



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 June 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Delivering and Funding the Programme Business Case for 'A Healthier Mid & West Wales'.
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Paul Williams, Assistant Director of Strategic Planning and Developments; Rob Elliot, Director of Estates and Facilities

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The Committee is asked to consider and agree the commitment of expenditure and the source of funds to progress the Programme Business Case (PBC) for the Health and Care Strategy; 'A Healthier Mid & West Wales'.

This report sets out the target completion date and resource requirements to manage the capital programme and processes, with a planned PBC completion date of March 2021.

Cefndir / Background

A significant amount of work has been completed for the commencement of the PBC. This includes extensive dialogue with Welsh Government (WG) colleagues in the preparation of the Pre-Programme Business Case, which sets out the likely resource requirements and which was shared with WG in November 2019. Work has continued to specify the external resource requirements and the job descriptions for the in-house team.

The external resources are as follows:

- Project Manager
- Master Planning Team
- Site Acquisition Team
- Business Case Writers/ Healthcare Planners

These are established resource requirements for business cases of this nature, with the addition of the Land Acquisition Team necessary to help manage the process to identify the preferred site for the new Urgent and Planned Care Hospital. These have been the subject of tender and appointment processes, and selections have been made. No expenditure commitments have yet been made, with the exception of the Business Case Writers/ Healthcare Planners, for whom the established contract with Price Waterhouse Cooper (PWC) is being utilised.

The in-house investment will secure the dedicated teams for Capital & Estates and Capital Planning for the business case development. It also includes investment in the Digital Team, which will include an element of external support for horizon-scanning and best digital practice. As discussed by the Director of Planning, Performance and Commissioning and Executive colleagues, these teams will work closely with the already established Transformation Team.

Asesiad / Assessment

The target completion date for the PBC to be approved by Board for onward submission to WG is now March 2021. This is effectively a nine-month programme, recognising that while the external appointments will be able to commence within this timeframe, the in-house recruitment and structures will take time to establish. The proposal is to commence external resource activities, based on a letter of intent to complete the 'mapping and gapping' work necessary to understand the detailed work programme for PBC completion. This would enable parallel gearing up of external contractors and in-house resources to manage the process.

The resource requirements are set out in the table below for 2020/21. Non-recurrent funding has been identified totalling £1.5m, which will cover the costs identified. All Wales capital support is still being pursued in relation to the costs of the Site Acquisition Team; however this funding is not yet secured. Future external appointments in 2021/22 will be subject of capital funding as part of the Outline Business Case (OBC). Additional capital resources will also be needed to fund the recurrent costs associated with the establishment of the in-house teams.

Please note the following additional points in relation to the resource requirements identified:

- It assumes that the Project Manager, Master Planners and Business Case Writers (including Health Care Planners) will commence in parallel with the Transformation Team. This will allow contributions in bringing the whole programme together including a critical path analysis which can then be used to manage delivery of the PBC.
- It is recommended that the Land Specialists should also be appointed to commence work in parallel. WG Shared Services advisors have suggested an 18-month land acquisition programme. An optimistic assumption would therefore be that if the land acquisition process commenced in July 2020, the Health Board (HB) would be in a good position to know the likely land solution at the start of the OBC timeline. It is unknown at this point whether the HB will arrive at a preferred site by then, or a shortlist of good options requiring further due diligence. This would significantly de-risk the OBC and therefore speed up the business case process.
- The in-year cost of the Land Specialists is assumed to be the tendered cost of £76k, plus an allowance for additional specialist fees. It is suggested an additional provisional sum of c. £40k be allowed for this until more is known. The balance of costs will therefore be likely to land in 2021/22.
- In-house resources were estimated in the Pre-PBC at c. £900k full year costs. This is Planning and Estates resource which aligns with the Director of Planning, Performance and Commissioning's outline proposals to create a dedicated programme team, distinct from Estates' operational and mainstream planning department duties plus additional resources within the Digital Team.
- 2020/21 cash flow information will require discussions with the selected suppliers based on the work to identify the critical path and timeline of activities.
- It is anticipated that the cost impact for 2020/21 can be covered through brought-forward flexibility and slippage from previous years, but there will be a requirement to fund the team recurrently from 2021/22. However, it is anticipated that this risk will be

mitigated as capital funding may be available from 2021/22 as part of OBC development.

Work Elements	Roles/ Areas of work	Original Estimate	Tendered Cost	2020/21 Cost Estimate	
Project Manager	External Project Manager Support to Programme Business Case	£100k	£86k	£86k	
Business Case Writing & Healthcare Planning	Strategic Overview Programme Business Case/s Transforming our Hospitals and Transforming Our Communities	£200k	c£175k (PWC)	c£175k	
Programme Business Case Master Planning Team	Technical Estates in support of these Programme Business Cases	£300k	£495k	£495k	
Technical Team Land Acquisition	Options appraisal External Specialist Commissioned Team for Progression of land acquisition	£300k	£76k	£116k	
Internal Planning and Estates Teams expansion for the Transformation portfolio initial stage pre-OBC.	Estates 1 x Band 8C, 2 x Band 8A 1 x Band 4	£500k		£340k	
	Planning 1 x Band C 1 x Band 8B 1 x Band 5 Backfill for senior Planning and Estates positions will be required – figures to be agreed based on restructuring discussions.			£200k	
Digital Support	Technical Support for the Programme Business Cases	£200k		£140k	
Total		£1800k		£1492k	

Note: estimate of in-year in-house staff costs are based on an 8-month period.

Argymhelliad / Recommendation

Following consideration of this report the Finance Committee is asked to support the allocation of funding for external fees and in-house costs in support of the Programme Business Case for 'A Healthier Mid & West Wales'.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.5 Provide assurance to the Board that robust arrangements are in place for financial planning, financial performance and financial forecasting.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Risk 624 - Ability to maintain and address backlog maintenance and develop infrastructure to support long term strategic objectives – Current Risk Score 16
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners.
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Better Business Case guidance and discussion with WG shared services who have been involved in the selection process for the external contractors.
Rhestr Termau: Glossary of Terms:	Included within the body of the report

Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee:	Not Applicable
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Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	No adverse impact, potential positive.
Ansawdd / Gofal Claf: Quality / Patient Care:	No adverse impact
Gweithlu: Workforce:	No adverse impact
Risg: Risk:	No adverse impact
Cyfreithiol: Legal:	No adverse impact
Enw Da: Reputational:	No adverse impact
Gyfrinachedd: Privacy:	No adverse impact
Cydraddoldeb: Equality:	No adverse impact