost base.

Cardiff & Vale UHB - Planned versus current EOY Trajectory 2022-23 @ MONTH 11



## Exceptional Costs

In line with guidance from Welsh Government, the UHB's plan anticipated Welsh Government funding for the three National Inflationary Pressure exceptional costs:

- 1) **Increased** energy costs of £20.9m for 2022-23. The Year to date assessment is additional energy costs of £12.335m, with further additional costs expected in the final month.

The UHB receives market intelligence on prices from Shared Services on a monthly basis, which in turn is based on market forecasting provided by British Gas. The Shared Services Forecasting model is based on the latest spot price and consequently provides for a high level of volatility between forecasts.

The energy forecast will remain a live piece of work involving the UHB Capital and Estates Team and Shared Services market intelligence, in light of the volatility of market intelligence.

- 2) Employers NI costs of £6.9m. Following the announcement of the discontinuation of the levy from November 6th 2022 the forecast was revised down to £3.345m and the same level of funding has been confirmed.
- 3) The impact of paying Real Living Wage (RLW) for staff working within social care and the Third Sector remains at the original estimated level of a £2.9m increase in annual costs.

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A summary of forecast exceptional costs is outlined in Table 5 below:

**Table 5 – Exceptional Cost Year to Date 2022-23**

	<b>Month 11</b>	<b>Forecast Year-End Position</b>
	<b>£m</b>	<b>£m</b>
Incremental costs in 2022/23		
Energy/Fuel	12.335	13.978
National Insurance Levy	3.345	3.345
Living Wage - Social Care	2.658	2.900
<b>Total Exceptional Costs Expenditure £m</b>	<b>18.338</b>	<b>20.223</b>
<b>Sub Total Exceptional Cost funding confirmed/assumed £m</b>	<b>18.338</b>	<b>20.223</b>

Welsh Government funding to support the National Insurance Levy, Energy Costs and Social Care Providers has been confirmed.

The UHB exceptional cost forecast is broadly in line with the confirmed Welsh Government Funding totaling £20.142m.

### COVID 19 Expenditure and Funding

The expenditure for the year to date is summarised in Table 6 below.

**Table 6: Summary of Year To Date COVID 19 Net Expenditure**

	<b>Month 11</b>	<b>Forecast Year-End Position</b>	<b>Forecast Year-End Position @ Month 9</b>	<b>Change in Forecast Year-End Position in month</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
COVID 19 Testing	1.047	1.159	1.191	(0.032)
COVID 19 Tracing	4.163	4.427	4.486	(0.059)
COVID 19 Vaccination	7.397	7.851	7.832	0.019
Extended Flu Vaccination	1.021	1.243	1.243	0.000
PPE	2.708	2.978	2.978	0.000
Sub Total National Programmes	16.335	17.658	17.730	(0.072)
Cleaning Standards	2.520	2.800	2.800	0.000
COVID 19 Local Response	29.877	32.692	32.692	0.000
Sub Total Local response including Cleaning Standards	32.397	35.492	35.492	0.000
Dental Income; Long Covid; Anti-Viral; Allergy Advice and Nosocomial	3.201	3.562	3.562	0.000
<b>Total COVID Expenditure £m</b>	<b>51.933</b>	<b>56.712</b>	<b>56.783</b>	<b>(0.072)</b>

Funding for Covid expenditure has been anticipated throughout the financial year within the UHB's financial position and Welsh Government has now confirmed this funding.

The forecast cost of national Covid programmes is £17.658m, which is a decrease of £0.072m against the £17.730m forecast costs reported at month 10.

The forecast local Covid response costs and Cleaning Standards is £35.492m, which is consistent with the month 10 forecast.

The overall UHB Covid forecast is broadly in line with the confirmed Welsh Government COVID Funding totaling £56.783m.

## Summary Financial Table

The following table analyses the £24.658m overspend at Month 11, between Income, Pay and Non Pay.

**Table 7: Summary Financial Position for the period ended 28<sup>th</sup> February 2023**

Income/Pay/Non Pay	Memorandum Annual Budget £m	Current Period Budget £m	Current Period Actual £m	Operational Variance (Fav)/Adv £m
<b>In Month</b>				
Income	(1,770.034)	(147.522)	(148.683)	(1.161)
Pay	785.723	67.686	67.063	(0.623)
Non Pay	984.311	79.836	82.435	2.600
Sub Total £m	0.000	0.000	0.816	0.816
2022/23 Planned Deficit	17.100	1.425	1.425	1.425
Variance to Plan £m	17.100	1.425	2.241	2.241
<b>Cumulative</b>				
Income	(1,770.034)	(1,619.547)	(1,621.839)	(2.291)
Pay	785.723	730.138	722.136	(8.001)
Non Pay	984.311	889.410	908.686	19.276
Sub Total £m	0.000	0.000	8.983	8.983
2022/23 Planned Deficit	17.100	15.675	15.675	15.675
Variance to Plan £m	17.100	15.675	24.658	24.658

## Key Financial Assumptions and Risks

Following on from Tables 6 & 7 the overall UHB position assumes:

- Local COVID response and national COVID programmes allocations from Welsh Government to support the ongoing additional COVID costs. Funding has now been confirmed based on the month 10 forecast.
- Funding for exceptional cost pressures which are deemed to be outside of the UHB's direct control. This funding has also been confirmed based on the month 10 forecast.

Table 8 summarises the Finance Department's Risk Register. The key risk which feeds the UHB Corporate Risk Register is the failure of the UHB to deliver a breakeven position by 2022-23 year end with a current planned deficit of £17.1m.

**Table 8: Risk Register at February 2023**

	Risks	Rating	Comment
<b>Key Corporate Risk</b>	Approved Three year Financial plan (IMTP)	20	A revised financial plan was submitted into Welsh Government on 30 June 2022. The plan projected a £17.1m deficit by the end of 2022-23. Welsh Government has now moved into Enhanced Monitoring based on financial concerns.
	Revenue Funding Limit.	20	The UHB has submitted a £17.1m deficit plan and therefore will breach breakeven duty in 2022-23. There is a high risk that this will not be recovered in years two and three of the rolling performance measure.
	Capital Funding - Three Year Rolling Breakeven Duty	6	The current 2022-23 UHB Capital Plan is structured to remain within the Capital Resource limit

<b>Financial Performance</b>	Operational delegated positions deteriorate in year resulting from cost and service pressures and excess inflation.	20	Table 5 refers to new in year cost pressures arising from demand and staffing pressures whilst still maintaining a Covid ready environment. This has contributed to the forecast year end deficit of £26.9m.
	Failure to deliver 2022-23 Savings Programme	6	At month 11 the gap against the total savings target was £0.057m. This masks a shortfall on the recurrent savings target of £2.9m which will contribute to the underlying deficit carried forward to 2023-24.
	Failure to exit current Covid Response costs once Welsh Government funding ceases. Cost will transfer to the UHB underlying deficit.	20	Welsh Government have confirmed that there will not be any Covid Response or Covid consequential cost funding in 2023-24 and consequently this has contributed to the 2023-24 draft planning deficit
	2022-23 One Year LTA framework in NHS Wales	3	UHB performance within the one year LTA framework is sufficient to support forecast out-turn

<b>Funding Assumptions</b>	Welsh Government has confirmed Exceptional Costs funding in 2022-23	3	No risk is assumed in 2022-23 Forecasts.
	Welsh Government has confirmed basis of Covid Response funding in 2022-23	3	UHB currently forecasts Covid Response costs broadly in line with the confirmed allocation

## Savings Programme

At month 11, the UHB is forecasting £19.343m of savings to deliver against the revised £19.400m savings target leaving a further £0.057m schemes to identify. The UHB expects to be able to manage the balance of savings plans required to deliver the revised forecast deficit of £26.9m.

Overall progress in the identification of savings schemes is outlined in table 9 below:

**Table 9: Savings Schemes**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	19.400	19.343	(0.057)

## Cash Flow Forecast

The closing cash balance at the end of February, was £2.025m.

The UHB is currently reworking its cash shortfall for 2022/23 within the context of a £26.9m forecast deficit and an estimated working cash balance requirement of £2.779m.

Strategic cash support is required to cover the cash shortfall arising from the forecast deficit and an Accountable Officer letter has been relayed to cover this request.

In addition, the UHB has identified an estimated working cash balance requirement of £2.779m to Welsh Government. This is comprised of a £1.339m of payment in respect of the Annual Leave Buy Back Scheme and a further £1.440m in respect of 2021/22 Welsh Government funding confirmed in March 2022, which was not backed by cash because of the proximity of the end of the financial year.

## Public Sector Payment Compliance

The UHB's public sector payment compliance performance remains below the target of 95%. Performance for the 11 months to the end of February was 94.3%. This remains below the target following a deterioration of 0.1% in month.

Work is ongoing with departments within the UHB, including training, to address the level of orders not receipted, and the high number of workforce and nursing holds, which should improve the UHB's position.

## Capital Resource Limit (CRL)

The UHB had an approved capital resource limit of £51.535m in line with the latest CRL received from Welsh Government on the 24<sup>th</sup> February 2023 comprising of £10.097m discretionary funding and £41.438m towards specific projects (including Maelfa Primary Care Pipeline, the National Imaging Programme, Developing Genomics Partnership Wales, UHL Electrical infrastructure, Endoscopy Unit UHL & Refit - Phase 2).

Of the UHB's approved Capital Resource Limit, 63% has been expended to date.

The Genomics capital which is forecasting a potential £0.264m overspend is currently classified as medium risk. All other schemes are currently in line with forecast.

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

The draft Financial Plan sets out the UHB financial strategy in three parts:

1. Core Financial Plan including recovery
2. National inflationary pressures which are out of the direct control of individual Health Boards
3. Ongoing COVID response costs and Welsh Government Covid Programmes

The planning deficit included in the UHBs Final Financial Plan for 2022/23 reduced from £20.8m to £17.1m financial plan following the inclusion of further recurrent Financial Recovery Plans totaling £3.7m.

Delivery of the core financial plan initially included a 2% (£16.0m) savings requirement, which included a recurrent savings target of £12.0m . A further recurrent savings target of £3.4m was added to the initial target and included within the final financial plan submitted to Welsh Government at the end of Quarter 1.

The UHB also needs to manage its operational position and mitigate any emerging pressures as its Covid response costs are collapsed. The rate of operational overspend was £0.816m in month 11 which is consistent with the trend in the first 10 months of the year. The reported operational overspend which is £8.983m for the 11 months to the end of February remains cause for concern and has prompted enhanced monitoring through the monthly Executive Performance Reviews of Clinical Boards.

The UHB position is supported by Welsh Government funding for local Covid response, central Covid programmes and exceptional costs.

**Recommendation:**

At Month 11 the Committee is requested to:

- **NOTE** the reported year to date overspend of £24.658m and the forecast deficit of £26.900m.
- **NOTE** the year to date financial impact of forecast COVID 19 costs which is assessed at £51.933m with assumed Welsh Government funding of £51.933m.
- **NOTE** the financial impact of year to date Exceptional Inflationary Pressures which is assessed at £18.338m with assumed Welsh Government funding of £18.338m.
- **NOTE** the forecast deficit of £26.900m, which comprises of the £17.1m planned deficit identified in the Final Financial plan and £9.800m of additional operational pressures recognised by the UHB Board.

**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	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	x	Integration		Collaboration		Involvement	
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**Impact Assessment:**

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

Risk: Yes

No

Safety: Yes/No

No

Financial: Yes

As detailed in the report.

Workforce: Yes/No	
No	
Legal: Yes/No	
No	
Reputational: Yes/No	
Yes, if forecast financial position is not delivered.	
Socio Economic: Yes/No	
No	
Equality and Health: Yes/No	
No	
Decarbonisation: Yes/No	
No	
<b>Approval/Scrutiny Route:</b>	
Finance Committee	Date: 22 <sup>nd</sup> March 2023

Mohamed Sarah  
17/03/2023 10:21:00

Mohamed Sarah  
17/03/2023 10:21:00

Report Title:	New Velindre Cancer Centre (nVCC) Full Business Case (FBC)		Agenda Item no.	3.1
Meeting:	Finance Committee	Public	x	Meeting Date:
		Private		
Status <i>(please tick one only):</i>	Assurance	Approval	X	Information
Lead Executive:	Executive Director of Strategic Planning and Commissioning			
Report Author (Title):	Deputy Director of Commissioning			

## Main Report

### Background and current situation:

#### **Purpose of this report**

This paper aims to present the Full Business Case (FBC) from Velindre University NHS Trust (VUNHST) for the new Velindre Cancer Centre (nVCC), a replacement hospital to be developed in Cardiff to provide specialist oncology services for the population of South East Wales. The Finance Committee are asked to discuss the additional revenue costs associated with the new centre, related to estates, facilities and digital and agree the recommendations for CAV UHB Board.

The FBC was approved by the VUNHST Board on 31<sup>st</sup> January 2023

#### **Background**

As explained by VUNHST on its website:

*“There are more and more people being diagnosed with cancer. But Wales has some of the lowest survival rates in the western world. The system as it stands is not working as best it should. The NHS is not diagnosing cancer early enough. The 60-year-old Velindre Cancer Centre does not have the facilities or space it needs. We’re not giving every patient the best possible service joined up close to home wherever they live and we’re not preventing enough cancer in the first place.*

*So, across the system, whatever our roles and wherever we are based, organisations are coming together to improve cancer services. The Trust is working to build a new Velindre Cancer Centre with a satellite radiotherapy centre in Abergavenny and to make the most of the opportunities digital technology brings.*

*In future we will prevent cancer in the first place where we can. We will diagnose cancer earlier to improve the chances of curing it. We will treat more patients and help more people live longer with cancer. And we will treat more patients closer to home.”*

The key drivers supporting the case for change are articulated in the FBC:

- The Welsh Government’s health and cancer policy to improve the quality of cancer treatment and care; to further improve the experience of care; and patient outcomes.
- Continuing growth in the incidence of cancer and the demand for cancer services across Wales; with incidences expected to grow at approximately 2% per annum.
- The role of Velindre Cancer Services and Velindre Cancer Centre in the South-East Wales region as being the sole provider of highly specialist non-surgical tertiary oncology for the resident population.
- The need to keep pace with the advances in treatments and technology which support the provision of cancer care that achieves the required clinical standards.

The limitations of the existing VCC fabric and functionality are stated as:

- i. The existing Velindre Cancer Centre has insufficient space and if built on a 'like for like' basis, and in line with Health Building Notes (HBN's), it would have a footprint of circa 28,000m<sup>2</sup> compared to the existing building footprint of 17,777m<sup>2</sup>;
- ii. The existing Velindre Cancer Centre (VCC) has no expansion space. For example, the Trust could not install any additional linear accelerators, which limits the Trust's ability to expand its radiotherapy capacity in response to increasing demand for its clinical services.
- iii. A high proportion of accommodation at the existing VCC is non-compliant with statutory requirements and creates challenges in maintaining high levels of patient safety and confidentiality.
- iv. The existing patient environment at the VCC is sub-optimal in promoting patient dignity, experience and well-being.
- v. The existing VCC has limitations in its ability to provide the most up to date treatments for patients to support improved outcomes and quality of life.
- vi. There is insufficient car parking at the existing VCC

In 2015, VUNHST established the Transforming Cancer Services in South East Wales Programme. The programme's objectives are to:

- Provide patients and carers with quality services that deliver optimal outcomes
- Deliver sustainable cancer services to the population in the most effective way
- Be a leader in education, research, development and innovation
- Comply with relevant standards

In September 2022, the Health Board gave its support to two capital and revenue investment full business cases related to oncology services:

- Integrated Radiotherapy Solution to replace the existing 8 linear accelerators
- Radiotherapy satellite centre at Neville Hall Hospital in Abergavenny to provide additional capacity to meet future needs

Both of these cases are with Welsh Government for the Minister to decide on. Additionally, enabling works for the new Velindre Cancer Centre have begun, supported by a £28m investment by Welsh Government.

CAV UHB is working closely with Velindre and other regional partners to drive the Transforming Cancer Services programme forward, through the South East Wales Cancer Collaborative and a formal partnership with Velindre, overseeing the implementation of the Nuffield report recommendations. This includes the management of higher risk patients and treatments and development of collaborative research facilities which need to take place on an acute hospital site. Associated with this work programme, a CAV UHB capital business case is in progress to develop the BMT and Haematology services, the Acute Oncology Service and a Joint Centre Research Hub.

Velindre commissioned advice from the Nuffield Trust on the proposed model for non-surgical tertiary oncology services. The Nuffield Report stated that stand alone cancer centres are no longer the preferred model and most new cancer centres are co-located with acute hospitals. However, given the condition of the Velindre estate and the timescales for the new UHW, the nVCC proposal represented the most appropriate solution at the time of the report in December 2020.

It should be noted that a strategic review of Mount Vernon Cancer Centre in Hertfordshire by NHS England, concluded that stand alone cancer centres not on an acute hospital site need more clinical staff to manage the risks associated with patients becoming acutely unwell. It is recognised that with the increasing toxicities associated with innovative new treatments, such as immunotherapy, that this is a growing risk.

## **Current Situation**

The Outline Business Case was approved by health boards in 2018. An update to the OBC was requested by Welsh Government in 2020 and agreed by WG in 2021, although this update was not circulated to health boards until recently. This approval has led to the development of the Full Business Case and progression to procurement using the WG Mutual Investment Model (MIM). A strategic partner has been secured, the ACORN Consortium, and the design phase has been completed enabling the finalisation of the costs for the FBC. Financial close for the deal is scheduled for March 2023, but can only take place once the FBC is approved by the Minister. The MIM funding model for the nVCC is part of a Welsh Government pilot of three schemes and this will enable release of capital funding from the Welsh Government treasury not the Health and Social Services capital budget, and if this scheme is not approved, this funding might not otherwise flow to health schemes. Approval of the capital components of the business case are the responsibility of Welsh Government as they will be responsible for the annual service payment over the 25-year life span of the MIM agreement.

As part of the development of the OBC, the Velindre and Health Board DoFs agreed a Financial Framework that focused on the investment dependent costs to facilitate decisions relating to replacement of the existing Velindre Cancer Centre with a new hospital, i.e. only costs driven by the new hospital investment decision were considered and costs driven by activity demand growth or other factors that are a constant for all options were not considered in the OBC.

This Financial Framework was the model through which the Financial Case in the OBC was constructed and scrutinised. The revenue costs were separated into:

- (a) the additional fixed infrastructure costs of the new building; and
- (b) the variable clinical costs of modelled demand growth.

The OBC focused on Commissioner funding agreement around (a) and set down an approach to address (b) through the development of the new commissioning Long Term Agreement (LTA) framework, which was agreed separately by DoFs and is now in operation.

The Health Board approval of the Transforming Cancer Services OBC was for support of total additional revenue costs of £3.1m recurrent and £1.7m non-recurrent, of which the CAV UHB share would be £0.9m recurrent and £0.5m non-recurrent. However, this included costs for the Integrated Radiotherapy Solution Business case, which has been approved separately and will be excluded from the nVCC FBC.

There are modest financial benefits of the nVCC, which are articulated in the economic case and these are around improved recruitment and retention, additional income from learning and innovation, improved facilities with greater flexibility and compliance and sustainability benefits from a more energy efficient solution. However, it is recognised that a new build cancer hospital will replace a poorly functioning space that does not meet modern standards. There will be qualitative benefits in terms of a great environment for patients and staff with improved adjacencies and better patient flow and experience. It will provide opportunities to grow learning, training and research and facilitate different models of delivery, such as CAV@Velindre, with other cancer services being delivered from the new facilities. The health board has developed a joint clinical model in line with the Nuffield report recommendations to facilitate improved patient pathways and effective use of shared facilities.

## **Drivers for additional costs of the nVCC**

The majority of the increased costs are associated with the c.70% increase in floor space. The baseline costs represent the current 17,777 sqm of VCC, with the revised costs for the proposed 30,192 sqm. This has been refined with ACORN and is a decrease from the OBC estimate of 30,689 sqm. The increased floorspace is driven by the current capital planning guidance from Welsh Government, plus additional capacity based on the demand modelling for the TCS programme.

The bases for the increased costs are transparent, understood and accepted, albeit that there will be further scrutiny on the detail and the basis for the proposed footprint. Unless the proposed footprint of the centre is reduced, it is unlikely that the costs will reduce significantly and there are likely to be further increases with the current energy price volatility and ongoing inflationary pressure.

The FBC includes three key drivers of increased recurrent revenue costs over and above the OBC relating to the building. These are:

- The switch to a fully electric solution to meet WGs sustainability agenda, which is more expensive than gas.
- Digital Costs to maximise digital potential of the nVCC
- Increased costs associated with equipment maintenance, reflecting new contracts and intelligence from the radiotherapy procurement exercise.

In addition, there are non-recurrent revenue costs associated with the temporary dual running of both sites, connected with senior clinical support specifically for nuclear medicine.

We know from our own experience with the CHfW, that there are increased revenue costs associated with a new hospital and we are likely to be incorporating integrated digital and net zero solutions into our own case to replace UHW, so it might be helpful to embed these principles into the decision-making process for large capital investments.

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

To put the increased costs into context the current annual LTA with Velindre is £23.7m comprising:

- Core services £10.4m
- High Cost Drugs £13.3m

The additional revenue costs outlined in the FBC will not be incurred until 2025-26; if there are no further delays with the build, then there would have been a part year effect in the final year of an IMTP produced this year, but CAVUHB has produced an Annual Plan for the coming year.

The summary recurrent investment requirements are:

• Original nVCC OBC	c£7.5m
• Removal of IRS equipment maintenance	(c£1.0m)
• Adjusted OBC costs	c£6.5m
• Inflation on the OBC costs	c£1.7m
• Additional investment	c£1.7m
• Other (movements)	c£0.8m
• <b>TOTAL</b>	<b>c£10.7m</b>

The detailed costs associated with the proposal are included in the Full Business Case and summarised in the Velindre Cover Paper (Appendix 1) which is included to provide further information and background. The VUNHST cover paper provides a summary of the whole case for all commissioning health boards and suggests some recommendations. This should be read alongside this paper, which focuses on the implications for CAVUHB and makes recommendations in line with our governance and strategic priorities.

The FBC is made up of five separate cases; Strategic Case, Management Case, Financial Case, Economic Case and Commercial Case. Unlike a usual capital approval process, the MIM process means that VUNHST are still in a live procurement phase with Acorn. This will continue until the final deal is agreed on, along with a translation of this into the corresponding Commercial Case. As such there are parts of the other four cases which the Acorn consortia should not have sight of as it would weaken the NHS's commercial position, or contain information which the procuring authority must keep in commercial confidence. As a result, the Strategic Case and the Management Case are provided as supporting documents for the public session and the Financial Case and the Economic

Case, plus the appendices for the Strategic and Management Cases will be provided for the private session. A summary of how the cases will be presented is shown below.

Component Business Cases	
Strategic Case, excluding appendices	Public - Supporting Papers
Management Case, excluding appendices	Public - Supporting Papers
Strategic Case appendices	Private - Supporting Papers
Management Case appendices	Private - Supporting Papers
Financial Case, including appendices	Private - Supporting Papers
Economic Case, including appendices	Private - Supporting Papers
Commercial Case	Still in negotiation with WG, VUNHST and Acorn. Commissioning health boards will receive the case for noting once agreed.

### **Summary of the Movement in Recurring Revenue Costs**

The movement in recurring revenue costs primarily relate to utility costs (electricity), equipment maintenance, and insurance.

**Table 14 - Movement in Recurring Revenue Costs for Commissioners**

Cost Category	FBC Costs	OBC Inflated	Movement
	£000	£000	£000
Soft FM	2,905	2,684	222
Hard FM	901	1,026	-125
Utilities	1,880	1,303	577
Rates	1,043	1,297	-254
Equipment Maintenance	1,601	1,129	472
IM&T Maintenance	251	562	-311
Digital	297	0	297
Insurance	450	252	198
Recurring Revenue Costs	<b>9,327</b>	<b>8,252</b>	<b>1,075</b>

*Note: All costs are at 2022-23 price levels.*

This excludes two key areas of predicted additional expenditure which Velindre are proposing to seek funding from alternative sources. These are:

#### **Premium for a net zero building - £961k**

As this is to meet the Welsh Government targets for net zero, Velindre are proposing to seek support from Welsh Government to meet these costs. It is recommended that Board seek assurance of this support and that they approve any tapering arrangements or future transfer of responsibility.

#### **Digital Costs - £456K**

Velindre are proposing to seek an additional source of funding for the digital costs from Digital Health and Care Wales (DCHW) via the Digital Priorities Investment Fund (DPIF). These include things like patient flow systems, patient experience, meal ordering, wireless comms, patient systems and connectivity for meeting rooms etc. It is recommended that Board seek assurance of this support and that they approve any tapering arrangements or future transfer of responsibility associated with these areas.

The key movements from the agreed OBC included in Table 14 above are:

#### **Soft FM**

Most of the increase is related to the additional costs for a larger square footage and includes domestic services, security, maintenance, portering, catering, waste, laundry, staff residence.

Velindre have highlighted the benchmarking data which shows that Velindre is below the Welsh average costs and these represent a reduction in cost per square metre.

### ***Hard FM***

These costs are based on the contract management conditions of the MIMS model, and the majority of additional costs in this area relate to the contract management activity to ensure compliance with the MIMS contract. Arguably, this should be included within the annual MIMS payments covered by Welsh Government as part of the funding arrangements as any benefits from the contracts management function will result in reductions in this payment. Overall there has been a reduction in the Hard FM costs from the OBC after adjusting for inflation.

### ***Utilities***

The £961k associated with moving to an all-electric building has been excluded from these costs as Velindre are seeking alternative sources of funding from Welsh Government. The remainder of the additional costs over and above that agreed in the OBC relate to utility price increases. There will be some offset of utility costs from some solar energy collected via roof panels on part of the building. No more solar panels can be accommodated on the building due to the location of plant and other equipment on the rest of the roof.

### ***Rates***

The new Rateable Value of the larger property will mean that additional rates are due, but in the FBC these are less than the inflated value from the OBC.

### ***Equipment Maintenance***

This includes the maintenance of equipment such as the planning systems, the MRI and CT scanners, the Gamma Camera and Chemocare. The maintenance of the Linear Accelerators has been excluded from this case as they are already included in the Radiotherapy Business Case that has previously been approved. The increase in equipment maintenance costs is attributable to improved information on maintenance fees and learning from the rigorous procurement process for the Linear Accelerators.

### ***IM&T***

The costs included within IM&T maintenance are related to networking, telephony and multimedia solutions for the new building. This is a reduction from the inflated OBC costs as the old NWIS SLA no longer exists, but excludes any maintenance associated with the new digital solutions outlined for other sources of funding above.

### ***Insurance***

These costs are related to the MIMS model and is a requirement of any new builds under the model. The increase in costs in this area have been generated from a general hardening of the insurance market and intelligence from the chosen delivery partner consortium.

## **Financial Consequences for Cardiff and Vale UHB**

### ***Revenue Requirements***

Cardiff and Vale UHB contributes 30.90% of the revenue costs, based on population share and historic utilisation included in the funding model. For the additional costs of £1.075m, over and above the inflated OBC, the CAVUHB share would be £331k. These are shown in Table 15 overleaf.

Mohamed Sarah  
17/03/2023 10:21:00

**Table 15 - Movement in Recurring Revenue Costs for Commissioners**

Health Boards	Commissioner Split	TOTAL
	%	£000
<b>Proposed funding from commissioners:</b>		
Aneurin Bevan	36.52%	391
Cardiff & Vale	30.90%	331
Cwm Taf Morgannwg	28.11%	301
Swansea Bay	1.40%	15
Hywel Dda	1.49%	16
Powys	1.59%	17
<b>Total</b>	<b>100%</b>	<b>1,075</b>

The overall recurring revenue cost for CAVUHB will be £2.882m as per the table below of the overall additional recurrent revenue requirement of £9.327m. This does include the current baseline position for these elements of the current Velindre Cancer Centre that is already funded as part of the existing contracting model, so the additional recurrent revenue investment over and above current investment would be £1.593m

**Table 16 - Summary of Funding Sources**

Health Boards	Commissioner Split	TOTAL
	%	£000
<b>Proposed funding from commissioners:</b>		
Aneurin Bevan	36.52%	3,406
Cardiff & Vale	30.90%	2,882
Cwm Taf Morgannwg	28.11%	2,622
Swansea Bay	1.40%	131
Hywel Dda	1.49%	139
Powys	1.59%	148
<b>Total</b>	<b>100%</b>	<b>9,327</b>

*Note: All costs are projected to 2025-26 based on 2022-23 price levels.*

### **Non-Recurrent Revenue Requirements**

Non-recurring revenue costs, including accelerated depreciation, dual running, and project support will be funded by the Welsh Government and Commissioners. Dual site running costs mostly relate to the management and delivery of radiotherapy on lineacs on two sites. If patients start their treatment on one machine it is clinically beneficial to complete the course of treatment on the same machine.

#### **Profile of Non-Recurring Revenue Requirement**

Cost category	2023-24 £000	2024-25 £000	2025-26 £000	Source of Funding
Accelerated depreciation	10,479	10,479	10,479	Welsh Government
Dual Site Running Costs	0	0	2,412	Commissioners
<b>Total Non-Recurring Revenue Costs</b>	<b>10,479</b>	<b>10,479</b>	<b>12,891</b>	

*Note: All costs are based on 2022-23 price levels.*

It can be argued that the scheme offers the right solution to the issue of resolving the current substandard accommodation and contribute to improving cancer outcomes for our population. Doing nothing is not an option as facilities will continue to deteriorate. The majority of the business case is the capital funding via the MIM model which will be funded by the treasury and not top sliced from

the Department of Health and Social Services capital budget. Arguably, because of the funding source, the opportunity cost would not be like for like in terms of the health estate and an alternative MIM funding pilot may be sought from elsewhere in the public sector. There is not currently an All Wales framework for capital funding, so it would be difficult to identify prioritisation of other health schemes. It is for Welsh Government to consider the overall value for money in light of the entire business case and the agreed funding model.

The revenue case has been scrutinised and is reasonable in line with benchmarking information, but consideration needs to be given as to whether members would want to seek assurance from Welsh Government on the funding of the excluded elements, i.e. the cost of net zero and digital investment and also whether the insurance costs and the contract management costs should be taken into the MIM model as they relate to the fabric of the building and the minimisation of the annual service payment respectively. Assurance from Welsh Government on the prioritisation of Health and Social Services capital to cover the equipment costs could also be sought.

From an affordability perspective, while recognising that the FBC for the nVCC has been scrutinised by commissioning health boards and the case is clearly articulated and well understood with clear qualitative benefits, the health context and financial environment has changed since the OBC was approved in March 2018. CAVUHB needs to consider the overall affordability of the case balanced with other current priorities. Given that the intention has been signalled for CAVUHB to submit an annual plan for 2023-2024, consideration needs to be made as to how future financial allocations will facilitate this investment in line with future prioritisation as an overspend could not be approved in the current context.

### Recommendation:

The Finance Committee is requested to:

- Consider the additional revenue consequences of the nVCC
- Consider the patient benefits of a new cancer centre
- Recommend the nVCC Full Business Case for consideration and approval at Board, subject to:
  - Confirmation of the alternative funding sources for the cost of net zero and the digital transformation
  - Clarification on the rationale for the inclusion of the contract management costs in the revenue case, rather than as an offset for the Annual Service Payment as part of the capital case.
  - Assurance from Welsh Government that Health and Social Services capital will be prioritised to cover the equipment costs.
  - Recognition that CAVUHB is not in financial balance, so the revenue costs would increase the deficit, unless fully funded by Welsh Government.
  - Progression of agreement for shared use of the facilities and delivery of CAVUHB services at nVCC to further research and innovation and improve patient pathways, including ways of working, outcome measurement and shared space.

### Link to Strategic Objectives of Shaping our Future Wellbeing:

*Please tick as relevant*

1. Reduce health inequalities	X	6. Have a planned care system where demand and capacity are in balance	X
2. Deliver outcomes that matter to people	X	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	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	X

#### Five Ways of Working (Sustainable Development Principles) considered

*Please tick as relevant*

Prevention		Long term	X	Integration	X	Collaboration	X	Involvement	
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#### Impact Assessment:

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

#### **Risk: No**

No new risks as a result of this paper, but it needs to be considered in the light of the revenue cost pressure, the political environment and the reputational risk.

#### **Safety: No**

Proposal will improve the environment for patients, delivering a modern cancer facility, albeit that the facility will not be based on an acute hospital site.

#### **Financial: Yes**

An outline of the indicated financial impact has been included within this paper.

#### **Workforce: No**

Not for CAV UHB, but an independent report suggests that a standalone cancer centre needs additional clinical staff to support acutely unwell patients, which could increase the cost of activity at Velindre in the future.

#### **Legal: No**

Not for CAV UHB. Velindre will have considerable legal and governance considerations for the development of the new centre.

#### **Reputational: Yes**

The process for the nVCC has been protracted and contentious. It should be noted that Welsh Government has supported the OBC and invested £28m capital in the enabling works for access to the site. It is a flagship programme, and the first in Wales to use the new MIMS funding model. Not supporting the overall case would generate some difficult political discussions and may have reputational impacts. However, there is scope to scrutinise and challenge the costs, to ensure that the nVCC delivers value for money.

#### **Socio Economic: No**

No new services will be provided as a result of this development, but the improved patient environment will make the service more effective.

#### **Equality and Health: No**

There are no policy changes as a result of this development.

#### **Decarbonisation: Yes**

This is a new build that will have a negative impact on the immediate environment as it is being built on a green field site, but is being proposed to achieve net zero, moving to an electricity only building with gas solely in the laboratories.

#### Approval/Scrutiny Route:

#### **Committee/Group/Exec**

#### **Date:**

Investment Group

1<sup>st</sup> March 2023

Strategic Leadership Board

16th March 2023

Finance Committee

22<sup>nd</sup> March 2023

Board

30<sup>th</sup> March 2023

Approved: Sarah  
13/03/2023 10:21:00

<b>VELINDRE UNIVERSITY NHS TRUST</b>
<b>LHB</b>
<b>nVCC FULL BUSINESS CASE (FBC) APPROVAL</b>

<b>DATE OF MEETING</b>	TBC
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<b>PUBLIC OR PRIVATE REPORT</b>	Public
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<b>IF PRIVATE PLEASE INDICATE REASON</b>	
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<b>PREPARED BY</b>	Mark Ash, nVCC Assistant Project Director
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<b>PRESENTED BY</b>	David Powell, nVCC Project Director
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<b>EXECUTIVE SPONSOR APPROVED</b>	Steve Ham, Chief Executive Officer
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<b>REPORT PURPOSE</b>	Approve
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<b>COMMITTEE/GROUP WHO HAVE RECEIVED OR CONSIDERED THIS PAPER PRIOR TO THIS MEETING</b>		
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COMMITTEE OR GROUP	DATE	OUTCOME
TCS Programme Delivery Board	25/01/2023	Endorsed
TSC Programme Scrutiny Sub-Committee	26/01/2023	Endorsed
Trust Board	31/01/2023	Approved

<b>INITIALISMS</b>	
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ASP	Annual Service Payment
CAP	Commercial Approval Point
FBC	Full Business Case
FC	Financial Close
LHB	Local Health Board
MiM	Mutual Investment Model

INITIALISMS	
nVCC	New Velindre Cancer Centre
OBC	Outline Business Case
PA	Project Agreement
SP	Successful Participant
VAT	Value Added Tax
WG	Welsh Government

## 1. INTRODUCTION

- 1.1 The nVCC Project, supported by the Treasury of the Welsh Government under their MIM Policy, continues to progress through the planning permission and procurement phase. Following the Trust Board approval of the outcome of the nVCC competitive dialogue on the 28<sup>th</sup> July 2022, two bidders were notified of the outcome and no challenge was received from the unsuccessful bidder. The Acorn Consortium were confirmed as the Successful Participant (SP) and received an SP letter which set out a range of outstanding matters that needed to be resolved between before Contractual and Financial Close (FC) could be achieved.
- 1.2 The nVCC Project Team have been working closely with Acorn to close down all outstanding matters in order to achieve FC in March 2023, or as soon as possible thereafter.
- 1.3 The Trust can only progress to FC, and enter into a contract, once the FBC has been approved by the Trust, its commissioning Local Health Boards (LHB's) and by both Welsh Government Ministers (Treasury and Health).

## 2. ANALYSIS

### The Full Business Case (FBC)

- 2.1 The FBC consists of 5 cases (Strategic; Economic; Commercial; Management; and Financial) which are inter-connected and set out the case for investment. Of the 5 Cases, four (Strategic; Economic; Management; and Financial) are complete. It should be noted that at the time of this report, the Commercial Case is commercial in confidence and therefore not able to be released to LHBs at this stage.
- 2.2 The completion of the Commercial Case is the final element to conclude and will close when planning matters and the Project Agreement (PA) are finalised.
- 2.3 The aim of the Commercial Case is to set out the commercial arrangements i.e., the solution (the nVCC final design), together with the contract (Project Agreement). The nVCC Project is being procured using the Welsh Government Mutual Investment Model (MIM), under WG policy: -

- 2.4 The Commercial Case is considered a matter for the Trust and Welsh Government. The Case requires commercial confidentiality of the arrangements which are at a sensitive stage of the procurement process.
- 2.5 In this context, it can be highlighted that the Welsh Government (Central Treasury) is the funder for the Annual Service Payment (ASP) - which is the annual revenue payment to the Acorn Consortium for the 25-year term of the PA - and the Welsh Government (Health) is the funder of the NHS capital equipping costs. This clarity is important in respect of the approvals sought from each of the stakeholders. The primary areas of decision-making/approvals for each stakeholder is:-
- Trust: overall approval including PA (commercial aspects); capital costs, revenue costs, management arrangements and retained risk as the contracting party.
  - Trust/Local Health Boards: Identified revenue investment (recurring and non-recurring).
  - Welsh Government: Treasury all matters relating to the Annual Service Payment and Health Department all matters relating to NHS Capital Equipping Costs.
- 2.6 The Local Health Boards have agreed the scope of, and approach to, investment in the nVCC (e.g., increased cleaning costs of a bigger floor area, and the costs of transition) within the OBC. The OBC also set down what costs are outside the scope of investment (e.g., the commercial deal with the Acorn consortium which is being funded by the Welsh Government (via the ASP). In respect of the commercial matters within the Commercial Case, the funding position is clear with the Trust planning on investment by the Welsh Government for the ASP.
- 2.7 The funding role of the ASP by the Welsh Government is, we believe, important to note, as it frames the approval required on the four Cases (Strategic; Economic; Management; and Financial) by commissioning Local Health Boards. The Local Health Boards are not an investment party to any ASP funding requirements that flow from the commercial arrangements with ACORN as set down in any Commercial Case.
- 2.8 A two-staged approach to FBC approval has been discussed with Welsh Government and the Local Health Boards:-
- Stage 1:** consideration and approval (or otherwise) of the four Cases (Strategic; Economic; Management; and Financial) by the Trust and Local Health Boards in February 2023.
- Stage 2:** consideration and approval (or otherwise) of the Commercial Case by the Trust as soon as possible and subsequently the Welsh Government. At this stage, the Trust can provide the Local Health Boards with assurance that the commercial arrangements (and subsequent Commercial Case) will be robust and represent an acceptable commercial position. This

assurance will also be demonstrated through the detailed governance arrangements that are in place with Welsh Government to secure approval.

- 2.9 The two-stage approval process enables the Trust to receive formal approval letters from its Commissioners, which will be required by the WG Scrutiny and approval process.
- 2.10 This process also facilitates the external assurance reviews required (Gateway 4 and a Commercial Approval Point (CAP) 5) prior to WG approval.

**Developing the nVCC FBC: updates from OBC to FBC and assurance**

- 2.11 The FBC has been developed following the Treasury Green Book and Better Business Case Guidance for Public Sector Projects. The four Cases (Strategic, Economic, Management and Financial) are set out in Annexes 1 – 4. A summary of each of the cases is set out below, together with the key issues contained within them and the levels of assurance for each (using the Treasury Green Book checklist).

**a) Strategic Case**

- 2.12 The Strategic Case has been reviewed and updated from the Outline Business Case approval in October 2018. The key issues and levels of assurance are set out below in Table 1:

*Table 1 – Strategic Case Updates / Assurance*

Update	Activity between OBC & FBC	Requirement of Treasury Green Book Achieved  Yes / No
<b>Strategic Alignment: is the nVCC project aligned to national/regional/Trust strategy and policy?</b>	Case updated to reflect the changes to national/regional and Trust strategy and policy.	Yes: strategic alignment clear and robust
<b>Existing Arrangements and Business needs</b>	General updates to improve flow and backlog maintenance update.	Yes: case for change clear and robust
<b>Clinical Operating Model</b>	External Independent Advice provided by the Nuffield Trust and regional action plan agreed and being implemented.	Yes: Clinical Operating Model clear and robust action plan being implemented regionally
<b>Forecast demand, activity and capacity</b>	The forecast planning assumptions have been assured with actual activity (up to 2019/2020 pre-covid). This demonstrates that the projections were robust. Further work	Yes: Initial forecast assumptions robust. nVCC sized appropriately against

	<p>undertaken on forecast activity for Day 1 2025 and up to 2032 which demonstrate sufficient capacity on Day 1 of opening and thereafter within the Clinical Operating Model (e.g., home; local; specialist).</p> <p>The footprint/functional/capacity of the nVCC are sized appropriately and elements of the design are flexible.</p>	<p>planning assumptions/actual activity and Clinical Operating Model.</p>
<b>Equipment update</b>	<p>The proposed major clinical equipment in the nVCC has been updated for all equipment and a procurement strategy and commissioning programme developed</p>	<p>Yes: equipment requirements are robust</p>
<b>Environmental Sustainability</b>	<p>The ambition to deliver the Greenest Hospital in the UK has been developed and translated into the nVCC design; this includes options to remove embodied carbon and minimise the carbon once the nVCC becomes operational; and securing support/revenue funding from LHBs and Welsh Government to make the strategic shift from the current hybrid (gas/electric) solution to the electric solution.</p>	<p>Yes: design all electric and plans in place to support the reduction of embodied carbon. Risks remain about ability to fully realise reduction in embodied carbon and funding of strategic shift to electric solution; will be picked up in further discussions with WG/LHBs</p>

2.13 The clinical operating model within the TCS PBC describes how services will be delivered in the future. The founding principles were as follows:

- The service model seeks to promote a new set of relationships which work in partnership to improve the way we collectively design and deliver tertiary non-surgical cancer services around patients' needs and to achieve these improvements in a truly sustainable way.
- Patients are central to our plans with an integrated network of services organised around them. The organising principle seeks to 'pull' high quality care towards the patient, that is accessible in their preferred location and supports them achieving their personal goals during treatment and subsequently as they live with the impact of cancer.
- Patient safety is paramount, and the highest standards will always be met.
- The relationship between patients / families / carers and clinicians / professionals will be an equal and reciprocal one.
- Patients will be provided with the support, information and skills to manage their own needs effectively at, or as close to, home as possible wherever appropriate.
- Optimising information technology, quality improvement systems, patient involvement, education and embracing innovative approaches

to healthcare will all be essential to achieve high levels of service quality in a sustainable way.

- 2.14 The Clinical Operating Model will see more care delivered within patients' homes; and locally through the development of a number of Velindre@ facilities on Local Health Board sites across South-East Wales, providing chemotherapy, outpatient, and support services; a Radiotherapy Satellite Centre (RSC) in Nevill Hall Hospital, Abergavenny; and the redevelopment of the Velindre Cancer Centre on a new site in Whitchurch, Cardiff.
- 2.15 It is important to note that the Strategic Case has taken account of the Nuffield Trust Independent Advice Report December 2020, which the recommendations of were accepted by Local Health Boards, Velindre University NHS Trust and the South-East Wales Cancer Collaborative Leadership Group. Given the dynamic nature of cancer care and the evolving regional clinical operating model of cancer, it is important to highlight a number of important areas which have strategic importance for the region and its health partners. There were a number of recommendations which point to the need for the nVCC to support future strategic developments (see Table 2).

**Table 2 – Nuffield Trust Independent Advice**

Nuffield Trust Independent Advice Recommendation Number	Recommendation
6	The ambulatory care offer at the VCC should be expanded to include SACT and other ambulatory services for haemato-oncology patients and more multidisciplinary joint clinics. Consideration should be given to expanding a range of other diagnostics, including endoscopy, to create a major diagnostic resource for South-East Wales that will be able to operate without the risk of services being disrupted by emergencies and which would also protect these services in the case of further pandemics.
10	Flexibility in design is going to be important both for the new VCC and for whatever is developed at the new UHW due to the rapid change in the nature of treatment and research.
11	There are future strategic development opportunities provided by the development of a new VCC and a proposed UHW2. Working together over the 15- to 20-year window, the health system should look to exploit these development opportunities in light of future service needs.

- 2.16 These recommendations are important as they are intended to ensure that the nVCC can support the current and future clinical operating models across South-East Wales over its planned life-span (40 – 60 years). Each of these recommendations has been considered in both the design of the clinical operating model and the design of the nVCC as set out below-

**Utilisation of nVCC as a regional asset**

It is imperative that the nVCC is considered and utilised as a regional asset which is part of a range of service/infrastructure that delivers improved quality of care

and better population outcomes. The nVCC design supports this in a number of ways:

- i) **immediate: provision of non-surgical tertiary cancer services as required by LHB commissioners;**
- ii) development of a regional clinical operating model which supports the regional clinical needs. This is illustrated in the provision of enhanced assessment/ambulatory care services and additional capacity at nVCC which seeks to reduce the number of patients who unnecessarily attend unscheduled care/emergency services at LHBs;
- iii) the possibility of using the capacity regionally rather than organisationally. Initial work has identified that clinical pathways can be remodelled which would see a planned shift in patient flows / what care is provided where. An example of this is haematology where there is likely to be range of patients who currently receive treatments in LHB settings who could be treated at nVCC. The V@LHB model therefore can also be seen as Cardiff@nVCC; Aneurin Bevan@nVCC; CTM@nVCC. Initial work has been undertaken to explore this and could be accelerated as the overall demand/capacity and clinical model is developed;
- iv) diagnostics: the development of the nVCC has taken account of the potential strategic opportunity with regard to diagnostics across South-East Wales. The nVCC has designed in capacity to address immediate to medium terms needs (CT; MRI etc.) and also flexibility to successfully support potential strategic developments e.g. provision of PET-CT; provision of significant step up in diagnostics services

### ***Flexible Design***

The nVCC has been designed to provide maximum flexibility to cope with the changing nature of cancer care and regional strategic developments. The design has a number of aspects which provide future flexibility:

- 1) Template design allows for design development and any required changes due to service developments.
- 2) Orientation of the building: the nVCC has been designed to allow maximum flexibility which is achievable with the minimum of disruption/cost. The design consists of two areas of service contained in separate elements of the building.
  - a) Service Area 1:
    - i) Radiotherapy: the radiotherapy area has been built to future proof future flexibility. The bunkers have been designed to allow different types of manufacturer/machines to be installed as technology advances and the potential for service development;

ii) Imaging/diagnostics block: the major diagnostics and imaging kit is here with additional capacity and development control plans in place to support any strategic requirements to increase capacity/provision;

b) Service Area 2:

i) Assessment/ambulatory/inpatient block: this area of the nVCC provides optimum adjacencies for current service provision together with a template approach to the design. This allows the split of assessment/ambulatory/inpatient capacity to be changed very easily with no building works required for the majority of changes required;

3) Future strategic developments: the nVCC project will also include a strategic service continuity plan which will set out 10 – 15 likely regional cancer system service and non-surgical tertiary service developments that Acorn will be required to develop plans for which will set out how the nVCC building will be able to adapt/be reconfigured/support any additional construction to implement it.

2.17 The benefits of the nVCC are set out below:

- The patient environment at the nVCC will be optimal and promotes patient dignity, recovery and well-being;
- The nVCC will have sufficient patient and family car parking;
- The nVCC accommodation will be compliant with statutory requirements and that will enable high levels of patient safety to be met; and,
- The nVCC will have expansion space that will enable the Trust's to expand its footprint to meet the increasing demand for its clinical services across a range of specialities / departments.

2.18 It is noted that the TCS Programme, that includes Health Boards and the Trust, have achieved significant investment in cancer services for South-East Wales. This relates to the following:

- **Integrated Radiotherapy Solution:** some of the key benefits are reduced risk of service failure due to more up to date machines; reduced risk of obsolescence with improved functionality due to more up to date machines; increased flexibility with better continuity due to the flexibility provided by matched machines; better patient outcomes and safety due to the improved functionality and better compliance with good practice; benefits of increased automation and use of integrated systems resulting in reduced clinical time required for patient scheduling and reduced appointment times; improved patient and carer experience with improved resilience will reduce risk of cancelled appointment resulting in a better experience for patients and carers; improved staff experience due to more up to date machines; increased R&D opportunities as a result of newer equipment and collaboration with a single vendor.
- **Velindre Radiotherapy Satellite Centre:** The Radiotherapy Satellite Centre (RSC) at Nevill Hall has recently had its Full Business Case approved. The centre once implemented will provide radiotherapy treatment for approximately 20% of our patients (provided by two new

Radiotherapy treatment machines and one CT Simulator). The benefits of the RSC investment include better access and reduced travel for patients and less use of transport services. This will mean that fewer patients need to travel to the VCC for their radiotherapy.

- **nVCC Enabling Works:** The FBC approved all enabling works needed to provide primary and secondary access to the new Velindre Cancer Centre Site (including the provision of utilities).

**b) Economic Case**

2.19 The purpose of the Economic Case at FBC is confirm the preferred option from the OBC is still valid and to reappraise the costs, benefits and risks associated with the proposed investment. The Economic Case does not include VAT, or inflation as it aims to compare the options at today's prices to determine the most economically advantageous option. The Economic Case has been reviewed and updated from the Outline Business Case approval in October 2018. The key issues and levels of assurance are set out below in Table 3:

**Table 3 – Economic Case Updates / Assurance**

<b>Update</b>	<b>Activity</b>	<b>Achieved Yes / No</b>
<b>Comprehensive Investment Assessment (CIA): was the process robust and in accordance with Treasury Green Book requirements</b>	An external advisor has supported the Trust in developing the CIA. This has required a range of financial inputs that have been modelled.  These inputs have been signed off by respective leads and the Assistant Project Director	Yes: professional external advice and all requirements followed
<b>Delivery of a Preferred Option: does the preferred option at OBC still offer the best value at FBC</b>	The CIA (based on current prices) has evaluated the options in the FBC and concluded that the preferred option is the implementation of a new Velindre Cancer Centre, this is aligned to the preceding Outline Business Case (OBC).	Yes: the do minimum plus option still remains the Preferred option as per OBC.

2.20 The nVCC project is utilising the Welsh MIM Policy, which is a Public Private Partnership (PPP) approach. The OBC undertook a Public Sector Comparator (PSC) which compares the public sector (traditional capital scheme) with the PPP scheme to determine which offers the best value-for-money. The MIM scheme offered the best value-for-money at OBC stage and the MIM procurement route was chosen.

c) **Management Case**

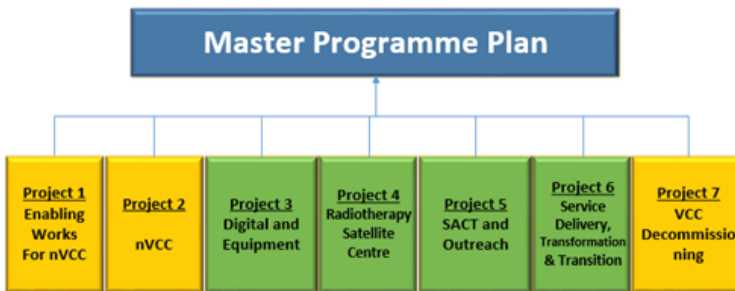
2.21 The Management Case sets out how the Trust will manage the implementation of the nVCC through its construction and in life phases. It also sets out the expected benefits to be realised; the risks to successful delivery and how they will be managed. The Management Case has been reviewed and updated from the Outline Business Case approval in October 2018. The key issues and levels of assurance are set out below in Table 4:

*Table 4 – Management Case Updates / Assurance*

Update	Activity	Achieved Yes / No
<b>Governance Arrangements:</b>	The Governance Structure has been reviewed and reflects the Trusts new arrangement	Yes
<b>Leadership: Roles and Responsibilities</b>	Roles and responsibilities have been updated from those submitted in the OBC	Yes
<b>Benefits Register: are all of the benefits captured</b>	The benefits register has been updated to reflect the CIA	Yes

2.22 The Transforming Cancer Services Programme sets out the scope, aim and spending objectives for the programme and consists of 7 projects as set out in Fig. 1.

*Fig 1 – TCS Programme Projects*



The description of the Projects are outlined in Table 5.

*Table 5 – TCS Programme Projects Descriptions*

Project Number / Name	Description
1 <b>Enabling Works</b>	All Enabling works needed to provide Primary and secondary access to the new Velindre Cancer Centre Site (includes the provision of utilities).

2	<b>New Velindre Cancer Centre</b>	The re-provisioning of a new Velindre Cancer Centre in the Whitchurch area of Cardiff.
3	<b>Digital and Equipment</b>	The provision of integrated Digital Information and Equipment Services across the TCS Programme. This Project oversees the IRS Project.
4	<b>Radiotherapy Satellite Centre</b>	Provision of a Radiotherapy Satellite Centre at Nevill Hall Hospital.
5	<b>SACT and Outreach</b>	The Provision of SACT and Outpatient services embedded in Local Health Boards.
6	<b>Service Delivery Transition and Transformation</b>	This project is responsible for establishing and transforming all service delivery functions across the clinical model. It is also responsible for planning and implementing the transition between the old and new cancer centre.
7	<b>Site Decommissioning</b>	The decommissioning of the old Velindre Cancer Centre brownfield Site.

2.23 With regards to benefits, the Programme and Project benefits are outlined in the FBC. The Programme Business Case sets out the range of benefits that are expected to be realised through the delivery of the programme; who is the expected beneficiary; when it is expected to be realised. The 7 projects within the programme are the primary vehicle to deliver the programme benefits and are subject to business cases (OBC/FBC); each of which set out the benefits that are expected to be realised from the specific project. It is important to note each project must clearly scope benefits that can be realised but the project; can only claim the benefit set out within its scope and can only realise a benefit once. This is vital in ensuring the programme/project economic cases are robust and some avoids over-emphasising the benefits and the potential for double counting.

2.24 Within the TCS Programme the following FBC business cases have been approved and these are set out below in Table 6:

**Table 6 – TCS Programme Projects Benefits**

Project	Title	Benefits include
1	<b>Enabling works: infrastructure to access nVCC</b>	<ul style="list-style-type: none"> <li>• Reduced travel times for patients/families/staff</li> <li>• Reduced carbon emissions</li> </ul>
3	<b>Integrated Radiotherapy Solution</b>	<ul style="list-style-type: none"> <li>• Improved clinical care and treatment for patients</li> <li>• Increased levels of efficiency and productivity</li> </ul>
4	<b>Radiotherapy satellite centre: Nevill Hall</b>	<ul style="list-style-type: none"> <li>• Increased access to radiotherapy</li> <li>• Care close to home for patients</li> <li>• Reduced travel times for patients and families</li> <li>• Improved integration of cancer care</li> </ul>

2.25 With regard to the nVCC FBC, it is important to note that the primary need to for investment is the need to replace the existing Velindre Cancer Centre as it is the only building that provides specialist non-surgical tertiary oncology services in South-East Wales. The building is nearly 70 years old and not considered to be fit-for-purpose now or sustainable in the future (as set out in the Business Needs section of the Strategic Case). Whilst the provision of the

nVCC has a clear strategic importance in the regional clinical model (now and in future years), at its simplest form the FBC sets out the need for investment to replace an old building with a new building.

- 2.26 Consequently, the FBC nVCC only sets out benefits that are within scope of the business case and does not seek to claim benefits which can only be realised by changes/actions elsewhere in the cancer system. For example, the provision of an nVCC will not directly improve detection of cancer in primary care; or directly assist in moving staging of cancers from 4 to 3 to 2; or improve 1 and 5 year survival rates of itself; these can only be achieved by actions across the whole system
- 2.27 However, the nVCC will directly contribute to the quality, safety, experience and sustainability of cancer care across SE Wales and 1 and 5 year survival through the tertiary services it provides as part of the pathway of care. There will also be a direct dis-benefit if the nVCC is not built i.e. the ability to meet required demand and quality of care will reduce and this is likely to result in reduced quality of care and 1 and 5 year survival rates.
- 2.28 The nVCC will also indirectly contribute to the overall improvement of cancer care (e.g. diagnosis; staging; pathway transformation etc.) through collaborative working; the provision of data/insights etc. and multi-disciplinary working.
- 2.29 The nVCC FBC benefits are set out in Table 7.

**Table 7 – TCS Programme Projects Benefits**

Project	Title	Benefits include
1	New Velindre Cancer Centre	<ul style="list-style-type: none"> <li>• <b>Improved productivity</b>, with improved adjacencies; more flexible facilities and greater ability to comply with standards</li> <li>• <b>Improved recruitment and retention</b>, with improved staff recruitment and retention resulting in reduced reliance on overtime, bank and agency</li> <li>• <b>Centre for Learning and Innovation</b>, with additional income from Centre for Learning and Innovation</li> <li>• <b>Direct benefits of the new clinical model</b>, with reduced length of stay; reduced admissions; improved utilisation; less value of reinvestment in capacity to meet demand</li> <li>• <b>Improved survival rates</b>, with economic benefit of survivors re-entering employment; economic benefit of survivors providing childcare</li> <li>• <b>Improved energy efficiency</b>, resulting in changes to carbon emissions and air quality</li> </ul>

d) **Financial Case**

2.30 The Financial Case sets out the costs relating to the preferred option and takes into account many different financial inputs. These include capital and revenue (recurring and non-recurring) costs. As funding is coming from various sources, the Financial Case sets out the funding requirement from WG and the Trusts Commissioners. It also states a range of financial treatments relating to VAT, CPI and Statistical Treatments. The Financial Case has been reviewed and updated from the Outline Business Case approval in October 2018. The key issues and levels of assurance are set out below in Table 8:

**Table 8 – Finance Case Updates / Assurance**

<b>Update</b>	<b>Activity</b>	<b>Achieved Yes / No</b>
<b>Update of Costs</b>	All costs have been revisited, revised and input into the Comprehensive Investment Appraisal.  A comparative exercise of costs to identify/understand/analyse any material changes in costs from OBC to FBC has been undertaken, validated and documented.	Yes: all costs updated, and changes understood and justified. Support/advice provided by professional advisors
<b>Financial Assumptions</b>	Financial assumptions relating to statistical treatment, VAT, Inflation have been reviewed and remain extant from those considered at OBC.	Yes: all assumptions updated with support of professional advisors
<b>Affordability</b>	The ASP remains within the agreed Welsh Government OBC approval (at this juncture)  Revenue affordability: discussions within the Trust and with Local Health Boards have identified a revenue funding position.	Yes: at this juncture

**Affordability and Funding**

2.31 The funding requirements for the Trust, Local Health Boards and Welsh Government are set out below.

**Costs and Funding**

2.32 **Capital Costs**

The capital costs are **c£52.6m** and are set out below in Table 9:

**Table 9 – Capital Project Delivery Costs**

Cost category	Funding requirement £000
Project (nVCC) capital expenditure - Equipment	38,209
Other Capital Costs	1,400
Project 'Delivery Capital' costs	10,478
IRS Implementation Costs	2,515
<b>Total Capital Funding incl. VAT</b>	<b>52,602</b>

*Note: All costs are at 2022-23 prices*

### Recurring Revenue Costs

- 2.33 In October 2018, the Commissioners (LHBs) approved the OBC that set out the funding requirements of **c£7.5m** (at 2016-17 prices) in Table 10.

**Table 10 – OBC Recurring Revenue Costs**

Cost category	VCC Baseline £000	nVCC £000	Funding source
Soft FM	1,504	2,126	Commissioners
Hard FM	481	813	Commissioners
Utilities	572	1,032	Commissioners
Rates	192	1,027	Commissioners
Equipment Maintenance	1,300	1,900	Commissioners
IM&T Maintenance	300	445	Commissioners
Insurance	0	200	Welsh Govt/Commissioners
<b>Total revenue costs</b>	<b>4,349</b>	<b>7,543</b>	

- 2.34 In developing the FBC, the Trust has considered the necessary updates to the OBC costs which is outlined as follows:

- Reduction in OBC requirements due to the IRS maintenance costs being funded in the IRS business case;
- Inflation on adjusted OBC figures;
- Additional 'new' investment:
  - Cost of move to an all-electric cancer centre;
  - Digital

- 2.35 The updated FBC costs are set out below in Table 11.

**Table 11 – FBC Recurring Revenue Costs**

Cost Category	Original OBC	Reduction OBC	Adjusted OBC	OBC Inflated	New Investment	Other	TOTAL	Funding Source
	£000	£000	£000	£000	£000	£000	£000	
Soft FM	2,126	0	2,126	558	0	221	<b>2,905</b>	Commissioners
Hard FM	813	0	813	213	0	-125	<b>901</b>	Commissioners
Utilities	1,032	0	1,032	271	961	577	<b>2,841</b>	Commissioners
Rates	1,027	0	1,027	269	0	-253	<b>1,043</b>	Commissioners
Equipment Maintenance	1,900	-1,006	894	235	0	472	<b>1,601</b>	Commissioners
IM&T Maintenance	445	0	445	117	0	-312	<b>250</b>	Commissioners
Digital	0	0	0	0	753	0	<b>753</b>	Commissioners
Insurance	200	0	200	52	0	198	<b>450</b>	Welsh Govt / Commissioners
<b>Recurring Revenue Costs</b>	<b>7,543</b>	<b>-1,006</b>	<b>6,537</b>	<b>1,715</b>	<b>1,714</b>	<b>778</b>	<b>10,744</b>	

2.36 In summary the investment requirement is as follows:

- Original nVCC OBC c£7.5m
- Removal of IRS equipment mtce (c£1.0m)
- Adjusted OBC costs c£6.5m
- Inflation on the OBC costs c£1.7m
- Additional investment c£1.7m
- Other (movements) c£0.8m
- **TOTAL c£10.7m**

2.37 Therefore, the recurring revenue costs of nVCC are **c£10.7m** and the funding strategy is set out below in Table 12 together with the Welsh Government, DHCW and Local Health Board funding requirements:

**Table 12 – FBC Recurring Revenue Funding**

Cost Category	Preferred Option	DHCW (DPIF)	Welsh Government	LHBs
	£000	£000	£000	£000
Soft FM	2,905	0	0	2,905
Hard FM	901	0	0	901
Utilities	2,841	0	-961	1,880
Rates	1,043	0	0	1,043
Equipment Maintenance	1,601	0	0	1,601
IM&T Maintenance	251	0	0	251
Digital	753	-456	0	297
Insurance	450	0	0	450
<b>Recurring Revenue Costs</b>	<b>10,744</b>	<b>-456</b>	<b>-961</b>	<b>9,327</b>

Note: All costs are at 2022-23 prices

2.38 The Utility Costs have been agreed with the Collective Commissioners Group as fair and reasonable and reflects the current position. Commissioners have advised that the costs arising from the decision to procure a hospital designed with an electric only energy solution, which is a Welsh Government policy cost, should seek alternative funding sources. This is due to the current financial

deficit of each of the four main Commissioning Health Boards, which are anticipated to worsen over the next three-year IMTP 2023-2026. Whilst LHBs recognise the benefit of an early contribution to meeting the Welsh Government decarbonisation target, that the procurement of an electric only energy solution will help deliver, they note that their own estate also requires significant investment to address the 'green' agenda, which they cannot currently prioritise given the pressures on service funding. These issues have been understood and acknowledged by Velindre Trust. It has, therefore, been agreed that an element (£0.961m current prices) of this cost category, namely the switch to an all-electric solution, should seek an alternative funding source through transitional funding arrangements. It is proposed that the cost of an all-electric advance design to meet Government decarbonisation policy be mitigated by transitional funding relief as an element of the Welsh Government MIM financing support. At this time, based on the above, it has been agreed that Commissioners would not be requested to fund the all-electric solution element of £0.961m in advance of those transitional funding discussions with Welsh Government.

- 2.39 The revenue digital requirements cover four key areas at a cost of **£1.2m** and is out below in Table 13:

**Table 13 – Digital Costs**

Cost Category	Net Costs	VAT	Gross costs
	£000	£000	£000
nVCC Infrastructure Requirements (Day 1)	247	50	297
Strategic Clinical & Operational Requirements	380	76	456
Digitisation of Health Records	370	75	445
Transitional Requirements	38	8	46
<b>TOTAL</b>	<b>1,035</b>	<b>209</b>	<b>1,244</b>

*Note: All costs are at 2022-23 prices*

In managing the funding of these Digital requirements, the Trust proposes that it takes responsibility for the costs of digitisation of health records and transitional costs through its baseline funding. In respect of the clinical and operational requirements, the Trust has had positive discussions with DHCW, where the structure of a collaborative funding arrangement has been agreed for the 'strategic clinical and operational' elements of the nVCC Project. As such, funding from the Digital Priorities Investment Fund (DPIF) or other Welsh Government digital funding sources is planned to be provided. This collaborative funding approach will continue to be shaped with LHBs. Given the proposed arrangements above, LHBs are only being requested to fund the nVCC infrastructure requirements (Day 1) at this stage in the process. Should the DPIF or other WG digital funding be non-recurrent, further discussions would be necessary to consider ongoing funding for these costs.

- 2.40 It is important to consider the overall movement in the recurring revenue funding required from Commissioners when compared to the agreed OBC funding inflated to 2022-23 prices. The movement is **£1.0m** and is set out below Table 14:

**Table 14 - Movement in Recurring Revenue Costs for Commissioners**

Cost Category	FBC Costs	OBC Inflated	Movement
	£000	£000	£000
Soft FM	2,905	2,684	222
Hard FM	901	1,026	-125
Utilities	1,880	1,303	577
Rates	1,043	1,297	-254
Equipment Maintenance	1,601	1,129	472
IM&T Maintenance	251	562	-311
Digital	297	0	297
Insurance	450	252	198
<b>Recurring Revenue Costs</b>	<b>9,327</b>	<b>8,252</b>	<b>1,075</b>

Note: All costs are at 2022-23 price levels.

- 2.41 The movement in the recurring revenue costs that will be funded by Commissioners using the agreed Commissioner Shares is **c£1.0m** as set out below in Table 15:

**Table 15 - Movement in Recurring Revenue Costs for Commissioners**

Health Boards	Commissioner Split	TOTAL
	%	£000
<b>Proposed funding from commissioners:</b>		
Aneurin Bevan	36.52%	391
Cardiff & Vale	30.90%	331
Cwm Taf Morgannwg	28.11%	301
Swansea Bay	1.40%	15
Hywel Dda	1.49%	16
Powys	1.59%	17
<b>Total</b>	<b>100%</b>	<b>1,075</b>

- 2.42 The recurring revenue costs that will be funded by Commissioners using the agreed Commissioner Shares is **c£9.3m** as set out below in Table 16:

**Table 16 - Summary of Funding Sources**

Health Boards	Commissioner Split	TOTAL
	%	£000
<b>Proposed funding from commissioners:</b>		
Aneurin Bevan	36.52%	3,406
Cardiff & Vale	30.90%	2,882
Cwm Taf Morgannwg	28.11%	2,622
Swansea Bay	1.40%	131
Hywel Dda	1.49%	139
Powys	1.59%	148

<b>Total</b>	<b>100%</b>	<b>9,327</b>
--------------	-------------	--------------

Note: All costs are at 2022-23 price levels.

- 2.43 However, in respect of the increase in funding from Commissioners that is in addition to the baseline, which is already funded, the increase is **c£5.1m** and is set out below in Table 17.

**Table 17 - Summary of Additional Funding for Recurring Revenue Costs**

Cost Category	Baseline 2021-22	Recurring Revenue	Additional Funding reqd from Commissioners
	£000	£000	£000
Soft FM	1,846	2,905	1,059
Hard FM	454	901	447
Utilities	945	1,880	935
Rates	179	1,043	864
Equipment Maintenance	723	1,601	878
IM&T Maintenance	25	251	226
Digital	0	297	297
Insurance	0	450	450
<b>Recurring Revenue Costs</b>	<b>4,172</b>	<b>9,327</b>	<b>5,155</b>

Note: All costs are at 2022-23 price levels

- 2.44 The additional funding required from Commissioners is set out below in Table 18.

**Table 18 - Summary of Additional Funding from Commissioners**

Health Boards	Commissioner Split	TOTAL
	%	£000
<b>Proposed funding from commissioners:</b>		
Aneurin Bevan	36.52%	1,883
Cardiff & Vale	30.90%	1,593
Cwm Taf Morgannwg	28.11%	1,449
Swansea Bay	1.40%	72
Hywel Dda	1.49%	77
Powys	1.59%	82
<b>Total</b>	<b>100%</b>	<b>5,155</b>

Note: All costs are at 2022-23 price levels

- 2.45 It is planned that the Welsh Government will fund the Annual Service Payment and increased buildings and equipment depreciation. It should be noted that there is a recurring revenue requirement for Depreciation of **c£10.9m** (at 2022-23 prices). In respect of the Annual Service Payment for the Project, this will not be finalised until the day of Financial Close. Given commercial confidentiality, it has been deemed appropriate not to present an ASP.

### Non-Recurring Revenue Funding

2.46 Non-recurring revenue costs, including accelerated depreciation, dual running, and project support will be funded by the Welsh Government and Commissioners and are set out in Table 19.

*Table 19 - Summary Non-Recurring Revenue Requirements*

Cost category	Funding Req'd £000	Source of Funding
Accelerated depreciation	31,437	Welsh Government
Dual Site Running Costs	2,412	Commissioners
<b>Total Non-Recurring Revenue Costs</b>	<b>33,849</b>	

*Note: All costs are at 2022-23 price levels.*

2.47 Table 20 outlines the non-recurring revenue costs for financial years:

*Table 20 - Profile of Non-Recurring Revenue Requirement*

Cost category	2023-24 £000	2024-25 £000	2025-26 £000
Accelerated depreciation	10,479	10,479	10,479
Dual Site Running Costs	0	0	2,412
<b>Total Non-Recurring Revenue Costs</b>	<b>10,479</b>	<b>10,479</b>	<b>12,891</b>

*Note: All costs are at 2022-23 price levels.*

### 3. IMPACT ASSESSMENT

<b>QUALITY AND SAFETY IMPLICATIONS/IMPACT</b>	Yes (Please see detail below)
	The Clinical Service Model has been approved by commissioners and assured by Nuffield Trust.
<b>RELATED HEALTHCARE STANDARD</b>	Safe Care
	As Above
<b>EQUALITY IMPACT ASSESSMENT COMPLETED</b>	Yes
	Completed at Programme Level
<b>LEGAL IMPLICATIONS / IMPACT</b>	Yes (Include further detail below)
	The nVCC Project is part of the WG Mutual Investment Model (MIM).

FINANCIAL IMPLICATIONS / IMPACT	Yes (Include further detail below)
	Funding is required from WG and commissioners.

4. **RECOMMENDATION**

- 4.1 The **insert Committee name** of **insert LHB name** Health Board is requested to:
- **Note** that the process to develop the FBC from the previously agreed OBC has followed Treasury Green Book Guidance;
  - **Note** the updates made from OBC to FBC and the assurance provided by the Collective Commissioning Group (CCG);
  - **Note** the movement in recurring revenue funding, from the uplifted OBC approved sum, for the Health Board is **sum**;
  - **Approve** the investment requested of **sum** from the Health Board by Velindre University NHS Trust set out in section 2d;
  - **Approve** the Full Business Case, excluding the Commercial Case.

**Commented [MW(aVU-C1):** These are Velindre's suggested recommendations. These have been replaced with the CAVUHB recommendations in the cover paper.

**Appendix 1      Strategic Case**

**Appendix 2      Economic Case**

**Appendix 3      Management Case**

**Appendix 4      Financial Case**

Report Title:	Refurbishment of Mortuary at UHW – Submission of Business Justification Case		Agenda Item no.	3.2
Meeting:	Finance Committee	Public	✓	Meeting Date:
		Private		
Status <i>(please tick one only):</i>	Assurance	Approval	✓	Information
Lead Executive:	Executive Director of Strategic Planning			
Report Author (Title):	Director of Capital Estates and Facilities			

## Main Report

### Background and current situation:

The attached Executive Summary of the Business Justification Case (BJC) sets out the rationale for the redesign/refurbishment of the Mortuary at the University Hospital of Wales (UHW) and makes the case for a capital investment of £3.385m to be funded from the All Wales Capital Programme.

The mortuary and post mortem facility was the subject of a regulatory inspection by the Human Tissue Authority (HTA) in August 2017 and the outcome was that the facility was found to be non-compliant with the regulatory standards required to maintain a licence under the Human Tissue Act.

A range of factors were found to have contributed to the outcome, including examination tables without integral exhaust ventilation, unsealed floors with unsuitable drainage in the post mortem room. The facility has a number of backlog maintenance issues commensurate with the age of the facility which was constructed in the late 1960's.

Failure against the regulatory standards can result in the suspension of licensed activities ie. storage of the deceased and the undertaking of post mortem examinations, with the potential revocation of the UHB licence and ultimately prosecution with an unlimited fine.

In addition to the structural defects of the facility, the storage capacity is recognised as being sub-optimal for the population demographic changes that have occurred over the last 50 years and which are due to further increase with the impact of Local Development Plans.

The UHB gave a commitment to the HTA that a solution would be identified to ensure a compliant facility that was fit for purpose as a priority. A number of factors have delayed the scheme, including discussions with Coroners office regarding a facility for a wider population and the Covid pandemic. During this period the UHB have maintained dialogue with the HTA to ensure that they were aware of the UHB position and their commitment to delivering the outcome.

The proposed scheme will include a reconfiguration of the facility to allow for increased storage as indicated in the table below, including obese patients, a layout that will support better flow and body handling, improved viewing and identification etc.

	Refrigerated	Obese	Semi-Obese	Bariatric	Freezer	Paediatric	Foetal	TOTAL
Current	93	0		4	5	10		112
Future	68	4	56	7	5	10	9	159

The BJC includes costs to undertake works to the mortuary at University Hospital Llandough to improve its condition to allow it to be used as a temporary facility whilst the building works at UHW are undertaken.

The BJC 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	2.606
Fees	0.496
Non Works Costs	0.120
Equipment costs	0.030
Planning Contingency	0.302
Total Net	3.554
VAT Recovery	(0.169)
<b>Total Capital Cost/ Cost Forms</b>	<b>3.385</b>

As the project involves the refurbishment of an existing facility it has been estimated that there are no additional recurring revenue costs for the preferred option.

The anticipated capital spend, capital charges and depreciation profile for the extent of the project is shown in the table below:

	2023/24	2024/25	2025/26
	£000	£000	£000
Capital (Ex VAT) - DEL	2,538	0,022	0,000
Depreciation	0,000	0,010	0,010
<b>Total</b>	<b>2,538</b>	<b>0,032</b>	<b>0,010</b>

### Project Milestones

Milestone	Target Date
Submission of Business Justification Case to Welsh Government	March 2023
WG approval of the FBC	June 2023
Start on Site	August 2023
Completion and Handover	July 2024

The full BJC is available on request.

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

- This project is essential to ensure that the UHB has compliant facilities for body storage and post mortem examinations.
- The HTA are due to undertake a re-inspection of the existing facility and the importance of ensuring that this BJC is supported will provide confidence to the licensing authority that the UHB is committed to the development

- The Business Case was considered at Investment Group on 1<sup>st</sup> March 2023 and following assurance that there were no associated revenue implications, was supported for consideration by the relevant appropriate internal governance groups prior to the UHB Board in March 2023.

### Recommendation:

The Finance Committee is requested to:-

#### A) RECOMMEND that the BOARD

- APPROVE** the submission of the UHW Mortuary Refurbishment – Business Justification Case (BCJ) to Welsh Government for capital funding support and approval; and
- subject to Welsh Government approval of the BJC, **APPROVE** the awarding of the construction contract to Tilbury Douglas Construction at the value of £2.606m (inclusive of VAT) under the terms and conditions of the NEC short form contract

### 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	✓
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### 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 BJC sets out the rationale and capital costs.

Workforce: No	
Legal: Yes/No	
Reputational: Yes	
Potential for the revocation of HTA licence	
Socio Economic: No	
Equality and Health: No	
Decarbonisation: No	
<b>Approval/Scrutiny Route:</b>	
Committee/Group/Exec	Date:
Project Team	
Capital Management Group	6 <sup>th</sup> March 2023
Investment Group	1 <sup>st</sup> March 2023
Finance Committee	22 <sup>nd</sup> March 2023
CAV Board	30 <sup>th</sup> March 2023
Submission to Welsh Government for scrutiny and approval	April 2023

Mohamed Sarah  
17/03/2023 10:21:00



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board

# Mortuary at University Hospital of Wales

## Business Justification Case: Executive Summary

(Document 1 of 3)

March 2023

Mohamed Sarah  
17/03/2023 10:21:00

**CARING FOR PEOPLE  
KEEPING PEOPLE WELL**



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Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board

<b>1.0</b>	<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
1.1	Overview and Introduction .....	3
1.2	Strategic Context .....	3
1.3	Case for Change .....	4
1.4	Development of Options .....	9
1.5	The Preferred Option .....	14
1.6	Procurement Route .....	15
1.7	Funding and Affordability .....	16
1.8	Management Arrangements .....	17
1.9	Recommendation .....	19

Mohamed Sarah  
17/03/2023 10:21:00

## 1.0 EXECUTIVE SUMMARY

### 1.1 Overview and Introduction

This business case seeks the approval for a capital investment of £3.385m to enable the Health Board to redesign/refurbish the Mortuary at the University Hospital of Wales (UHW).

The mortuary and post mortem facility at UHW was the subject of a regulatory inspection by the Human Tissue Authority (HTA) in August 2017. The facility was found to be non-compliant with the regulatory standards required to maintain a licence under the Human Tissue Act. This project, when complete, will address the issues highlighted in the Human Tissues Authorities inspection report and thereby ensure that the facility at UHW continues to be a licenced site under the HTA requirements.

### 1.2 Strategic Context

Cardiff and Vale University Health Board is responsible for planning and delivering health services for people in Cardiff and the Vale of Glamorgan, a population of around 502,000 and is the main provider of specialist services for the people of South Wales – and for some services, the whole of Wales and the wider UK. This includes health promotion and public health functions as well as the provision of local primary care services (GP practices, dentists, optometrists and community pharmacies) 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.

As a major teaching and research organisation, there are very close links to Cardiff University playing a significant role in the Welsh economy. 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.

Some of the key UK national guidance and standards that have shaped this BJC are:

Managing infection risks when handling the deceased (2018)

Code of Practice A – Guiding Principles and the Fundamental Principle of Consent (2020)

Code of Practice B – Post Mortem Examination, Codes of Practice and Standards (2017)

Executive Summary Figure 1: Key Strategies and Policies

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 Delivering Digital: a Five Year Strategy - Building a learning health and care system (July 2020)
- Cardiff and Vale UHB Estates Strategy (2017)

### 1.3 Case for Change

The specific spending objectives for this business case are:

Spending Objective	Description	Measure	Time
1. Quality of Service	Maintenance of HTA license and improved productivity  Storage of relevant materials	HTA License Number of post mortems carried out	This objective will be achieved when new facilities are commissioned
2. Quality of Environment	Improved environment for the deceased Improved local facilities for the bereaved Improved working environment for staff	Compliance with HBN/HTMs User feedback Staff survey	This objective will be achieved when new facilities are commissioned
3. Capacity	To provide sufficient capacity to ensure the demands of the population (both current and future) are met to include support to the Wales Institute of Forensic Medicine, whole Wales specialties and major trauma centre status along with increased demand associated with winter pressures and local emergency planning	Capacity deficient reports – daily	This objective will be achieved when new facilities are commissioned

Mohamed Sarah  
17/03/2023 10:21:00

Spending Objective	Description	Measure	Time
4. Effective Use of Resources	To provide an environment that promotes improved service efficiency through improved flow, productivity and improved patient and relevant material management pathway flows	Reduction in damage sustained to building fabric and infrastructure – reduction in avoidable maintenance costs Avoidance of HTARIs associated with body handling and maintenance of dignity of the deceased and retention of relevant mater	This objective will be achieved when new facilities are commissioned
5. Sustainability	To provide a service within an environment that is sustainable and accreditable, and with particular reference to HTA licensing requirements and reduction of ongoing maintenance costs.	HTA requirements Ability to recruit high quality clinical staff Maintenance costs	This objective will be achieved within 1 year of new facilities being commissioned
6. Practicality of Delivery	Ensure a solution which can be delivered in a timely manner and with services being maintained during construction with minimal disruption	Project programme / delivery date	Business Case approval by CVUHB and WG

Executive Summary Table 1: Spending Objectives

### 1.3.1 Current Arrangements

The mortuary provides body storage and post mortem facilities to the hospitals of Cardiff and Vale University Health Board and acts as a public mortuary for the South Wales Central coroner, a population of 1.2 million. The service also hosts the Wales Institute of Forensic Medicine (WFIM), supporting home office post mortems for the constabularies of South, Mid and West Wales and Gloucestershire within England. The facility also supports small Disaster Victim Identification incidents.

The mortuary and post mortem service provides Human Tissue Act (HTA) licensed facilities at University Hospital of Wales (UHW) with an unlicensed body storage facility at Llandough Hospital (UHL).

Cardiff University manage the Wales Institute of Forensic Medicine (WIFM) and are strategic partners in the mortuary development programme. Other key stakeholders will include Welsh Government (WG), Welsh Health Specialised Services Committee (WHSSC), Cardiff and the Vale local authorities, coroners across Wales, Welsh and English Police forces and the home office.

The facility at the UHL is an unlicensed body store with the capacity to store 66 deceased patients including 5 bariatric patients. The facility at UHW is a licenced premise under the HTA and holds a licence for post mortem examination. The facility comprises 112 refrigerated storage spaces, including 4 bariatric spaces, 5 freezer spaces for longer term storage of the deceased and a dedicated 10 space paediatric refrigeration unit. Storage is provided across a number of fridge banks and a walk in cold store.

The post mortem facility at UHW has a five table main post mortem suite, comprising three standard post mortem tables, one paediatric table and one high risk table used for neuropathology cases. In addition, there is an adjacent room which is isolated which is used for home office post mortems and to contain 'high risk' post mortems. The post mortem suite is supported with adjacent office accommodation, police briefing rooms and evidence collection rooms.

The post mortem suite is supported by decontamination areas and staff changing rooms.

The facilities on both hospital sites have dedicated areas for viewing the deceased with the associated waiting rooms and support facilities.

Adjacent to the post mortem suite at UHW is a dedicated storage area of relevant materials obtained during post mortem examination including secured cabinets for material held under Police and Criminal Evidence Act (1984) (PACE) or the Criminal Procedure and Investigations Act (1996) (CPIA).

Access to the mortuary facility is highly restricted with TDSi card access and high levels of CCTV coverage. The funeral director vehicle access is partially protected by a descending shutter to protect the dignity of the deceased during transfer. There are two dedicated vehicle bays for the bereaved.

The mortuary service handles approximately 3,000 deceased patients a year and undertakes upwards of 1,600 post mortems on both adults and children.

The service also supports a home office post mortem service for over two thirds of the population of Wales and a Paediatric and Neuropathology service for the whole of Wales a population of 3.3 million people.

### **1.3.2 Business Need**

The mortuary and post mortem facility was the subject of a regulatory inspection by the Human Tissue Authority (HTA) in August 2017. The facility was found to be non-compliant with the regulatory standards required to maintain a licence under the Human Tissue Act.

Examination tables have no integral local exhaust ventilation and are non-ergonomic, flooring is in poor repair and assurance that it is fully sealed and non-permeable cannot be given. Repairs and maintenance commensurate with the age of the facility (building constructed in the 1960's) are reported and addressed as per the standard procedure.

Failure against the regulatory standards will result in suspension of licenced activities i.e. storage of the deceased and the undertaking of post mortem examinations and the potential revocation of the licence with associated regulatory actions. Prosecution could result in an unlimited fine.

Storage capacity is recognised to be suboptimal for the population demographic changes that have occurred during the life time of the current local authority local development plan with the population only growing. The storage capacity has breached on a number of occasions and formal breaches are reportable under the licence conditions to the HTA.

The deceased remain in the care of the mortuary until collected by funeral directors. Length of stay varies from 7 calendar days to many months, dependent on case status and family's ability to facilitate ultimate disposal. On six occasions prior to the Covid pandemic capacity has been close to breaching and would have breached other than for active management and engagement with funeral director support at cost to the organisation.

The impact of the COVID pandemic and operational flow requirements currently indicate a deficit of 80 storage spaces.

The current capacity has been augmented with the procurement of a rapidly deployable Flexmort solution comprising two 12 capacity and one 4 capacity storage units, which are deployable within the current footprint.

The deficit remaining to support surges and increases in short term demand is 56 storage spaces.

The facility also needs to ensure it has appropriate dedicated access for the bereaved, with secure and dignified access.

### **1.3.3 Proposed Scope**

The facilities including, patient storage, viewing and identification, bereaved relatives areas, body handling areas, post mortem examination suites, transfer areas and storage areas for relevant materials as defined by the Human Tissue Act 2004 are within the scope of this project.

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17/03/2023 10:21:00

### 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.

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

Stakeholder Group	Main Benefits	Measure
Patients	Non QB - Maintenance of dignity in death	HTA Audit compliance outcomes
	QB - Rapidity of Post mortem examination	Achievement of KPI against scheduling
	Non CRB - Staff time saved (increased capacity - decreased transfers between sites)	Non cash releasing – time saving benefit, improved QMS compliance, 'time to care'
Staff	Non QB - Improved Morale	Improved staff satisfaction outcomes decreased short term sickness episodes.
	QB - Improved productivity	Ability to redesign processes.
Health Community	Non QB - Maintenance of dignity in death	HTA Audit compliance outcomes
	QB - Rapidity of Post mortem examination	Achievement of KPI against scheduling

Executive Summary Table 2: Key Benefits

### 1.3.5 Main Risks

The table below provides a summary of the key business and service risks that might affect any option for the delivery of the project along with their counter measures:

Risk	Mitigation
Capital investment not secured	Ongoing discussions with Welsh Government
Scheme not progressed to programme, impacting on the service delivery and the HTA expectations	Regular programme review with Project Manager and Project Team to identify any potential impacts to the programme
Cost of scheme overruns (unexpected conditions)	Robust interrogation of costs by external advisors to ensure they are valid
Delayed approval by WG and resulting additional costs	Ongoing discussions with Welsh Government
There is a risk that additional capital is needed during construction - this can result from increases in costs for materials due to the global market etc.	The Health Board will endeavour to ensure there is sufficient contingency funding to mitigate reasonable increases in costs due to global markets

Risk	Mitigation
Currently the facility is not compliant with HTA standards. As the facility continues to age, without renovation works, it will continue to deteriorate. The ongoing deterioration and non-compliance presents a risk that the HTA could insist on the facility closing until improvements are complete	The HTA are aware of the efforts to update the facility. The Health Board is in close contact with the HTA to ensure the minimisation of the risk of closure
If the above is realised there is a reputational risk to the Health Board through media exposure	The HTA are aware of the efforts to update the facility. The Health Board is in close contact with the HTA to ensure the minimisation of the risk of closure

Executive Summary Table 3: Main Risks

## 1.4 Development of Options

Health Board staff from capital and estates, and strategic and service planning identified the following options for assessment:

Long List Options	
Option 0	Business as Usual
Option 1	Joint solution with local authorities
Option 2	Hire in a solution
Option 3a	Refurbishment of the current facilities at UHW (to meet the findings of the HTA report)
Option 3b	Refurbishment of the current facilities at UHW (to meet the findings of the HTA report and provide a wider refurbishment)
Option 4	New build at UHW
Option 5	New build elsewhere within Cardiff

Executive Summary Table 4: Summary of Options

Advantages and disadvantages of each option were considered with options 1, 2 and 5 not carried forward for further investigation since they did not meet critical timescales required or the principles laid out within the spending objectives for the project.

The options therefore considered as providing sufficient benefits to warrant further non-financial and financial appraisal are set out in the table below. These shortlisted options have been renumbered to aid the appraisal process:

Option	Description
Option 0	Business as usual (carried forward for comparative purposes)
Option 1	Do Minimum - refurbishment of the current facilities at UHW to meet the HTA findings (previously option 3a)
Option 2	Refurbishment of the current facilities at UHW to meet the HTA findings and provide a wider refurbishment (previously option 3b)
Option 3	New build at UHW (previously option 4)

Executive Summary Table 5: Shortlisted Options

### 1.4.1 Benefits Appraisal

To further establish the preferred way forward from the above available shortlisted options, a qualitative benefits appraisal was undertaken which enabled the Project Team to determine which option satisfied the attributes essential for successful delivery to a greater extent.

The appraisal of the qualitative benefits associated with each option was undertaken during a workshop held on 6th September 2022 whereby the team:

- Identified a list of qualitative benefit criteria (this criteria was derived from further analysis of the spending objectives and main benefits as outlined within the case for change section of this business case);
- Weighted the relative importance (%) of each benefit criteria in relation to each spending objective (noting that all the criteria listed are important but there may be some that are more crucial to the success of the project than others);
- Scored each of the short-listed options against each of the benefit criteria on a scale of 1 to 10;
- Derived a weighted benefit score for each option.

The qualitative benefits criteria were listed and weighted by the Team as follows:

Spending Objective	Benefit Criteria	Weight %
Quality and Safety of Service	1. Enables the Health Board to deliver high quality services that deliver best practice.	15
	2. Provides appropriate departmental adjacencies and minimises journey times both within the department and to end users	6
Quality of Environment	3. Provide safe and appropriate environment for mortuary services	14
	4. The facilities meet the relevant HTA regulatory standards and guidelines	17
Access/Capacity	5. Provides sufficient capacity to meet the current and future demands of the patient population, supporting the Wales Institute of Forensic Medicine, Neuropathology and Paediatric post mortem services for the whole of Wales and the UHW major trauma centre status	11
Effective use of Resources	6. Enables the Health Board to improve productivity and provide a service that supports patients, families and other stakeholders	13
	7. Maximise use of existing accommodation to enable estate rationalisation and improved utilisation	4
Sustainability	8. Maximise flexibility of facilities to enable the delivery of safe, sustainable and accessible services in the short to medium term.	8
Practicality and Timeliness of Delivery	9. Deliverable within an acceptable timescale to satisfy the requirements of the HTA inspection schedule	12
TOTAL		100%

Executive Summary Table 6: Qualitative Benefits

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17/03/2023 10:21:00

The Team reviewed each of the shortlisted options against every qualitative benefit criteria listed above and then allocated a score of 1-10 (rising scale) based upon how well the option met each of the criteria. The Team scored on the following basis:

- 1 or 2 Option does not meet the criteria
- 3 or 4 Option meets the criteria to a very limited extent
- 5 or 6 Option partially meets the criteria but is acceptable
- 7 or 8 Option meets the criteria to a greater extent
- 9 or 10 Option fully meets the criteria

The score for each option was agreed through rigorous discussion by the workshop participants to confirm what had been applied was fair and reasonable. Following the conclusion of the scoring, each score is then multiplied by the weighting given to that criteria to provide an overall total score.

The summary results of this exercise were as follows:

Benefit Criteria	Weighted Scores			
	Option 0	Option 1	Option 2	Option 3
1. Maximising access to services	60	75	120	135
2. Improving the clinical quality of services	36	36	36	36
3. Optimising the environmental quality of services	70	70	112	126
4. Improved strategic fit of services	136	153	153	153
5. Meeting training, teaching and staff support needs	22	22	77	99
6. Making more effective use of resources	52	52	91	117
7. Providing flexibility for the future	28	28	36	4
8. Optimising the sustainability of services	16	16	56	72
9. Practicality and timeliness of delivery	12	84	72	24
<b>TOTALS</b>	<b>432</b>	<b>536</b>	<b>753</b>	<b>766</b>
<b>RANK (weighted)</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>

Executive Summary Table 7: Benefits Scoring

Some of the key considerations that influenced the scores achieved by the various shortlisted options were as follows:

- Option 0: Business as Usual - this option ranked 4<sup>th</sup> due it not fulfilling the HTA requirements and to the current issues described earlier within this business case and in particular the lack of sufficient capacity to meet the anticipated demand
- Option 1: Do Minimum - refurbishment of the current facilities at UHW, this option ranked 3<sup>rd</sup> as there is only a small improvement over the current position and whilst this option would meet the HTA requirements it would not provide sufficient capacity or resolve some of the workflows currently experienced within the department
- Option 2: Refurbishment of the current facilities at UHW to meet the HTA findings and provide a wider refurbishment, this option ranked 2<sup>nd</sup> as it meets the HTA

Mohamed, Sarah  
17/03/2023 10:21:00

requirements, increases capacity and improves the internal flows within the department

- Option 3: New build at UHW, this option ranked 1<sup>st</sup> as it is anticipated that a new build would meet all required standards and provide fit for purpose, flexible accommodation

Sensitivity analysis was undertaken by changing the ranking of the benefit criteria to evaluate the impact on the overall score for each option. The analysis included applying reverse, high, low and no weightings to the criteria.

The results indicated that when the options where no weighting was applied or if the weightings were reversed then option 2 becomes the preferred option.

### 1.4.2 Economic Appraisal

The principles and assumptions used in the BJC are:

- Capital costs prepared to OB1 forms by Gleeds QS (dated October 2022) at BJC project Cost which has been used for the economic appraisal and a project outturn cost
- Optimism bias has been assessed according to the national formula with appropriate mitigations and has been included in the economic analysis and the table below. The OB forms do not include this and therefore the table below gives the full estimated capital cost
- Indicative Lifecycle costs prepared and included for FM engineering to QS parameters, a 7 year equipment lifecycle has been assumed for all options
- The economic model has been run for 60 years using discount rates of 3.5% for years 0-30 and 3.00% thereafter
- Revenue costs for each option as prepared by the Health Board reflecting the impact of each
- Planning risk has been included within the economic model

These are summarised below:

Capital Costs at approval PUBSEC	Option 0	Option 1	Option 2	Option 3
	£000	£000	£000	£000
Works Costs	758.1	2896.7	3142.3	4826.5
Fees	0.0	547.5	593.9	912.2
Non-Works	0.0	0.0	0.0	0.0
Equipment Costs	0.0	25.0	25.0	297.6
Planning Contingency	0.0	294.7	318.1	512.9
Optimism Bias	0.00	439.7	485.7	972.2
<b>Total Approval Capital Cost excl VAT</b>	<b>758.1</b>	<b>4418.6</b>	<b>4780.0</b>	<b>7896.3</b>
VAT	151.61	486.7	526.3	1389.0
<b>Total Approval Capital Cost</b>	<b>909.7</b>	<b>4905.2</b>	<b>5306.3</b>	<b>9285.3</b>
Inflation	0.0	363.4	392.9	859.8
<b>Total Outturn Capital Cost</b>	<b>909.7</b>	<b>5268.6</b>	<b>5699.2</b>	<b>10145.0</b>

Executive Summary Table 8: Capital Costs for Shortlisted Options

## Economic Appraisal Outputs

Details of the economic appraisal are summarised in the table below:

Economic Cost	Option 0	Option 1	Option 2	Option 3
	£000	£000	£000	£000
Net Present Value (NPV)	12,267	17,281	17,105	22,246
Equivalent Annual Cost (EAC)	499	645	638	830
Ranking of Development Options		2	1	3
EAC Margin Development Options		(1.0%)	0.0%	30.1%
NPC Switch Value		(155)	155	(5,368)

Executive Summary Table 9: Summary of Economic Appraisal Outputs

On the basis of the economic appraisal undertaken option 3 is the preferred financial solution but only by 1% over and above option 1. This is due to the lower revenue costs over the life of the project more than offsetting the higher initial capital and lifecycle costs. Option 3 is 30% worse than option 2 due to higher revenue costs and the additional capital investment.

Sensitivity testing indicates therefore a small change only is required to move between option 1 and 2. Option 3, however, is over 40% worse than option 2 on either revenue or capital.

Economic Cost Sensitivity	Option 0	Option 1	Option 2	Option 3
	£000	£000	£000	£000
<b>Base Cost Change needed (Lower)/Higher</b>				
Capital Costs		(3.1%)	2.8%	(55.4%)
Revenue Costs		(1.3%)	1.3%	(42.7%)
<b>NPC Change Needed</b>		<b>(155)</b>	<b>155</b>	<b>(5,368)</b>

Executive Summary Table 10: Economic Cost Sensitivity

Option 2 is therefore confirmed as the preferred option from a quantitative appraisal perspective but only very marginally to Option 1.

## Combined Appraisal

The outputs of the Non-Financial and Economic Appraisals have been combined to assess which option offers the best benefit/cost outcome based on the number of benefit points delivered per EAC £000.

Combined Appraisal	Option 0	Option 1	Option 2	Option 3
Weighted Non-Financial Scores	432	536	753	766
Margin Preferred				1.7%
Non-Financial Ranking of Options	4	3	2	1
EAC	498.0	645.0	638.5	830.4
Benefits Points Per EAC		0.83	1.18	0.92

Combined Appraisal	Option 0	Option 1	Option 2	Option 3
Combined Ranking		3	1	2
Difference		(29.5%)	0.0%	(21.8%)

Executive Summary Table 11: Summary of Combined Appraisal Outputs

The output of the combined option appraisal means that option 2 moves well ahead of option 1 due to the additional non-financial benefits provided by option 2. Option 1, however, moves closer to option 3 because of the higher non-financial benefits of option 3 and becomes the lowest ranked option from the three options.

Sensitivity analysis showed that either option 2 or 3 would have to change the non-financial scores by over 20% to switch the preferred option.

### 1.5 The Preferred Option

The preferred option is Option 2. It comprises the general refurbishment of the post-mortem suites, body stores and staff areas at the existing mortuary at the University Hospital of Wales. The mortuary is located on the lower ground floor of the existing west tower block. The project also includes the general refurbishment of the post-mortem suite at the existing mortuary at University Hospital Llandough.

The scope of works is:

- The Mortuary at the University Hospital of Llandough (UHL) will be re-conditioned as part of the development's scope of work. The existing building will work as a temporary facility during the building works in the University Hospital of Wales (UHW) Mortuary
- This proposal includes the redevelopment of the Mortuary department at the University Hospital of Wales (UHW). It improves the body storage capacity and Post-Mortem facilities including the provision of new office space, beverage room, accessible WC and reconditioning of the staff changing rooms.

The following tables shows the changes to permanent body storage capacity as a result of this project:

	Standard	Obese	Semi-Obese	Bariatric	Freezer	Paediatric	Foetal	TOTAL
UHW - Current	93			4	5	10		112
UHW - Future	68	4	56	7	5	10	9	159
UHL - Current	61			5				66
UHL - Future	61			5				66

Executive Summary Table 12: Changes to Body Storage Capacity

NB: A temporary body store will be provided at UHL with a capacity of 40 whilst the refurbishment is taking place at UHW.

Whilst there is an increase in body storage capacity, the Health Board recognises that in times of extreme demand the Health Board will work with partners to provide a temporary increase in storage capacity.

## 1.6 Procurement Route

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

- Scape Built Environment Consultancy Services ("BECS") Framework for design - RIBA Stage 2 – 4;
- NHS SBS Construction Consultancy Service (NHS Shared Business Services) for RIBA Stage 5 – 7;
- The Building 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 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 money. As a result of this process Tilbury Douglas have been appointed as the contractor as they demonstrated that they have considered the scheme and the nature of the works required.

The Health Board intends to make payments in respect of the proposed products and services as follows:

- The contract will be managed by Cardiff and Vale University Health Board under the NEC3 Option A

Mohamed Sarah  
17/03/2023 10:21:00

## 1.7 Funding and Affordability

This Business Case seeks approval to invest £3.385m from the All Wales Capital Programme, a breakdown of the capital costs is summarised in the table below:

	£000
Building/Engineering	3.355
Equipment Costs	0.030
<b>Total Capital Costs</b>	<b>3,385</b>

Executive Summary Table 13: Capital Costs for the Preferred Option

### 1.7.1 Overall Affordability and Balance Sheet Treatment

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

	£000
Impairment	2,528
Building / Engineering Depreciation	0,010
Equipment Depreciation	0,000
Accelerated Depreciation	0,000
<b>Total Capital Charges/Depreciation</b>	<b>2,538</b>

Executive Summary Table 14: 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	2024/25	2025/26
	£000	£000	£000
DEL Impairment	0,000	0,000	0,000
AME Impairment	2,528	0,000	0,000
<b>Total Impairment</b>	<b>2,528</b>	<b>0,000</b>	<b>0,00</b>
Depreciation – Build	0,000	0,010	0,010
Depreciation - Equipment	0,000	0,000	0,000
<b>Total Depreciation</b>	<b>0,000</b>	<b>0,010</b>	<b>0,010</b>

Executive Summary Table 15: Impairment and Depreciation by Year

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

There are no additional revenue costs per year expected on the preferred option. The staff requirement will remain unchanged as whilst the storage capacity increases, the layout will be more efficient and less spread out. There will not be any additional equipment required as that is already in place, so no additional costs associated with that. To note the newer

equipment is more energy efficient. The footprint of the mortuary does not change, therefore no change to estates and facilities costs are expected.

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

	2023/24	2024/25	2025/26
	£000	£000	£000
Capital (Ex VAT) - DEL	2,936	0,026	0,000
Depreciation	0,000	0,010	0,010
<b>Total</b>	<b>2,936</b>	<b>0,036</b>	<b>0,010</b>

Executive Summary Table 16: 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.

### 1.7.2 Project Bank Account

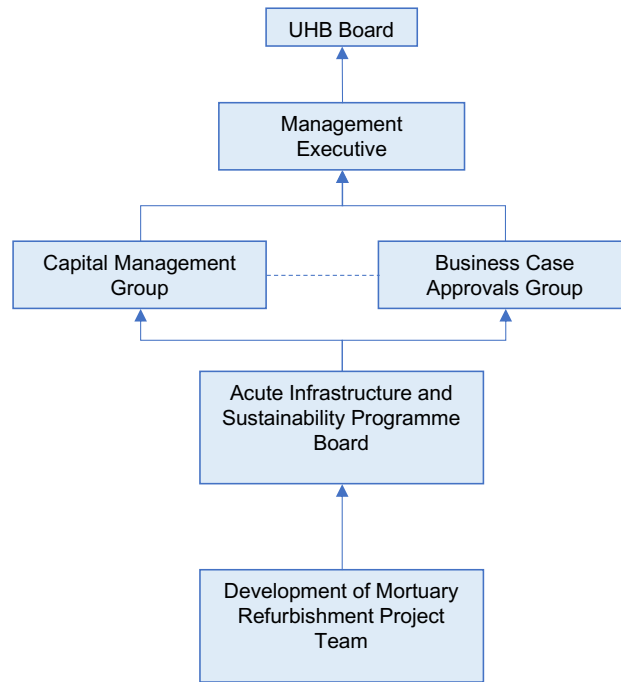
The Health Board can confirm that a Project Bank Account will be prepared at the appropriate stage as the project exceeds the Welsh Government value threshold for the mandatory use of Project Bank Accounts.

## 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:

Mohamed Sarah  
 17/03/2023 10:21:00



Executive Summary Figure 2: Project Structure

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

Milestone Activity	Date
BJC submission to WG	February 2023
WG approval of the BJC	April 2023
Commence construction	May 2023
Completion and handover	April 2024

Executive Summary Table 17: Project Plan

### 1.8.1 Communication and Engagement

The Cellular Pathology Services Manager has liaised with both Cardiff University and the Coroner to ensure that any plans they may have do not impact on the project and that they are kept up to date with progress. The latest discussion have taken place during December 2022 and March 2023.

### 1.8.2 Benefits Realisation and Risk Management

A benefits realisation plan has been developed that outlines the key objectives, benefits and measures, which will be used to evaluate the project, it also shows who has the accountability for its realisation.

The risk management strategy has been integrated into the project management procedures, with responsibility for implementation of the strategy resting with the Project Director. The key risks of the preferred option have been assessed and strategies for managing them outlined. A risk register has been developed for the preferred option which includes all risks identified to date.

### 1.8.3 Post Project Evaluation Arrangements

The Health Board is committed to ensuring that a thorough and robust post-project evaluation (PPE) is undertaken at key stages in the process to ensure that positive lessons can be learnt from the project. The lessons learnt will be of benefit to Cardiff and Vale University Health Board, other key local stakeholders and the NHS more widely.

All processes will be managed by the project team and endorsed by the appropriate boards.

### 1.9 Recommendation

This project, when complete, will address the issues highlighted in the Human Tissues Authorities inspection report issued in 2017 and thereby ensure that the facility at UHW continues to be a licenced site under the HTA requirements.

In addition, the project will address a number of other improvements to the facility including increased storage capacity, which recognises the increase of obese patients, remodelling the internal space to improve the flow and body handling and enhancement of the viewing and identification areas.

The Health Board would therefore, recommend that WG give due consideration to the request for funding and approve the BJC, thereby ensuring that the facility at UHW can retain its licenced Mortuary facility for the foreseeable future, serving the communities of Cardiff and Vale in addition to our neighbouring authorities as required.

Mohamed Sarah  
17/03/2023 10:21:00

Report Title:	UHW Lift Refurbishment scheme – Business Case		Agenda Item no.	3.3
Meeting:	Finance Committee	Public	√	Meeting Date:
		Private		
Status <i>(please tick one only):</i>	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 refurbishment of nineteen lifts on the University Hospital of Wales site. Finance Committee is asked to recommend that the Board approve the submission of the Business Justification Case (BJC) to Welsh Government (WG) for £9.32m, as part of the process to access capital funding. It is not envisaged that there will be any revenue consequences as the proposal is to refurbish existing lifts which are covered under the All Wales Maintenance Contract.

Approval of this business case will enable the refurbishment of 19 Lifts out of 26 within Tower Block 1, Tower Block 2 and Ward areas of the University Hospital of Wales to ensure the continued provision of safe services for patients and staff.

The majority of the lifts located on the site are over fifty years old and have not been updated or upgraded since they were first installed. Due to the age of the equipment the lifts are prone to breakdowns with replacement parts not readily available and difficult to source within a reasonable time frame resulting in lifts being out of service for extended periods of time awaiting repairs. There are increased costs associated with purchasing replacement parts as they have to be specifically manufactured for the lifts due to the age of the equipment. The attached schedule (Appendix 1) shows the 19 lifts proposed for refurbishment, the age of the equipment and the number of breakdowns in 2022. The important date to consider is the reference G in the column which is the age of the control gear and motors. The date identified against the reference C in the column relates to the refurbishment of the lift car only.

Whilst there are over 80 lift across the UHW site many of these are in the peripheral buildings, whilst a number are located in more recent development eg. Childrens Hospital. The UHB have over the last 6 years refurbished 5 lifts with funding from discretionary capital with a further 2 (maternity) in progress, with a financial commitment of £1.472m.

The proposed programme of refurbishment prioritises those lifts that are, high usage, impact on the delivery of clinical services, provide access for patients to wards, clinics etc. and support the delivery of supplies to the wards and departments. The timescale for the completion of the works will be dependent on agreement with the operational team on the number and location of the lifts that can be withdrawn from service but is expected to be circa 3 years.

The UHB have recognised the issues with the existing vertical transportation installations and are committed to providing new lifts which are fit for purpose, reduce breakdowns and entrapments and are more efficient.

The capital cost figures included within the document have been prepared following a comprehensive procurement process as required as part of the WG process for BJC development.

The replacement programme will be phased over a number of years to ensure minimum disruption to the operation of the site.

A summary of the projected capital costs is shown below:

	£000
Works costs	7,633
Fees	487
Non-works costs	235
Equipment	0
Risk provision	360
Inflationary Increase	668
Total Net	9,383
VAT Reclaim	81
<b>Total Gross</b>	<b>9,302</b>

The Business Justification Case is available on request

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

- The BJC has been developed to refurbish the passenger lifts through the main areas of the UHW site to provide improved reliability and patient experience.
- Reduce costs associated with constant breakdown and downtime for clinical and ancillary support services while lifts are out of service.
- The revenue consequences relate only to the annual maintenance of the plant installed and will be managed within the existing budget.
- The BJC has been considered by the Capital Management Group and has been endorsed for approval via the appropriate governance process.

#### Recommendation:

The Committee is requested to:

##### A) RECOMMEND that the BOARD;

1. **APPROVE** the submission of the UHW Lift refurbishment Scheme – Business Justification Case to the UHB Board for approval to submit to Welsh Government for capital funding support
2. **APPROVE** the awarding of the construction contract, subject to Welsh Government approval of the BJC, to Otis Lifts Ltd at a value of £7.64m (inclusive of VAT) under the terms and conditions of the NEC short form contract
3. **APPROVE** the appointment of Gleeds Management Services as the Project Manager, subject to Welsh Government approval of the BJC, at the cost of £174k (inclusive of VAT) under the terms and conditions of the SBS Framework
4. **APPROVE** the appointment of Gleeds Cost Management as the Cost Advisor, subject to Welsh Government approval of the BJC, at the cost of £111k (inclusive of VAT) under the terms and conditions of the SBS Framework
5. **APPROVE** the appointment of specialist vertical transportation works Supervisors, subject to Welsh Government approval of the BJC, at the cost of £104k (inclusive of VAT) under the terms and conditions of Health Board SFI's and NEC short form contract

**6. NOTE** that as the proposal is to refurbish existing lifts which are part of the existing All Wales Lift Maintenance Contract, there are no revenue consequences associated with the business case.

**B) RECOMMEND** that the Health Board to enter into the said contracts, subject to recommendation 2,3,4&5

**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 clinical service delivery.

**Safety: Yes**

The scheme has clinical safety implications with lift entrapment issues and breakdowns will impede clinical service delivery and patient safety.

**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 the overall reliability of the Lifts will ensure clinical staff are able to appropriately perform intensive clinical activities.

**Decarbonisation: Yes**


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

**Approval/Scrutiny Route:**

Committee/Group/Exec	Date:
Capital Management Group	06.03.2023

Mohamed Sarah  
17/03/2023 10:21:00

## APPENDIX 1

C&V UHB Daily Lift Update Capital		UHW- UNIVERSITY HOSPITAL OF WALES		 Bwrdd Iechyd Prifys Caerdydd a'r Fro Cardiff and Vale University Health Board		
OTIS- LIFT REFERENCE IDENTIFICATION	UHW- LIFT REFERENCE NUMBER	LOCATION/AREA	LIFT AGE (IF KNOWN)	NUMBER OF BREAKDOWNS 2022 (12 MONTHS)	USAGE (OPERATION)	RISK ASSESSMENT (Y/N)
H3846	1	Ward Block A	C=1993 G=1967	5	High	
H3849	2	Ward Block A	C=1993 G=1967	8	High	
H3848	5	Ward Block C	C=1992 G=1969	11	High	
H3851	6	Ward Block C	C=1992 G=1969	4	High	
H3859	12	TB1 South (A) Block	C=1992 G=1968	2	Moderate	
H3858	13	TB1 South (A) Block	C=1992 G=1968	10	High	
H3857	14	TB1 South (A) Block	C=1992 G=1968	7	High	
H3860	15	TB1 Centre (B) Block	C=1992 G=1967	7	High	
H3861	16	TB1 Centre (B) Block	C=1992 G=1967	6	High	
H3862	17	TB1 Centre (B) Block	C=1992 G=1967	11	High	
H3863	18	TB1 Centre (B) Block	C=2018 G=2018	10	High	
H3864	19	TB1 Centre (B) Block	C=2018 G=2018	4	High	
H3865	20	TB1 Centre (B) Block Theatre	C=2007 G=1967	6	Moderate	
H3866	21	TB1 North Block	C=1992 G=1968	5	High	
H3867	22	TB1 North (C) Block	C=1992 G=1968	6	High	
H3868	23	TB1 North (C) Block	C=1992 G=1968	7	High	
H3869	24	TB2 Morgue	C=1993 G=1970	1	Low	
H3870	25	TB2 Morgue	C=1993 G=1970	2	Low	
H3872	27	Theatre (Dirty lift)	C=1993 G=1969	3	Moderate	

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17/03/2023 10:21:00



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board

# Modernisation of Passenger Lifts at the University Hospital of Wales (UHW)

## Business Justification Case: Executive Summary

January 2023

Mohamed Sarah  
17/03/2023 10:21:00



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board

<b>1.0</b>	<b>INTRODUCTION</b> .....	<b>3</b>
<b>2.0</b>	<b>STRATEGIC CONTEXT</b> .....	<b>3</b>
<b>3.0</b>	<b>CASE FOR CHANGE</b> .....	<b>5</b>
3.1	Current Arrangements .....	6
3.2	Business Need .....	6
3.3	Proposed Scope .....	6
3.4	Main Benefits .....	7
3.5	Main Risks .....	7
<b>4.0</b>	<b>AVAILABLE OPTIONS</b> .....	<b>8</b>
<b>5.0</b>	<b>PREFERRED OPTION</b> .....	<b>8</b>
<b>6.0</b>	<b>PROCUREMENT ROUTE</b> .....	<b>8</b>
<b>7.0</b>	<b>FUNDING AND AFFORDABILITY</b> .....	<b>8</b>
7.1	Capital Costs .....	8
7.2	Overall Affordability and Balance Sheet Treatment .....	9
<b>8.0</b>	<b>MANAGEMENT ARRANGEMENTS</b> .....	<b>9</b>
8.1	Benefits Realisation and Risk Management .....	10
8.2	Post Project Evaluation .....	10
8.3	Recommendation .....	11

Mohamed Sarah  
 17/03/2023 10:21:00

## 1.0 INTRODUCTION

This business case seeks the approval for a capital investment of £9.302m to enable the modernisation of nineteen passenger lifts located throughout the University Hospital of Wales (UHW) site.

## 2.0 STRATEGIC CONTEXT

Cardiff and Vale University Health Board is responsible for planning and delivering health services for people in Cardiff and the Vale of Glamorgan, a population of around 502,000 and is the main provider of specialist services for the people of South Wales – and for some services, the whole of Wales and the wider UK. This includes health promotion and public health functions as well as the provision of local primary care services (GP practices, dentists, optometrists and community pharmacies) 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.

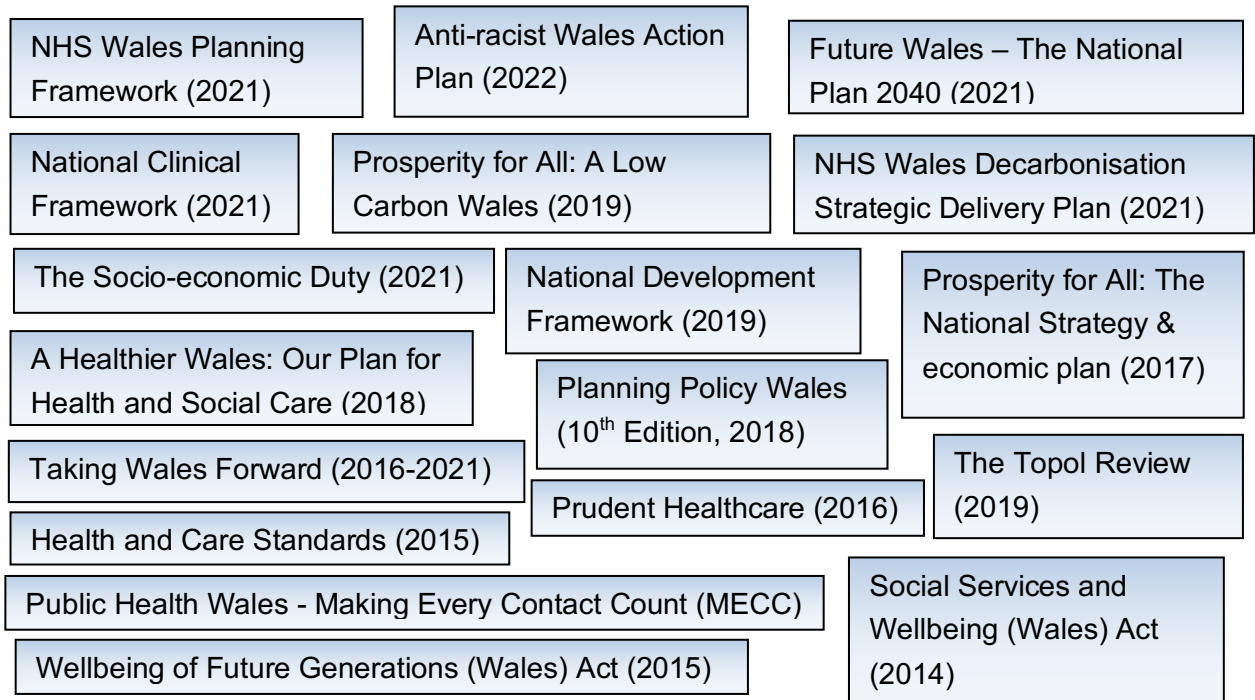
As a major teaching and research organisation, there are very close links to Cardiff University playing a significant role in the Welsh economy. This is alongside other academic links with Cardiff Metropolitan University and the University of South Wales. Training the next generation of clinical and 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.

Mohamed Sarah  
17/03/2023 10:21:00

Some of the key Welsh Government policies that have shaped this 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
- Cardiff and Vale UHB Delivering Digital: a Five Year Strategy – Building a learning health and care system (July 2020)

Mohamed Sarah  
 17/03/2023 10:21:00

### 3.0 CASE FOR CHANGE

The specific investment objectives for this business case are:

Investment Objective 1: Quality and Safety of Lift Services	
<b>Specific</b>	Services that deliver to appropriate quality and safety standards
<b>Measurable</b>	Evidenced by: <ul style="list-style-type: none"> <li>▪ Lift services meeting all applicable regulatory requirements</li> </ul>
<b>Achievable</b>	Providing functionally suitable lifts to appropriate quality and safety standards
<b>Relevant</b>	This objective ensures the service will: <ul style="list-style-type: none"> <li>▪ Provide compliance with legislation, regulations and accreditation standards / performance;</li> <li>▪ Support rapid adoption of best practice.</li> </ul>
<b>Time-bound</b>	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	
<b>Specific</b>	To ensure that the changing needs at UHW are met
<b>Measurable</b>	Evidenced by: <ul style="list-style-type: none"> <li>▪ Facility meeting current demand;</li> <li>▪ Providing increased capacity to ensure growth in demand is met;</li> <li>▪ Providing resilience to provide short term capacity when required</li> </ul>
<b>Achievable</b>	Providing functionally suitable equipment with sufficient capacity to meet the demands both now and in the future.
<b>Relevant</b>	This objectives will ensure access to services is optimised with: <ul style="list-style-type: none"> <li>▪ Service capacity that will meet demand in a timely way;</li> <li>▪ Services delivered in an appropriate manner.</li> </ul>
<b>Time-bound</b>	Upon commissioning of the new equipment
Investment Objective 3: Effective Use of Resources	
<b>Specific</b>	To maximise the use of available resource and provide equipment that delivers improved service efficiency
<b>Measurable</b>	Evidenced by: <ul style="list-style-type: none"> <li>▪ Meeting capacity</li> </ul>
<b>Achievable</b>	By providing sufficient lift capacity through the installation of modern equipment
<b>Relevant</b>	This objective will promote improved service efficiency through improved resilience
<b>Time-bound</b>	Upon commissioning of the new equipment

Mohamed Sarah  
 17/03/2023 10:21:00

Investment Objective 4: Sustainability	
<b>Specific</b>	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
<b>Measurable</b>	Evidenced by: <ul style="list-style-type: none"> <li>▪ Utilising new / modern lifts that are energy efficient</li> </ul>
<b>Achievable</b>	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
<b>Relevant</b>	This objective will ensure built-in resilience to adapt to changing needs
<b>Time-bound</b>	One year after commissioning the new equipment

Executive Summary Table 1: Investment Objectives

### 3.1 Current Arrangements

The majority of the lifts located on the UHW site are over forty years old and have not been updated or upgraded since they were first installed. Due to the age of the equipment the lifts are prone to breakdowns and provide a very poor level of service and ride quality for staff, patients and visitors. Replacement parts are not readily available and difficult to source within a reasonable time frame resulting in lifts being out of service for extended periods of time awaiting repairs. There are increased costs associated with purchasing replacement parts as they have to be specifically manufactured for the lifts due to the age of the equipment.

### 3.2 Business Need

The Health Board has embarked on its own refurbishment programme however due to the quantity of lifts onsite within the main central core of the Hospital it has been realised that substantial investment is required to meet the need of clinical services to improve the quality of the lifts.

Refurbishment of the existing lifts will reduce the number of breakdowns currently being encountered, help reduce costs associated with purchasing of obsolete parts, increase the response times which in turn will increase clinical services transfer times moving patients between wards, out-patients departments and Theatres blocks. It will increase the speed at which facilities and portering teams are able to respond to calls and will provide a better ride quality and service for staff, patients and visitors.

### 3.3 Proposed Scope

With regards to this business case there is only one scope that is possible and that is to refurbish nineteen of the existing lifts located through the main Ward and Tower Block areas of the UHW site.

Mohamed Sarah  
 17/03/2023 10:21:00

### 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.

Investment Objective	Stakeholder Group	Main Benefits
Investment Objective 1: Quality and Safety of Lift Services	Service Users and wider Health Board	Non QB - High quality, safe and timely services to patients, visitors and staff QB - Facilities that meet all applicable regulatory requirements, Lift Regulations 2016
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 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 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

### 3.5 Main Risks

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

Risk Description	Counter Measure
Costs and delays to delivery of equipment due to current world events and effects on world economy	Review of market place throughout scheme
Risk of interruption to hospital operational services during construction stage	Ongoing engagement with Users during design and construction
Interaction of site constraints upon construction	Review of restrictions between the Health Board and Contractor on a live hospital site
Interruption to existing services (utilities) during construction	Review current capacity of infrastructure and assess demand
Delays to access to work sites (lift shafts)	Site access and location of welfare and storage to be considered by the Contractor

Executive Summary Table 3: Main Risks

Mohamed Sarah  
17/03/2023 10:21:00

## 4.0 AVAILABLE OPTIONS

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

- Refurbish nineteen of the existing lifts located through the main Ward and Tower Block areas of the UHW site. The Health Board has already invested in the refurbishment of seven of the existing lifts over the last five years and wants to continue with this refurbishment to further improve services in these areas.

Therefore no option appraisal has been undertaken.

## 5.0 PREFERRED OPTION

The scope of works includes refurbishing nineteen of the existing lifts located through the main Ward and Tower Block areas of the UHW site.

## 6.0 PROCUREMENT ROUTE

Due to the specialist nature of the scheme, the procurement route utilised was an open market tendering process in conjunction with NWSSP Procurement department to identify a suitable SCP. As a result of this process Otis have been appointed as the main contractor as they specialise in this area of works.

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 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 money.

## 7.0 FUNDING AND AFFORDABILITY

### 7.1 Capital Costs

This Business Case seeks approval to invest £9.302m from the All Wales Capital Programme, a breakdown of the capital costs is summarised in the table below:

	£000
Works Costs	7,634
Fees	487
Non-works Costs	235
Equipment Costs	0
Risk Allowance	360
Allowance for Inflationary Pressures	668
<b>Total (pre VAT Recovery)</b>	<b>9,384</b>
Recoverable VAT	(81)
<b>Forecase Project Out-turn Cost</b>	<b>9,302</b>

Executive Summary Table 4: Capital Costs for the Preferred Option

## 7.2 Overall Affordability and Balance Sheet Treatment

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

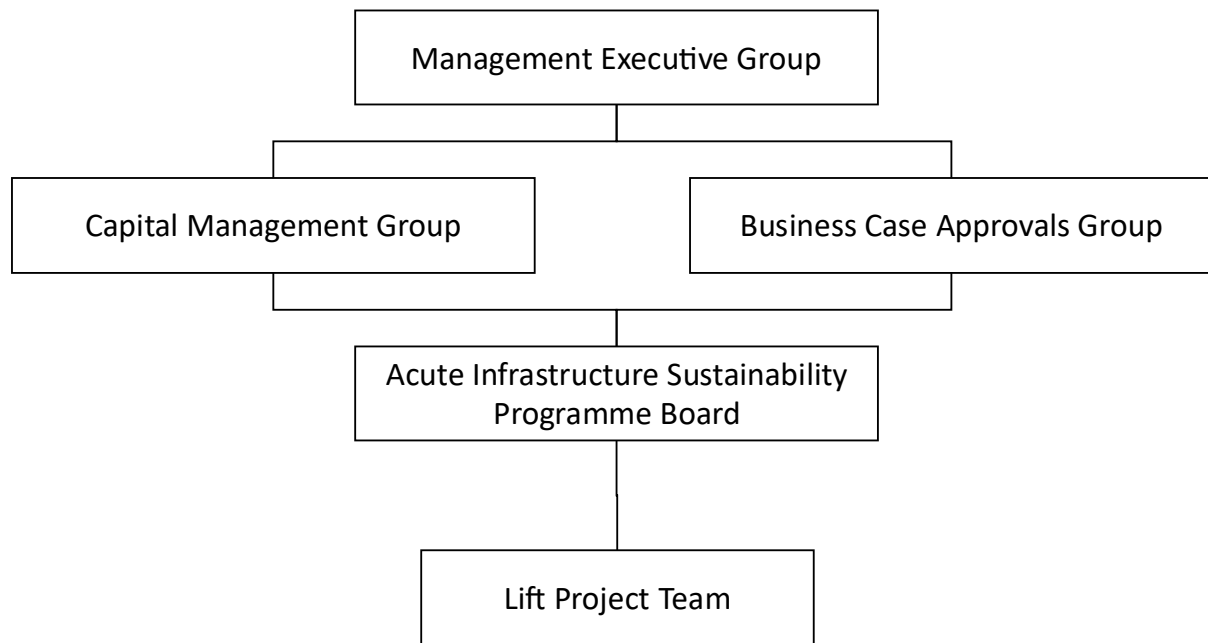
It is not anticipated that there will be any additional revenue costs. In fact, there may be the opportunity to make small savings.

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.

## 8.0 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:



Executive Summary Figure 2: Project Reporting Structure

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 17/03/2023 10:21:00

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

Milestone Activity	Date
BJC submission to WG	January 2023
Start of Works	March 2023
Works completion	August 2025

Executive Summary Table 5: Project Plan

## 8.1 Benefits Realisation and Risk Management

Benefits are anticipated when a change is conceived and there are measurable improvements that result from the outcome which is perceived as an advantage by the organisation and/or stakeholders. Benefit management and realisation therefore aims to identify, define, track, realise and optimise benefits within and beyond the project. A framework has been established and is overseen by the Project Board. This is in order that a meaningful assessment can be made of the benefits yielded by the project and to benchmark the assessment criteria themselves so that lessons learned can be fed back into future projects. It ensures that the project is designed and managed in the right way to deliver quality and value benefits to patients, staff and visitors to the site.

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.

## 8.2 Post Project Evaluation

The Health Board is committed to ensuring that a thorough and robust post-project evaluation (PPE) is undertaken at key stages in the process to ensure that positive lessons can be learnt from the project. The lessons learnt will be of benefit to:

- Cardiff and Vale University Health Board – in using this knowledge for future projects including capital schemes
- Other key local stakeholders – to inform their approaches to future major projects
- The NHS more widely – to test whether the policies and procedures which have been used in this procurement are effective

Post Project Evaluation (PPE) is a part of the total quality process and the Health Board acknowledges its contribution towards a successful outcome in terms of:

- Greater assurance of total performance in terms of cost, time and quality
- Clearer definitions of responsibilities
- Reduced exposure to risk, and
- Improved value for money

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17/03/2023 10:21:00

The Health Board has identified a robust plan for undertaking PPE in line with current guidance, which is fully embedded in the project management arrangements of the project. All processes will be managed by the project team and endorsed by the appropriate boards.

### 8.3 Recommendation

Cardiff and Vale UHB patients, staff and visitors would benefit substantially from the approval and financial support for this project. The proposed programme of refurbishment prioritises those lifts that are, high usage, impact on the delivery of clinical services, provide access for patients to wards, clinics etc. and support the delivery of supplies to the wards and departments. The timescale for the completion of the works will be dependent on agreement with the operational team on the number and location of the lifts that can be withdrawn from service but is expected to be circa 3 years.

The UHB would therefore, recommend that WG give due consideration to the request for funding and approve the BJC enabling the scheme to progress to the construction stage.

Mohamed, Sarah  
17/03/2023 10:21:00

Report Title:	<b>2022-23 Month 11 Monthly Financial Monitoring Return</b>			Agenda Item no.	4.1
Meeting:	<b>Finance Committee</b>	Public	X	Meeting Date:	<b>22<sup>nd</sup> March 2023</b>
Status <i>(please tick one only):</i>	Assurance	x	Approval	Information	x
Lead Executive:	<b>Executive Director of Finance</b>				
Report Author (Title):	<b>Deputy Director of Finance</b>				
<b>Main Report</b>					
Background and current situation:					
<b>SITUATION</b>					
<p>WHC (2022) 013 - Welsh Government 2022/23 Monthly Financial Monitoring Return (MMR) Guidance requires the UHB to provide a main Committee of the Board with copy of the monthly Financial Monitoring Return (consisting of the Narrative, Table A and Tables C,C1,C2 &amp; C3) in order to provide the Committee with transparency on the submission made to the Welsh Government.</p> <p>A draft of the MMR is attached in lieu of submission of the return in line with the Welsh Government timetable.</p>					
<b>Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:</b>					
The extract from the UHBs Draft Monthly Financial Monitoring Return is provided for information and assurance.					
<b>Recommendation:</b>					
The Committee is requested to:					
a) <b>NOTE</b> the extract from the UHBs draft Monthly Financial Monitoring Return.					
<b>Link to Strategic Objectives of Shaping our Future Wellbeing:</b>					
<i>Please tick as relevant</i>					
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		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		
<b>Five Ways of Working (Sustainable Development Principles) considered</b>					
<i>Please tick as relevant</i>					
Prevention	Long term	x	Integration	Collaboration	Involvement
<b>Impact Assessment:</b>					

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

Risk: No

Safety: No

Financial: Yes

As detailed above.

Workforce: No

Legal: No

Reputational: Yes

Yes, if forecast financial position is not delivered.

Socio Economic: No

Equality and Health: No

Decarbonisation: No

Approval/Scrutiny Route:

Finance Committee

Date: 22<sup>nd</sup> March 2023

Mohamed Sarah  
17/03/2023 10:21:00

## THE WELSH GOVERNMENT FINANCIAL COMMENTARY

### FINANCIAL POSITION FOR THE ELEVEN MONTHS PERIOD ENDED 28<sup>th</sup> FEBRUARY 2023

#### INTRODUCTION

The Health Board submitted an initial draft financial plan to Welsh Government at the end of March 2022 and a revised plan on 30 June 2022. The plan is structured in three parts, in line with Welsh Government discussions, as follows:

- Core Financial Plan including recovery
- Exceptional inflationary cost increases
- Ongoing COVID response costs (Local and Welsh Government Covid Programmes)

The initial 2022-23 planning deficit was £20.8m. The Board agreed and submitted a revised plan in June incorporating additional savings totaling £3.7m, resulting in a revised planning deficit of £17.1m.

In line with guidance from Welsh Government, the UHB's plan also anticipated Welsh Government funding for the three National Inflationary Pressure exceptional costs as outlined below:

- 1) Energy costs where the planning assumption was based on a mid-range estimate from Shared services at £20.9m.
- 2) Employers NI cost of £6.9m.
- 3) The impact of paying Real Living Wage (RLW) for staff working within social care and Third Sector currently estimated at £2.9m.

The exceptional cost funding for the Employers NI Levy, Energy and the RLW have now been confirmed in line with costs.

In addition to the core plan the UHB assumed funding for:

- Ongoing Covid local response costs as defined by updated 2022/23 Welsh Government definitions. This funding is now issued for the year based on the month 10 forecast.
- Central Covid programme funding as informed by the Welsh Government Allocation Letter to include TTP, MVC, PPE and Flu costs incurred within health boards. This funding is now issued for the year based on the month 10 forecast.

The UHB submitted a final financial plan for 2022/23 at the end of quarter 1 with a planned deficit of £17.1m.

A number of cost pressures have emerged or increased in the year to date that were not foreseen in the original financial plan. These placed the UHB's ability to remain within the revised plan's forecast £17.1m deficit under severe pressure causing the UHB to reassess the most likely year end out-turn.

**These concerns were shared with Welsh Government colleagues in the mid-year review meeting with the Financial Delivery Unit on the 10th November 2022 and were discussed through the UHB's governance structure, including the Finance Committee and Board, during November. The UHB now forecasts a deficit of £26.9m.**

At month 11, the UHB is overspent by £24.658m against its core financial plan. £15.675m of this is planned as part of the underlying financial deficit, £8.983m is an unplanned operational overspend.

In addition, the UHB reports that it has incurred additional costs in the year to date, for which it has received funding of:

- Exceptional Cost Pressures £18.338m
- Local Covid response including Cleaning Standards £32.397m
- Central Welsh Government Covid Programmes £16.335m
- Welsh Government Specific Covid Funding streams £3.201m

## BACKGROUND

The revised Core Financial Plan submitted to Welsh Government at the end of June is provided in Table 1.

**Table 1: 2022/23 Core Draft Plan**

	<b>2022/23 Plan £m</b>
Underlying deficit from 2020/21 Plan	(4.0)
Adjustment for non-recurrent items in 2020/21 and 2021/22	(25.7)
<b>b/f underlying deficit</b>	<b>(29.7)</b>
Allocation uplift (including LTA inflation)	29.8
Capped cost pressures assessment recurrent	(31.8)
Capped cost pressures assessment non-recurrent	(1.1)
Investment reserve	(4.0)
<b>2022/23 Planned Surplus/(Deficit) before efficiency programme</b>	<b>(36.8)</b>
<b>Efficiency Programme of 2%</b>	
Recurrent cost improvement plans (1.5% in 22/23)	12.0
Non Recurrent cost improvement plans (0.5% in 22/23)	4.0
<b>Planned Surplus/(Deficit)</b>	<b>(20.8)</b>
Financial Recovery Plans	3.7
<b>Planned Surplus/(Deficit)</b>	<b>(17.1)</b>

This represents the core financial plan of the Health Board which:

- delivers the best possible end of year position of a £17.1m deficit in 2022/23
- reduces the UHB's underlying deficit from £29.7m to £20.0m in 2022/23 and over the subsequent two years removes the underlying deficit;
- manages exceptional cost pressures and reduces and exits the significant costs introduced as a result of the pandemic, limiting any impact on the underlying deficit.

The UHB expects to incur additional costs and funding in respect of:

- Exceptional costs from National Inflationary pressures.
- Local Covid response costs
- Welsh Government national COVID programmes.

These financial monitoring returns have been prepared within the framework of the UHB's submitted Core Financial Plan, which includes a planning deficit of £17.1m for 2022-23. This report details the financial position of the UHB for the period ended 28<sup>th</sup> February 2023.

The UHB has separately identified non COVID 19 and COVID 19 expenditure against its submitted plan in order to assess the financial impact of COVID 19.

A full commentary has been provided to cover the tables requested for the month 11 financial position.

The response to the queries raised in the month 10 financial monitoring returns is set out in an attachment to this commentary.

### **MOVEMENT OF OPENING FINANCIAL PLAN TO FORECAST OUTTURN and UNDERLYING POSITION (TABLE A & A1)**

Table A sets out the financial plan and latest position at month 11 for which the following should be noted:

- The UHB's initial £16m 2022/23 savings target is reported on lines 8,9 & 13;
- The forecast position reflects the assessed COVID 19 response and national programme costs in Table B3 and assumes that additional Welsh Government Funding will be provided to match the costs;
- The bought forward underlying deficit is £29.7m as outlined in the draft financial plan.

The identification and delivery of the initial £12m (1.5%) recurrent savings target and the further £3.7m of recurrent transformational schemes is key to delivery of the planned in year and underlying position.

The recurrent impact of cost pressures which have emerged in year are being assessed in the development of the 2023/24 Financial Plan. The current draft of the plan incorporates an underlying deficit of £40.3m moving into 2023/24 as follows:

	Draft Plan £m
<b>Forecast Financial Surplus / (Deficit) 2022/23</b>	<b>(26.9)</b>
<b>Adjustments</b>	
Shortfall against 22/23 recurrent savings programme	(2.9)
Non recurrent delivery of savings target as per 22/23 plan	(4.0)
Non recurrent cost pressure as per 22/23 plan - additional bank holiday	1.1
FYE Cost pressures:	0.0
LTA framework	(1.6)
FYE CHC / FNC 22/23 uplift	(0.7)
Net workforce run rate increase - Specialist	(1.1)
Net workforce run rate increase - Midwifery	(0.7)
FYE CHC growth 22/23	(3.4)
<b>Underlying Surplus / (Deficit) c/f carried forwards from 2022/23 £m</b>	<b>(40.3)</b>

**The represents the UHB's initial planning assessment and will be subject to discussion during the 2023/24 IMTP submission.**

## OVERVIEW OF KEY RISKS & OPPORTUNITIES (TABLE A2)

Table A2 reflects current assessment of the risks to the forecast outturn.

Funding for Covid response expenditure and Exceptional costs has been anticipated throughout the financial year within the UHB's financial position. Welsh Government has now confirmed this funding.

The UHB faces additional financial exposure in respect of :-

- Fire Safety Litigation by the Fire Authority (South Wales Fire and Rescue Authority)
- Winter Enhanced pay rates
- Trading and cost impact of widespread industrial action
- The Consultant Recycling Scheme

The risks will be managed through:

- Slippage on Investments
- Management of the operational position

**The UHB remains confident that action to mitigate the inherent risks in the system will allow the UHB to remain within the revised forecast outturn deficit of £26.9m.**

## ACTUAL YEAR TO DATE (TABLE B AND B2)

Table B confirms the year to date deficit of £24.658m and reflects the analysis contained in the annual operating plan in Table A. A summary of the year to date position and the forecast year end deficit of £26.900m is shown in Table 2 below.

**Table 2: Summary Financial Position for the period ended 28<sup>th</sup> February 2023**

	Month 11	Forecast Year-End Position
	£m	£m
COVID 19 Additional Expenditure	51.933	56.712
Exceptional Inflationary Pressures	18.338	20.223
<b>Gross additional COVID and Exceptional Inflationary Pressures £m</b>	<b>70.271</b>	<b>76.935</b>
Welsh Govt. Funding for additional COVID and Exceptional Inflationary Pressures	(70.271)	(76.925)
Planned deficit	15.675	17.100
Operational position (Surplus) / Deficit	8.983	9.789
<b>Financial Position £m (Surplus) / Deficit £m</b>	<b>24.658</b>	<b>26.900</b>

The month 11 deficit of £24.658m comprised of the following:

- £14.675m planned deficit (11/12<sup>th</sup> of £17.1m);
- £8.983m adverse variance against plan.

The operational variance deteriorated by £0.816m in month from £8.167m at Month 10 to £8.983m. Pressures continue to be reported in nursing, medical staffing, mental health continuing healthcare placements. The pressures in primary care prescribing have slowed down in month.

A central focus of Executive Performance Reviews with the UHBs Clinical Boards has been on the remedial actions and additional savings that are needed to mitigate and address these cost pressures.

The UHB continues to face a significant challenge as it delivers services from an operational footprint that is still predominantly designed to address Covid demands and infection control. The contractual obligations to deliver improved throughput has re-introduced pre-pandemic performance arrangements for under delivery of patient activity. In particular, WHSSC commissioned specialties operate to sensitive contract parameters that include high marginal rates for under and over performance.

Welsh Government funding has now been confirmed to cover the COVID national programme costs and exceptional inflationary costs arising up to month 11 and for the remainder of the year. The forecast costs at month 11 are broadly in line with confirmed funding.

## PAY & AGENCY (TABLE B2)

The UHB recorded Agency costs of £2.308m in month 11, which is an increase of £0.586m on the £1.722m reported at month 10 and broadly in line with the in year monthly average. £1.460m of the costs reported in month 11 related to registered nursing and midwifery. The UHB workforce strategies aim to maximise recruitment to permanent posts alongside the improvement of staff retention rates to reduce dependency on agencies.

## COVID 19 ANALYSIS (TABLE B3)

At month 11, Table B3 is projecting net expenditure due to COVID-19 to be £56.712m. This includes expenditure related to the Covid funding for the Dental Income Target (£1.859m), Long Covid (£0.749m), Anti-viral (£0.250m), Vaccine Allergy (£0.184m) and Nosocomial Covid 19 (£0.520m) allocations.

Overall forecast expenditure decreased by £0.072m between Month 10 and Month 11 as a result of the fall in the forecast cost of national programmes.

Year to date and forecast Covid Expenditure is summarised in Table 3 below. The projected year end spend on Welsh Government Covid programmes is based on current projection of activity. Should programmes be reduced or end, the projected expenditure will reduce accordingly.

**Table 3: Summary of Forecast COVID 19 Net Expenditure**

	Month 11	Forecast Year-End Position	Forecast Year-End Position @ Month 9	Change in Forecast Year-End Position in month
	£m	£m	£m	£m
COVID 19 Testing	1.047	1.159	1.191	(0.032)
COVID 19 Tracing	4.163	4.427	4.486	(0.059)
COVID 19 Vaccination	7.397	7.851	7.832	0.019
Extended Flu Vaccination	1.021	1.243	1.243	0.000
PPE	2.708	2.978	2.978	0.000
Sub Total National Programmes	16.335	17.658	17.730	(0.072)
Cleaning Standards	2.520	2.800	2.800	0.000
COVID 19 Local Response	29.877	32.692	32.692	0.000
Sub Total Local response including Cleaning Standards	32.397	35.492	35.492	0.000
Dental Income; Long Covid; Anti-Viral; Allergy Advice and Nosocomial	3.201	3.562	3.562	0.000
<b>Total COVID Expenditure £m</b>	<b>51.933</b>	<b>56.712</b>	<b>56.783</b>	<b>(0.072)</b>

The UHB forecast is broadly in line with the confirmed Welsh Government COVID Funding totaling £56.783m.

**Table 4: Exceptional Inflationary Pressures**

	Month 11	Forecast Year-End Position
Incremental costs in 2022/23	£m	£m
Energy/Fuel	12.335	13.978
National Insurance Levy	3.345	3.345
Living Wage - Social Care	2.658	2.900
<b>Total Exceptional Costs Expenditure £m</b>	<b>18.338</b>	<b>20.223</b>
<b>Sub Total Exceptional Cost funding confirmed/assumed £m</b>	<b>18.338</b>	<b>20.223</b>

The forecast of the incremental cost of energy is £13.978m based on the month 11 schedule issued by NWSSP. The revised forecast includes the impact of the changes in market spot prices and additional assumptions in relation to the Energy Billing Relief Scheme (EBRS). The UHB utilises the Shared Services model in common with the other Health Boards in Wales. A planning estimate of £20.9m for exceptional energy costs was included in the initial draft plan.

Funding for the NI Levy and Living wage has been confirmed in line with the UHB's forecast costs and the funding to cover exceptional energy costs is no longer regarded at risk in lined with the latest Welsh Government guidance.

The UHB exceptional cost forecast is broadly in line with the confirmed Welsh Government Funding totaling £20.142m.

**Savings Programme 2022-32 (TABLE C, C1 & C2)**

At month 11, the UHB is forecasting £19.343m of savings to deliver against the revised £19.400m savings target leaving a further £0.057m schemes to identify. The UHB expects to be able to manage the balance of savings plans required to deliver the revised forecast deficit of £26.9m.

Overall progress in the identification of savings schemes is outlined in table 5 below:

**Table 5: Savings Schemes**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	19.400	19.343	(0.057)

## **INCOME/EXPENDITURE ASSUMPTIONS (TABLE D)**

The UHB progressed LTA discussions in line with the Welsh Government timetable.

The current status of Welsh LTA agreements is as follows:

- Aneurin Bevan – The LTA is agreed and signed.
- Swansea Bay – The LTA is agreed and signed.
- Hywel Dda – The LTA is agreed and signed.
- Powys – The LTA is agreed and signed.
- Cwm Taf Morgannwg – The LTA is agreed and signed.
- WHSSC – The LTA is agreed and signed.
- Velindre – The LTA is agreed and signed.

## **INCOME ASSUMPTIONS 2022/23 (TABLE E)**

Table E outlines the UHB's 2022/23 resource limit.

The DEL anticipated allocations are based on the November 2022 submission and the AME anticipated allocations remain in line with the November 2022 non cash estimates. In addition, anticipated allocation adjustments for IFRS16 Transitioning leases are also now included.

Similar to practice in previous years, the UHB forecast continues to exclude recurrent expenditure which has arisen following a change in the accounting treatment of UHB PFI schemes under International Financial Reporting Standards (IFRS). The UHB is assuming that Welsh Government will continue to provide resource cover for this cost, which was assessed at £0.222m in the previous financial year.

## **BALANCE SHEET - STATEMENT OF FINANCIAL POSITION (TABLE F)**

The opening balances at the beginning of April 2022 reflect the closing balances in the 2021/22 Annual Accounts approved by the UHB's Board.

The increase in the carrying value of property, plant & equipment since the start of the year is partially due to the impact of District Valuers Quinquennial Revaluation of the NHS Estate with the balance due to the year to date capital programme spend.

## **CASHFLOW (TABLE G)**

The closing cash balance at the end of February was £2.025m.

The UHB is currently predicting a minimum cash shortfall of £29.679m in 2022/23. This reflects the £26.900m forecast deficit and an estimated working cash balance requirement of £2.779m as outlined below in table 6:

**Table 6: Strategic and Working Cash Requirement**

<b>2022/23 Strategic Cash Requirement - estimate at month 11</b>	<b>£</b>
<b>2022/23 SoCNE Net Deficit</b>	26,900,000
<b>Total £</b>	<b>26,900,000</b>
<b>2022/23 Working Cash Requirement - estimate at month 11</b>	<b>£</b>
<b>2021/22 Resource Limit adjustments not backed by cash</b>	
CL 151 - Holiday Pay Accrual on Overtime	943,241
CL 152 - GPW Slippage Genomics	293,644
CL 153 - Covid Allocation : Covid Therapeutic (Treatment) Medicines	202,993
<b>Other Working Cash Movements</b>	
Annual Leave Buy Back Scheme - cash payments to month 7 2022/23	1,339,000
<b>Total £</b>	<b>2,778,878</b>

The capital drawing limit assumes that the following working cash will be available for draw down in March.

<b>Balance of Capital Cash Limit Available 2022/23</b>	<b>£</b>
Add owned asset capital working balances (available for draw down from 15th March)	15,791,000
Add IFRS16 leases capital working balances (available for draw down from 15th March) - approved element only	1,979,000
<b>Total £</b>	<b>17,770,000</b>

The UHB will continue to review the forecast movement in its revenue and capital debtor and creditor balances to inform its working balances and its estimated working cash requirement as the year progresses.

### PSPP (TABLE H)

The UHB's public sector payment compliance performance remains below the target of 95%. Performance for the 11 months to the end of February was 94.3%. This remains below the target, with a deterioration of 0.1% in the month.

Work is ongoing with departments within the UHB, including training, to address the level of orders not receipted, and the high number of workforce and nursing holds, which should improve the UHB's position

## **CAPITAL SCHEMES (TABLES I, J & K)**

Of the UHB's approved Capital Resource Limit, 63% has been expended to date.

One capital scheme is currently classified as medium risk:

- Genomics - forecasting a potential £0.264m overspend, this is still being reviewed and the additional forecast overspend is reflected within the discretionary capital 'Estates' line.

Eye Care – the CRL has been allocated to other Health bodies. The C&V allocation is now 9k, currently there is a validation error on table J in relation to this scheme as the current ledger balance is higher than 9k – this will be resolved in month 12.

All other schemes are currently in line with forecast.

The UHB has updated the M11 monitoring returns in terms of the capital cash draw down on Table E for both the transitioning and 'approved in year' IFRS16 leases and the capital working cash. Table E has not been updated for the IFRS16 figures provided in the M10 reply letter but this will be updated for month 12.

Planned expenditure for the year reflects the CRL received from Welsh Government dated 20<sup>th</sup> February 2023 - £51.535m.

### **Capital funding – Table E**

The UHB requested Impairment funding in the November capital charges return for 8 schemes, 2 of these are not going to complete in this financial year and the UHB will need to return £10.259m AME Impairment funding (this has not been reflected in the Month 11 Monitoring returns).

Welsh Government issued notice on the 7<sup>th</sup> of March that Indexation should be applied to Land & Buildings as at 31<sup>st</sup> March 2023. The UHB has not yet had time to calculate the impact, but it is likely that the UHB will be requesting additional AME Impairment funding, DEL and AME depreciation funding in month 12.

## AGED WELSH NHS DEBTORS (TABLE M)

Two invoices were outstanding for more than 17 weeks as at the 28<sup>th</sup> February. One related to a credit balance on account. The other invoice for had been agreed through the Month 9 Agreement of Balance Process and is being pursued.

## OTHER ISSUES

### Ringfenced & Other Template

The UHB can confirm that it now expects to return £0.108m in respect of the Ring Fenced allocations in 2022/23. This relates to the anticipated in year allocation in respect of value based funding. A summary of each programme is provided in the table 7 below:

**Table 7: Ring Fenced Programmes**

Allocation	Actual/Forecast - committed £'000s	Actual/Forecast - to be committed £'000s	Variance £'000s
<b>Initial Allocations</b>			
Recovery Funding (£170m)	22,618		0
Value Based Funding (£15m)	2,004		0
Regional Integration Fund (£131m)	19,160		0
<b>In Year Allocations</b>			
Urgent Emergency Care Allocations	2,960		0
Mental Health (SIF) Allocations	1,942		0
Planned Care	1,146		0
Value Based Funding (£15m)	304	0	108

### Annual Leave Accrual

The UHB did not maintain a high accrual level for its Annual Leave Accrual in the 2021-22 position or drawdown commensurate additional funding from Welsh Government. The remaining balance is being reviewed in detail at a departmental level and the first cut has now been completed. This will now be subject to further validation.

The UHB's remaining Annual Leave accrual at month 11 is as follows:

**Table 8: Remaining Annual Leave Accrual**

	£m
b/f Opening Annual Leave Accrual value	9.292
Annual Leave Paid months 1 -11 2022/23 (Sell Back)	(1.311)
<b>Remaining Annual Leave Accrual balance after 'Sell Back' @ Month 11 £m</b>	<b>7.981</b>

The financial information reported in these monitoring returns aligns to the financial details included within Finance Committee and Board papers. These monitoring returns will be taken to the 22<sup>nd</sup> March 2023 meeting of the Finance Committee for information.

## CONCLUSION

The UHB submitted a draft financial plan at the end of March 2022 and a revised plan at the end of quarter 1 in line with the Welsh Government timetable.

The UHB currently has a one year draft financial plan for 2022-23 which aimed to deliver financial stability, deliver a deficit of £17.1m and ensure that the underlying position is reduced.

This includes an initial savings target of £16.0m and a further target of £3.4m.

The Month 11 Monitoring Return now incorporates a revised forecast deficit of £26.9m due to the continuing impact of the additional cost pressures which emerged in the financial year.

The reported financial position at month 11 is a deficit of £24.658m. This is made up of a budget plan deficit of £15.675m and an adverse variance against plan of £8.983m.



.....  
**SUZANNE RANKIN**  
**CHIEF EXECUTIVE**

13<sup>th</sup> March 2023



.....  
**CATHERINE PHILLIPS**  
**EXECUTIVE DIRECTOR OF**  
**FINANCE**

13<sup>th</sup> March 2023

Cardiff & Vale ULHB

Table A - Movement of Opening Financial Plan to Forecast Outturn

Period : Feb 23

This Table is currently showing 0 errors

Line 14 should reflect the corresponding amounts included within the latest IMTP/AOP submission to WG  
Lines 1 - 14 should not be adjusted after Month 1

	In Year Effect £'000	Non Recurring £'000	Recurring £'000	FYE of Recurring £'000
1 Underlying Position b/fwd from Previous Year - must agree to M12 MMR (Deficit - Negative Value)	-29,700	0	-29,700	-29,700
2 Planned New Expenditure (Non Covid-19) (Negative Value)	-92,708	-1,125	-91,583	-91,583
3 Planned Expenditure For Covid-19 (Negative Value)	-67,582	-67,582		
4 Planned Welsh Government Funding (Non Covid-19) (Positive Value)	77,781	0	77,781	77,781
5 Planned Welsh Government Funding for Covid-19 (Positive Value)	67,582	67,582		
6 Planned Provider Income (Positive Value)	7,827	0	7,827	7,827
7 RRL Profile - phasing only (In Year Effect / Column C must be nil)	0	0	0	0
8 Planned (Finalised) Savings Plan	13,064	7,942	5,123	6,218
9 Planned (Finalised) Net Income Generation	90	0	90	92
10 Planned Profit / (Loss) on Disposal of Assets	0	0	0	0
11 Planned Release of Uncommitted Contingencies & Reserves (Positive Value)	0	0		
12	0	0		
13 Planning Assumptions still to be finalised at Month 1	2,849	0	2,849	5,610
14 <b>Opening IMTP / Annual Operating Plan</b>	<b>-20,797</b>	<b>6,817</b>	<b>-27,614</b>	<b>-23,755</b>
15 Reversal of Planning Assumptions still to be finalised at Month 1	-2,849	0	-2,849	-5,610
16 Additional In Year & Movement from Planned Release of Previously Committed Contingencies & Reserves (Positive)	793	793		
17 Additional In Year & Movement from Planned Profit / (Loss) on Disposal of Assets	0	0		
18 Other Movement in Month 1 Planned & In Year Net Income Generation	106	65	42	49
19 Other Movement in Month 1 Planned Savings - (Underachievement) / Overachievement	-583	-126	-457	0
20 Additional In Year Identified Savings - Forecast	5,760	3,005	2,755	6,121
21 Variance to Planned RRL & Other Income	0	0		
22 Additional In Year & Movement in Planned Welsh Government Funding for Covid-19 (Positive Value - additional)	-10,799	-10,799		
23 Additional In Year & Movement in Planned Welsh Government Funding (Non Covid) (Positive Value - additional)	0	0		
24 Additional In Year & Movement Expenditure for Covid-19 (Negative Value - additional/Positive Value - reduction)	10,871	10,871		
25 In Year Accountancy Gains (Positive Value)	593	593	0	0
26 Net In Year Operational Variance to IMTP/AOP (material gross amounts to be listed separately)	-548	-548		
27 Additional savings to be identified	0	0		
28 Transformational Savings (£3.4M) & Reduction on Investments	300	0	300	300
29 Roundings	3	3		
30 Prescribing	-3,050	-3,050		
31 CHC	-3,840	-3,840		
32 Loss of Income	-1,335	-1,335		
33 Other cost pressures including Fire Safety	-3,824	-3,824		
34 Actions to manage Operational Position	2,300	2,300		
35 New Recurring effect of unmitigated cost pressures	0	0		-17,404
36 <b>Forecast Outturn (- Deficit / + Surplus)</b>	<b>-26,900</b>	<b>923</b>	<b>-27,823</b>	<b>-40,300</b>
37 <b>Covid-19 - Forecast Outturn (- Deficit / + Surplus)</b>	<b>71</b>			

	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	YTD £'000	In Year Effect £'000
1	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-27,225	-29,700
2	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-84,982	-92,708
3	-5,988	-5,801	-5,822	-5,416	-5,290	-5,480	-5,541	-5,814	-5,731	-5,759	-5,556	-5,385	-62,198	-67,582
4	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	71,299	77,781
5	5,988	5,801	5,822	5,416	5,290	5,480	5,541	5,814	5,731	5,759	5,556	5,385	62,198	67,582
6	652	652	652	652	652	652	652	652	652	652	652	652	7,175	7,827
7	296	27	-20	-15	-48	-83	5	-25	-38	-27	-27	-45	45	0
8	1,030	1,041	1,087	1,082	1,114	1,149	1,061	1,091	1,105	1,094	1,094	1,114	11,950	13,064
9	7	7	7	8	8	8	8	8	8	8	8	8	82	90
10													0	0
11													0	0
12													0	0
13		259	259	259	259	259	259	259	259	259	259	259	2,590	2,849
14	<b>-1,733</b>	<b>-1,733</b>	<b>-1,733</b>	<b>-1,733</b>	<b>-1,734</b>	<b>-1,733</b>	<b>-1,733</b>	<b>-1,733</b>	<b>-1,733</b>	<b>-1,733</b>	<b>-1,733</b>	<b>-1,731</b>	<b>-19,066</b>	<b>-20,797</b>
15	0	-259	-259	-259	-259	-259	-259	-259	-259	-259	-259	-259	-2,590	-2,849
16						113	113	113	113	113	113	113	680	793
17													0	0
18	0	3	4	4	4	22	11	11	11	11	11	12	94	106
19	-2	-2	-14	-29	-48	-32	-70	-87	-88	-93	-76	-42	-541	-583
20	32	120	220	189	224	196	409	896	793	908	873	901	4,860	5,760
21													0	0
22	0	-592	-988	-709	-966	-101	-488	-1,633	-1,227	-2,024	-1,537	-534	-10,265	-10,799
23													0	0
24	-1	592	988	709	966	101	488	1,633	1,227	2,024	1,537	606	10,265	10,871
25	139	50	328	65	0	0	11	0	0	0	0	0	593	593
26	-155	-458	-427	-360	160	-1,462	-1,104	-1,658	6,168	332	52	-1,636	1,088	-548
27	-171	171											0	0
28												300	0	300
29	2	0	0	0	0	0	0	0	0	0	0	0	2	3
30									-2,288	-254	-254	-254	-2,796	-3,050
31									-2,880	-320	-320	-320	-3,520	-3,840
32									-1,001	-111	-111	-111	-1,224	-1,335
33									-2,888	-319	-319	-319	-3,505	-3,824
34									1,687	-201	-218	1,032	1,268	2,300
35													0	0
36	<b>-1,888</b>	<b>-2,108</b>	<b>-1,881</b>	<b>-2,122</b>	<b>-1,653</b>	<b>-3,155</b>	<b>-2,623</b>	<b>-2,717</b>	<b>-2,344</b>	<b>-1,926</b>	<b>-2,241</b>	<b>-2,242</b>	<b>-24,658</b>	<b>-26,900</b>
37	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>-1</b>	<b>71</b>

Mohamed Sarah  
17/03/2023 10:21:00

Table C - Identified Expenditure Savings Schemes (Excludes Income Generation & Accountancy Gains)

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		1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY	Assessment		Full In-Year forecast		Full-Year Effect of Recurring Savings £'000	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000		£'000
1	CHC and Funded Nursing Care	Budget/Plan	50	50	65	65	65	65	65	65	65	65	65	685	750		750	0				
2		Actual/F'cast	50	50	65	72	90	100	100	100	125	141	141	142	1,032	1,175	87.89%	1,175	0	450	725	1,224
3		Variance	0	0	0	7	25	35	35	35	60	76	76	77	347	425	50.72%	425	0			
4	Commissioned Services	Budget/Plan	4	4	4	4	4	4	4	4	4	4	4	4	46	50		50	0			
5		Actual/F'cast	4	4	4	4	4	4	4	4	4	4	4	5	46	51	89.87%	51	0	0	51	200
6		Variance	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0.00%	1	0			
7	Medicines Management (Primary & Secondary Care)	Budget/Plan	74	74	88	101	126	169	168	198	212	198	198	214	1,608	1,822		1,822	0			
8		Actual/F'cast	74	74	107	91	97	160	120	134	151	136	153	207	1,298	1,505	86.23%	1,505	0	106	1,399	3,027
9		Variance	0	0	19	(10)	(30)	(10)	(48)	(64)	(60)	(62)	(45)	(7)	(311)	(317)	(19.31%)	(317)	0			
10	Non Pay	Budget/Plan	647	647	656	675	672	673	584	584	584	582	582	582	6,886	7,467		7,467	0			
11		Actual/F'cast	672	738	806	765	763	771	897	1,395	1,272	1,355	1,320	1,335	10,753	12,088	88.95%	12,088	0	8,364	3,725	5,830
12		Variance	26	91	150	91	90	98	313	811	688	773	738	753	3,868	4,621	56.17%	4,621	0			
13	Pay	Budget/Plan	255	265	274	237	246	238	240	240	240	244	244	249	2,725	2,975		2,975	0			
14		Actual/F'cast	260	293	312	311	337	278	279	268	258	272	272	283	3,139	3,422	91.73%	3,422	0	1,901	1,521	2,057
15		Variance	5	28	37	73	90	41	39	28	18	28	28	34	414	447	15.18%	447	0			
16	Primary Care	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
17		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
18		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
19	Total	Budget/Plan	1,030	1,041	1,087	1,082	1,114	1,149	1,061	1,091	1,105	1,094	1,094	1,114	11,950	13,064		13,064	0			
20		Actual/F'cast	1,061	1,159	1,294	1,243	1,290	1,313	1,400	1,900	1,810	1,908	1,890	1,973	16,268	18,241	89.18%	18,241	0	10,820	7,421	12,339
21		Variance	30	119	206	161	176	164	338	809	705	814	796	858	4,318	5,177	36.14%	5,177	0			
22	Variance in month	2.94%	11.41%	18.97%	14.83%	15.77%	14.25%	31.86%	74.09%	63.82%	74.44%	72.81%	77.03%	36.14%								
23	In month achievement against FY forecast	5.81%	6.36%	7.09%	6.81%	7.07%	7.20%	7.67%	10.42%	9.92%	10.46%	10.36%	10.82%									

Mohamed Sarah  
17/03/2023 10:21:00

Table C1- Savings Schemes Pay Analysis

Month		1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY YTD variance as %age of YTD Budget/Plan	Assessment		Full In-Year forecast		Full-Year Effect of Recurring Savings £'000		
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring			
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000		£'000	
1	Changes in Staffing Establishment	Budget/Plan	135	136	135	94	98	98	100	100	100	104	104	109	1,204	1,314		1,314	0				
2		Actual/F'cast	140	142	153	148	149	120	121	120	120	124	124	133	1,459	1,592	91.66%	1,592	0	680	912		1,079
3		Variance	5	7	18	54	51	22	20	19	19	19	19	23	255	278	21.17%	278	0				
4	Variable Pay	Budget/Plan	53	56	56	56	56	56	56	56	56	56	56	57	618	674		674	0				
5		Actual/F'cast	53	56	56	56	71	59	59	59	59	59	59	60	651	710	91.62%	710	0	512	198		202
6		Variance	0	0	0	0	15	3	3	3	3	3	3	3	33	36	5.29%	36	0				
7	Locum	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
8		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0		0
9		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
10	Agency / Locum paid at a premium	Budget/Plan	4	4	4	10	10	10	10	10	10	10	10	10	90	100		100	0				
11		Actual/F'cast	4	4	4	10	10	10	10	10	10	10	10	10	90	100	90.28%	100	0	0	100		100
12		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0				
13	Changes in Bank Staff	Budget/Plan	3	3	3	3	3	3	3	3	3	3	3	3	32	35		35	0				
14		Actual/F'cast	3	3	3	3	3	3	3	3	3	3	3	3	32	35	91.67%	35	0	0	35		35
15		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0				
16	Other (Please Specify)	Budget/Plan	60	66	76	74	80	71	71	71	71	71	71	71	781	852		852	0				
17		Actual/F'cast	60	87	95	94	104	86	86	76	76	76	78	78	907	985	92.06%	985	0	709	276		641
18		Variance	0	21	19	19	24	15	15	5	(5)	5	5	7	126	133	16.15%	133	0				
19	Total	Budget/Plan	255	265	274	237	246	238	240	240	240	244	244	249	2,725	2,975		2,975	0				
20		Actual/F'cast	260	293	312	311	337	278	279	268	258	272	272	283	3,139	3,422	91.73%	3,422	0	1,901	1,521		2,057
21		Variance	5	28	37	73	90	41	39	28	18	28	28	34	414	447	15.18%	447	0				

Table C2- Savings Schemes Agency/Locum Paid at a Premium Analysis

Month		1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY YTD variance as %age of YTD Budget/Plan	Assessment		Full In-Year forecast		Full-Year Effect of Recurring Savings £'000		
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring			
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000		£'000	
1	Reduced usage of Agency/Locums paid at a premium	Budget/Plan	4	4	4	10	10	10	10	10	10	10	10	10	90	100		100	0				
2		Actual/F'cast	4	4	4	10	10	10	10	10	10	10	10	10	90	100	90.28%	100	0	0	100		100
3		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0				
4	Non Medical 'off contract' to 'on contract'	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
5		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0		0
6		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
7	Medical - Impact of Agency pay rate caps	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
8		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0		0
9		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
10	Other (Please Specify)	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
11		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0		0
12		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0				
13	Total	Budget/Plan	4	4	4	10	10	10	10	10	10	10	10	10	90	100		100	0				
14		Actual/F'cast	4	4	4	10	10	10	10	10	10	10	10	10	90	100	90.28%	100	0	0	100		100
15		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0				

5/7/2023 10:21:00  
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Table C3 - Tracker

	E'000	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total YTD	Full-year forecast	Non Recurring	Recurring	FYE Adjustment	Full-year Effect
Savings (Cash Releasing & Cost Avoidance)	Month 1 - Plan	1,030	1,041	1,087	1,082	1,114	1,149	1,061	1,091	1,105	1,094	1,094	1,114	11,950	13,064	7,942	5,123	1,095	6,218
	Month 1 - Actual/Forecast	1,029	1,039	1,074	1,053	1,066	1,117	991	1,005	1,017	1,000	1,018	1,072	11,409	12,481	7,816	4,666	1,552	6,218
	Variance	(2)	(14)	(29)	(48)	(48)	(32)	(70)	(87)	(89)	(93)	(76)	(42)	(541)	(583)	(126)	(457)	457	0
	In Year - Plan	32	120	220	189	224	196	409	896	798	908	873	901	4,865	5,765	3,005	2,780	3,357	6,118
	In Year - Actual/Forecast	32	120	220	189	224	196	409	896	793	908	873	901	4,860	5,760	3,005	2,755	3,366	6,121
	Variance	0	0	0	0	0	0	0	0	(5)	0	0	0	(5)	(5)	0	(5)	8	3
	Total Plan	1,062	1,161	1,307	1,272	1,338	1,345	1,470	1,987	1,903	2,002	1,966	2,015	16,815	18,830	10,946	7,883	4,452	12,336
	Total Actual/Forecast	1,061	1,159	1,294	1,243	1,290	1,313	1,400	1,900	1,810	1,908	1,890	1,973	16,268	18,241	10,820	7,421	4,918	12,339
	Total Variance	(2)	(14)	(29)	(48)	(48)	(32)	(70)	(87)	(93)	(93)	(76)	(42)	(546)	(588)	(126)	(462)	466	3
	Net Income Generation	Month 1 - Plan	7	7	7	8	8	8	8	8	8	8	8	8	82	90	0	90	3
Month 1 - Actual/Forecast		7	7	7	8	8	8	8	8	8	8	8	8	82	90	0	90	3	92
Variance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
In Year - Plan		0	3	4	4	4	22	11	11	11	11	11	12	94	106	65	42	7	49
In Year - Actual/Forecast		0	3	4	4	4	22	11	11	11	11	11	12	94	106	65	42	7	49
Variance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Plan		7	10	11	12	12	30	19	19	19	19	19	20	176	196	65	131	9	141
Total Actual/Forecast	7	10	11	12	12	30	19	19	19	19	19	20	176	196	65	131	9	141	
Total Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accountancy Gains	In Year - Plan	139	50	328	65	0	0	11	0	0	0	0	0	593	593	593	0	0	0
	In Year - Actual/Forecast	139	50	328	65	0	0	11	0	0	0	0	0	593	593	593	0	0	0
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Month 1 - Plan	1,037	1,047	1,094	1,090	1,122	1,157	1,069	1,099	1,113	1,102	1,102	1,122	12,032	13,154	7,942	5,212	1,097	6,310
	Month 1 - Actual/Forecast	1,036	1,046	1,080	1,061	1,074	1,125	999	1,012	1,025	1,008	1,025	1,080	11,490	12,571	7,816	4,755	1,555	6,310
	Variance	(2)	(14)	(29)	(48)	(48)	(32)	(70)	(87)	(88)	(93)	(76)	(42)	(541)	(583)	(126)	(457)	457	0
	In Year - Plan	171	173	552	259	228	219	431	907	810	919	884	913	5,551	6,464	3,662	2,802	3,364	6,167
	In Year - Actual/Forecast	171	173	552	259	228	219	431	907	805	919	884	913	5,546	6,459	3,662	2,797	3,372	6,170
	Variance	0	0	0	0	0	0	0	0	(5)	0	0	0	(5)	(5)	0	(5)	8	3
	Total Plan	1,208	1,221	1,646	1,349	1,350	1,375	1,500	2,006	1,922	2,021	1,985	2,035	17,583	19,618	11,603	8,015	4,461	12,476
Total Actual/Forecast	1,206	1,219	1,633	1,320	1,302	1,343	1,430	1,919	1,829	1,927	1,909	1,993	17,037	19,030	11,477	7,552	4,927	12,479	
Total Variance	(2)	(2)	(14)	(29)	(48)	(32)	(70)	(87)	(93)	(93)	(76)	(42)	(546)	(588)	(126)	(462)	466	3	

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17/03/2023 10:21:00

## Cardiff & Vale ULHB

Period : Feb 23

**Table D - Income/Expenditure Assumptions  
Annual Forecast**

	<b>LHB/Trust</b>	<b>Contracted Income</b>	<b>Non Contracted Income</b>	<b>Total Income</b>	<b>Contracted Expenditure</b>	<b>Non Contracted Expenditure</b>	<b>Total Expenditure</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
1	Swansea Bay University	3,825	2,806	<b>6,631</b>	4,388	1,435	<b>5,823</b>
2	Aneurin Bevan University	32,668	3,692	<b>36,360</b>	1,090	859	<b>1,949</b>
3	Betsi Cadwaladr University	0	988	<b>988</b>	0	236	<b>236</b>
4	Cardiff & Vale University	0	0	<b>0</b>	0	0	<b>0</b>
5	Cwm Taf Morgannwg University	29,499	5,803	<b>35,302</b>	17,075	1,560	<b>18,635</b>
6	Hywel Dda University	6,097	834	<b>6,931</b>	345	279	<b>624</b>
7	Powys	1,746	888	<b>2,634</b>	20	19	<b>39</b>
8	Public Health Wales	3,666	3,440	<b>7,106</b>	5,913	1,265	<b>7,178</b>
9	Velindre	0	5,341	<b>5,341</b>	23,720	45,976	<b>69,696</b>
10	NWSSP			<b>0</b>			<b>0</b>
11	DHCW	676	0	<b>676</b>	3,742	260	<b>4,002</b>
12	Wales Ambulance Services	20	14	<b>34</b>	0	10	<b>10</b>
13	WHSSC	274,253	1,356	<b>275,609</b>	138,881	(2,025)	<b>136,856</b>
14	EASC	0	0	<b>0</b>	30,963	1	<b>30,964</b>
15	HEIW	0	23,945	<b>23,945</b>	0	125	<b>125</b>
16	NHS Wales Executive	0	0	<b>0</b>	0	0	<b>0</b>
17	<b>Total</b>	<b>352,450</b>	<b>49,107</b>	<b>401,557</b>	<b>226,137</b>	<b>50,000</b>	<b>276,137</b>

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Table F - Statement of Financial Position For Monthly Period

	Opening Balance Beginning of Apr 22 £'000	Closing Balance End of Feb 23 £'000	Forecast Closing Balance End of Mar 23 £'000
<b>Non-Current Assets</b>			
1 Property, plant and equipment	789,607	809,316	795,916
2 Intangible assets	2,611	1,894	2,356
3 Trade and other receivables	33,427	71,083	33,427
4 Other financial assets			
5 <b>Non-Current Assets sub total</b>	<b>825,645</b>	<b>882,293</b>	<b>831,699</b>
<b>Current Assets</b>			
6 Inventories	20,391	19,921	20,391
7 Trade and other receivables	228,915	267,030	228,915
8 Other financial assets			
9 Cash and cash equivalents	4,607	2,024	(29,678)
10 Non-current assets classified as held for sale			
11 <b>Current Assets sub total</b>	<b>253,913</b>	<b>288,975</b>	<b>219,628</b>
12 <b>TOTAL ASSETS</b>	<b>1,079,558</b>	<b>1,171,268</b>	<b>1,051,327</b>
<b>Current Liabilities</b>			
13 Trade and other payables	245,910	206,921	243,004
14 Borrowings (Trust Only)			
15 Other financial liabilities			
16 Provisions	165,709	199,870	167,156
17 <b>Current Liabilities sub total</b>	<b>411,619</b>	<b>406,791</b>	<b>410,160</b>
18 <b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>667,939</b>	<b>764,477</b>	<b>641,167</b>
<b>Non-Current Liabilities</b>			
19 Trade and other payables	7,683	22,188	4,909
20 Borrowings (Trust Only)			
21 Other financial liabilities			
22 Provisions	39,304	67,972	52,877
23 <b>Non-Current Liabilities sub total</b>	<b>46,987</b>	<b>90,160</b>	<b>57,786</b>
24 <b>TOTAL ASSETS EMPLOYED</b>	<b>620,952</b>	<b>674,317</b>	<b>583,381</b>
<b>FINANCED BY:</b>			
<b>Taxpayers' Equity</b>			
25 General Fund	503,471	542,543	448,195
26 Revaluation Reserve	117,481	131,774	135,186
27 PDC (Trust only)			
28 Retained earnings (Trust Only)			
29 Other reserve			
30 <b>Total Taxpayers' Equity</b>	<b>620,952</b>	<b>674,317</b>	<b>583,381</b>
	<b>Opening Balance Beginning of Apr 22</b>	<b>Closing Balance End of Feb 23</b>	<b>Closing Balance End of Mar 23</b>
<b>EXPLANATION OF ALL PROVISIONS</b>			
31 Clinical Negligence	181,672	246,910	196,692
32 Personal & Permanent Injury	4,070	3,728	4,070
33 Defence Fees	2,123	508	2,123
34 Pensions relating to former staff	3,067	2,937	3,067
35 Continuing Healthcare Claims	93	55	93
36 Holiday pay on voluntary Overtime provision & provision re time off in lieu	1,348	404	1,348
37 CRC Provision, Cardiff University Energy & Lease Dilapidations provisions	3,852	3,852	3,852
38 Employment Tribunals & HSE Provisions	2,211	2,050	2,211
39 VAT & PAYE Provisions	6,577	7,398	6,577
40 <b>Total Provisions</b>	<b>205,013</b>	<b>267,842</b>	<b>220,033</b>
<b>ANALYSIS OF WELSH NHS RECEIVABLES (current month)</b>		<b>£'000</b>	
41 Welsh NHS Receivables Aged 0 - 10 weeks		4,928	
42 Welsh NHS Receivables Aged 11 - 16 weeks		58	
43 Welsh NHS Receivables Aged 17 weeks and over		(22)	
<b>ANALYSIS OF TRADE &amp; OTHER PAYABLES (opening, current &amp; closing)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
44 Capital	26,367	7,301	23,461
45 Revenue	227,226	221,808	224,452
<b>ANALYSIS OF CASH (opening, current &amp; closing)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
46 Capital	2,906		0
47 Revenue	1,701	2,024	(29,678)

# Cardiff & Vale ULHB

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Period : Feb 23

Table G - Monthly Cashflow Forecast

	April £'000	May £'000	June £'000	July £'000	Aug £'000	Sept £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £,000	Total £,000	
<b>RECEIPTS</b>														
1	WG Revenue Funding - Cash Limit (excluding NCL) - LHB & SHA only	111,385	108,155	103,795	100,045	100,535	107,615	101,145	100,110	112,765	96,245	85,300	58,021	1,185,116
2	WG Revenue Funding - Non Cash Limited (NCL) - LHB & SHA only	1,170	1,650	945	1,085	1,340	1,130	850	835	1,375	1,455	1,185	800	13,820
3	WG Revenue Funding - Other (e.g. invoices)	3,046	1,298	84	2,667	2,775	1,343	5,939	1,333	1,652	1,427	1,526	2,713	25,802
4	WG Capital Funding - Cash Limit - LHB & SHA only	10,000	4,000	3,500	7,875	3,440	4,155	500	3,500	2,825	3,597	3,125	17,896	64,413
5	Income from other Welsh NHS Organisations	40,206	38,287	36,007	36,065	40,743	44,393	36,995	41,777	36,095	35,526	53,099	54,895	494,087
6	Short Term Loans - Trust only	0	0	0	0	0	0	0	0	0	0	0	0	0
7	PDC - Trust only	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Interest Receivable - Trust only	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Other - (Specify in narrative)	5,714	11,261	6,390	12,037	8,008	5,626	13,129	6,604	7,925	11,463	5,549	8,128	101,835
11	<b>TOTAL RECEIPTS</b>	<b>171,521</b>	<b>164,651</b>	<b>150,721</b>	<b>159,774</b>	<b>156,841</b>	<b>164,262</b>	<b>158,557</b>	<b>154,159</b>	<b>162,637</b>	<b>149,714</b>	<b>149,784</b>	<b>142,452</b>	<b>1,885,072</b>
<b>PAYMENTS</b>														
12	Primary Care Services : General Medical Services	6,488	5,786	7,107	5,176	5,083	6,540	5,468	7,075	8,667	5,780	6,467	7,605	77,243
13	Primary Care Services : Pharmacy Services	209	128	138	113	100	122	121	115	156	943	454	310	2,909
14	Primary Care Services : Prescribed Drugs & Appliances	16,137	4	8,731	8,153	8,024	16,947	4	8,690	18,782	5	9,385	9,109	103,972
15	Primary Care Services : General Dental Services	2,389	2,290	2,212	2,236	2,408	2,193	2,216	2,208	2,967	2,314	2,353	2,243	28,028
16	Non Cash Limited Payments	1,977	1,906	1,790	1,964	1,829	1,729	1,859	1,911	1,919	1,749	1,847	1,982	22,462
17	Salaries and Wages	57,983	60,275	59,453	58,739	58,557	65,113	68,291	62,509	62,132	61,746	62,329	62,446	739,573
18	Non Pay Expenditure	70,738	85,467	68,932	76,285	77,605	68,658	75,358	70,140	60,241	76,800	68,512	74,112	872,850
19	Short Term Loan Repayment - Trust only									0	0	0	0	0
20	PDC Repayment - Trust only									0	0	0	0	0
21	Capital Payment	11,209	7,322	3,938	4,505	3,282	2,743	3,200	2,343	3,124	3,723	2,678	16,346	64,413
22	Other items (Specify in narrative)	5,182	337	652	96	34	696	64	96	624	93	33	0	7,906
23	<b>TOTAL PAYMENTS</b>	<b>172,312</b>	<b>163,514</b>	<b>152,953</b>	<b>157,267</b>	<b>156,921</b>	<b>164,740</b>	<b>156,581</b>	<b>155,087</b>	<b>158,614</b>	<b>153,153</b>	<b>154,060</b>	<b>174,154</b>	<b>1,919,357</b>
24	Net cash inflow/outflow	(791)	1,136	(2,233)	2,508	(80)	(478)	1,976	(928)	4,023	(3,439)	(4,275)	(31,702)	
25	Balance b/f	4,607	3,816	4,952	2,719	5,227	5,147	4,669	6,645	5,716	9,740	6,300	2,025	
26	Balance c/f	3,816	4,952	2,719	5,227	5,147	4,669	6,645	5,716	9,740	6,300	2,025	(29,678)	

Prepared by Sarah  
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Table I - 2022-23 Capital Resource / Expenditure Limit Management

£'000 51,535  
 Approved CRL / CEL issued at : 24/2/23

Ref:	Performance against CRL / CEL	Year To Date			Forecast		
		Plan £'000	Actual £'000	Variance £'000	Plan £'000	F'cast £'000	Variance £'000
	<b>Gross expenditure</b>						
	<b>All Wales Capital Programme:</b>						
	<b>Schemes:</b>						
1	Maelfa - Primary Care Pipeline - FBC	2,408	1,897	(511)	2,627	2,508	(119)
2	National Programme - Imaging P2	5,390	1,141	(4,249)	5,880	5,880	0
3	Covid Recovery Funding	1,168	312	(856)	1,274	1,274	0
4	Genomics	11,315	9,204	(2,111)	12,344	11,588	(756)
5	CAVOC Theatres	479	498	19	522	522	0
6	UHL Electrical Infrastructure	3,111	2,472	(639)	3,394	3,151	(243)
7	Eye Care - e-referral system (funded through DPIF)	8	33	25	9	9	0
8	Endoscopy Unit UHL	2,885	2,191	(694)	3,147	3,147	0
9	Refit - Phase 2	2,149	2,360	211	2,344	2,561	217
10	Rookwood reposition at Llandough	392	0	(392)	0	0	0
11	Major Trauma & Hybrid Theatres Fees	503	503	0	503	503	0
12	YnysSaff Sexual Assault Referral Centre at Cardiff Royal Infirmary – Interim Facility	67	0	(67)	67	67	0
13	SDEC	500	500	0	500	500	0
14	Simulation and Innovation Space	111	35	(76)	121	121	0
15	DPIF- Digital Medicines Transformation Portfolio	0	0	0	8	8	0
16	Emergency Department Waiting Area Improvements	674	39	(635)	735	735	0
17	Main Boiler & Flue Replacement at University Hospital Llandough	688	0	(688)	750	750	0
18	End of Year Funding – November 2022.	1,886	832	(1,054)	2,057	2,057	0
19	Laboratory Steriliser (Autoclave)	74	12	(62)	81	81	0
20	Microbiology Lab at UHW	15	0	(15)	16	16	0
21	13 Glidescopes transfer from NWSSP	147	147	0	147	147	0
22	Ambulance Shoreline Connections	0	0	0	20	20	0
23				0			0
24				0			0
25				0			0
26				0			0
27				0			0
28				0			0
29				0			0
30				0			0
31				0			0
32				0			0
33				0			0
34				0			0
35				0			0
36				0			0
37				0			0
38				0			0
39				0			0
40				0			0
41				0			0
42	<b>Sub Total</b>	<b>33,970</b>	<b>22,176</b>	<b>(11,794)</b>	<b>36,546</b>	<b>35,645</b>	<b>(901)</b>
	<b>Discretionary:</b>						
43	I.T.	458	93	(365)	500	500	0
44	Equipment	917	270	(647)	1,000	1,000	0
45	Statutory Compliance	2,567	940	(1,627)	2,800	2,800	0
46	Estates	5,314	4,144	(1,170)	5,797	7,337	1,540
47	Other			0			0
48	<b>Sub Total</b>	<b>9,256</b>	<b>5,447</b>	<b>(3,809)</b>	<b>10,097</b>	<b>11,637</b>	<b>1,540</b>

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	<b>Other (Including IFRS 16 Leases) Schemes:</b>					
49				0		0
50	IFRS16 Leases Quarter 1 and Quarter 2:			0		0
51	Provision of Robotics Clinical Services	3,555	3,555	0	3,555	3,555
52	Boston Scientific - Auriga XL	85	85	0	85	85
53	Haemodialysis Machines	856	856	0	856	856
54	11th Floor, Tower Building - Park Place	316	316	0	316	316
55	Photocopiers	5	5	0	5	5
56	Unit 1 Medicentre	32	32	0	32	32
57	Pool cars	43	43	0	43	43
58				0		0
59				0		0
60				0		0
61				0		0
62				0		0
63				0		0
64				0		0
65				0		0
66				0		0
67				0		0
68				0		0
69	<b>Sub Total</b>	<b>4,892</b>	<b>4,892</b>	<b>0</b>	<b>4,892</b>	<b>4,892</b>
70	<b>Total Expenditure</b>	<b>48,118</b>	<b>32,515</b>	<b>(15,603)</b>	<b>51,535</b>	<b>52,174</b>
	<i>Less:</i>					
	<b>Capital grants:</b>					
71				0		0
72				0		0
73				0		0
74				0		0
75				0		0
76	<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<i>Donations:</i>					
77	donated assets	0	242	242	0	639
78	<b>Sub Total</b>	<b>0</b>	<b>242</b>	<b>242</b>	<b>0</b>	<b>639</b>
	<i>Asset Disposals:</i>					
79				0		0
80				0		0
81				0		0
82				0		0
83				0		0
84				0		0
85				0		0
86				0		0
87				0		0
88				0		0
89				0		0
90	<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
91	<b>Technical Adjustments</b>			<b>0</b>		<b>0</b>
92	<b>CHARGE AGAINST CRL / CEL</b>	<b>48,118</b>	<b>32,273</b>	<b>(15,845)</b>	<b>51,535</b>	<b>51,535</b>
93	<b>PERFORMANCE AGAINST CRL / CEL (Under)/Over</b>		<b>(19,262)</b>		<b>0</b>	

Mohamed Sarah  
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