



PWYLLGOR ADNODDAU CYNALIADWY
SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 June 2024
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Procedures
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Tim John, Senior Finance Business Partner (Accounting and Statutory Reporting)

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

Each year planned reviews are undertaken of the financial procedures operated by Hywel Dda University Health Board (HDdUHB). The procedures, which set out the main financial system controls, are reviewed in terms of: -

- Relevance
- Best practice
- Audit recommendations
- System change
- Health Board policy

Cefndir / Background

The following procedure has been reviewed and is presented to the Sustainable Resources Committee for approval:

- FP 065 Budgetary Control Procedure
- FP 076 Capital Investment Procedure
- FP 087 Custody of Safe Keys Procedure

For noting, there is an ongoing All-Wales review of the 'No Purchase Order No Pay' exemption list. On completion of this review the Health Board will be required to update its own local Purchase 2 Pay policy.

Asesiad / Assessment

- FP 065 Budgetary Control Procedure
- FP 076 Capital Investment Procedure
- FP 087 Custody of Safe Keys Procedure

The purpose of this document is to outline the key processes to be followed by Health Board staff in connection with above named financial procedure and to set out associated roles and responsibilities. These procedures have been updated to be in line with the latest Financial Procedure format.

The financial procedures are covered by a specific Financial Procedures Equality Impact Assessment (EqIA) with no negative impact.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to approve the following updated financial procedures:

- FP 065 Budgetary Control Procedure
- FP 076 Capital Investment Procedure
- FP 087 Custody of Safe Keys Procedure

Amcanion: (rhaid cwblhau)	
Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.13 Review and approve financial procedures on behalf of the Health Board.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Previous procedures, internal audit report recommendations, standing financial instructions.
Rhestr Termau: Glossary of Terms:	Included within the body of the report where appropriate.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	HDdUHB Finance HDdUHB Local Counter Fraud Service HDdUHB Workforce & OD HDdUHB ARAC NHS Wales Shared Services Partnership (NWSSP)

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial procedures are required to ensure sound financial control.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Financial procedures are required to ensure good governance and therefore minimise risk.
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Financial procedures are required to ensure good governance and sound financial control.

Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	<p>EqIA has been undertaken with no negative impacts on those with protected characteristics.</p> <p>Changes to the majority of financial policies and procedures to date have been assessed as having a low relevance to equality duties and have been mainly in relation to systems and responsibilities with no direct or indirect impact on individuals in relation to equality, diversity or human rights.</p> <p>Where policies and procedures have a more direct impact on patients, staff and service users in relation to their protected characteristics, e.g. those addressing the handling of patients' monies, etc, more detailed EqIAs have been undertaken and are published alongside the relevant document.</p>

Budgetary Control Procedure

Procedure number: 065

Classification: Corporate

Supersedes: V5

Version number: V6

Date of Equality Impact Assessment:

14/06/2024

1. Approval information

Approved by: Sustainable Resources Committee

Date of approval: *Enter approval date*

Date made active: *Enter date made active (completion by policy team)*

Review date: Enter review date (normally three years from approval date)

Summary of document:

This document is one of a series of financial procedures providing a clear process to be followed. This procedure specifically deals with the process around budgetary control.

Scope:

This document is intended to give an overview of the framework provided to all managers and clinicians that are given financial responsibilities as part of their roles and job descriptions for effective Financial and Budgetary Control to ensure that the Board can deliver its financial duty.

To be read in conjunction with:

[Standing Orders and Standing Financial Instructions](#) 'opens in new tab'

[Counter Fraud, Bribery and Corruption Policy](#) 'opens in new tab'

Patient information: N/A

Owning group: Sustainable Resources Committee SRC)

Executive Director job title: Director of Finance

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Reviews and updates		
Version no:	Summary of Amendments:	Date Approved:
2	Review of procedure	28/02/2012
3	Review of procedure	08/03/2016
4	Review of procedure	
5	Review of procedure	February 2021
6	Review of procedure	May 2024

Glossary of terms

Term	Definition

Keywords	Budget, Allocation Funding, Expenditure, Income, Virement
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1. Introduction

Hywel Dda University Health Board (the UHB) has a statutory duty to break even against the resource limit set by Welsh Government (WG) over a period of 3 years as set out in section 175 and 176 of the NHS (Wales) Act 2006 as amended by section 2 of the NHS Finance (Wales) Act 2014. This 3 year duty is reduced to one year where the UHB does not have an approved Integrated Medium Term Plan (IMTP).

The Integrated Medium Term Plan (IMTP) therefore provides the foundation for the financial year by expressing the service, workforce and financial plan for year 1 of the three year plan and forms the basis of the Budget for the year.

The revenue resource limit is the allocation of financial resources from Welsh Government for the financial year. The Board has a statutory responsibility to deliver services and must provide its services within this allocated resource. A key mechanism for ensuring that this objective is met is sound budgetary control and processes which are laid out in this procedure.

2. Aim of procedure

To provide a framework for effective Financial and Budgetary Control to ensure that the Board can deliver its financial duty.

3. Objectives

To provide a framework for financial control to enable financial probity, clarity of accountability in the organisation to meet its statutory duty, by:

- Describing how the organisation's Budget is approved based in turn on the first year of the Integrated Medium Term Plan which is now a statutory requirement of the Health Board.
- Detailing how budgets are formally delegated through the organisation following approval by the Board.
- Setting out budget holders' responsibilities and accountability to deliver services within the allocated budget.
- Setting out a defined process that is to be followed by budget holders if budget overspends arise.

4. Scope

The Board delegates responsibility for budgets to the Chief Executive who in turn delegates these through management structures. Whilst the policy primarily applies to all managers and clinicians that are given financial responsibilities as part of their roles and job descriptions, all staff of the health board have a part to play in effective budgetary control.

5. Roles and Responsibilities

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5.1. The Board

The Board is responsible for ensuring that it meets its financial duty as set out in section 175 of the National Health Service (Wales) Act 2006 as amended by the National Health Service Finance (Wales) Act 2014.

The Board is responsible for approving the Integrated Medium Term Financial Plan and Budget for the organisation.

5.2. Chief Executive

The Chief Executive has overall executive responsibility for the LHB's activities and is responsible to the Board for ensuring that it meets its statutory financial duty.

The Chief Executive initiates a formal process of budget delegation following approval of the Budget by the Board.

5.3 Director of Finance

Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board.

The Director of Finance will devise and maintain systems of budgetary control.

The Director of Finance will ensure that appropriate training is available for budget holders

5.4 Director of Workforce and Organisational Development (OD)

Effective financial management is a key personal objective for budget holders and therefore the Director of Workforce and OD will set up appropriate systems to ensure competencies are met, recorded and encapsulated within job descriptions across the organisation.

5.5 Director of Planning, Performance & Commissioning

The Director of Planning, Performance & Commissioning will ensure that processes are in place to develop the draft Integrated Medium Term Plan (IMTP) for Board approval and onward submission to Welsh Government in line with mandated timescales set out in current planning guidance.

5.6 Budget Holders

A budget holder is defined as a person to whom a budget is delegated. At the lowest level the budget holder is defined as the person responsible for managing resources at the lowest cost centre level and is able to approve expenditure for goods and services against a cost centre budget within financial approval limits set by their line manager. The line manager is likely to be managing a number of budget areas delegated to others within their management area but is nevertheless also a budget holder with responsibility for a number of budgets delegated to others.

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Accountability for budgetary control is exercised through line management relationships and this principle applies through all tiers of management where budgetary control is applicable.

Detailed responsibilities are set out in Annex A and a summary of key responsibilities are:

- Budget holders are responsible for providing the services within their respective budget within the available financial resources delegated to them and is held accountable for managing within the budget.
- Budget Holders are responsible for developing recovery plans if budget overspends arise.
- Budget holders are responsible for formally recording recovery plan meetings with their line manager.
- Budget holders must keep a record of agreements to transfer budgets to other budget holders (Virements)
- Budget holders must review their budget reports on a monthly basis to review their accuracy and maintain their understanding of their financial position. It is the budget holder's responsibility to report any anomalies on staffing information or non-pay expenditure to their relevant Finance Business Partner
- Budget holders must report any known financial risks that may materialise in year to their Finance Business partners so that this information can be factored into the monthly year end forecast that are prepared for each area

5.7 Role of Finance Business Partners

Finance Business Partners will support budget holders by the management and provision of professional financial support, advice and information to enable managers and leaders to effectively and proactively manage their respective budgets and finances to ensure the achievement of financial targets, thereby contributing to the Health Board's statutory financial duties.

They will support the achievement of all financial targets by ensuring an appropriate performance management framework is in place, identifying and reporting relevant issues and projected variances and advising on potential corrective courses of action. Ensuring that reporting is based on future trends and projections based on sound evidence.

6. Process

6.1 Approval of the Integrated Medium Term Plan (IMTP)

It is a statutory requirement to produce an IMTP or Annual Plan as agreed with Welsh Government. The Plan must be approved by the Board prior to the start of the financial year.

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The Plan will express service and workforce plans for the organisation over the period and will include a Financial Plan that is derived from those plans.

The Board will:

- Approve the Plan prior to the beginning of the financial year of implementation. Following Board approval the Plan will be submitted to Welsh Government prior to the beginning of the financial year of implementation.
- Approve a Financial Plan as part of the Integrated Medium Term or Annual Plan, which meets all probity and value for money requirements; and
- Prepare and agree with the Welsh Government a robust and sustainable recovery plan in accordance with Welsh Ministers' guidance where the LHB plan is not in place or in balance.

6.2 Budget

The organisation's budget plan for the forthcoming year will be developed from the first year of the Board's Integrated Medium Term Plan (IMTP) or Annual Plan. The corporate processes that develop the IMTP will ensure that service and workforce plans are developed and agreed by the organisation before the beginning of the financial year and are at a sufficient level of detail that enable budgets to be developed for the year.

The Director of Planning, Performance & Commissioning will ensure that processes are in place to produce a final IMTP or Annual Plan by 31 December which will have sufficient detail within year 1 of the plan to enable the development of budgets for the forthcoming year financial year.

Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval and delegation by the Board. Such budgets will:

- Be in accordance with the aims and objectives set out in the Integrated Medium Term Plan and Medium Term Financial Plan, and focussed on delivery of safe quality patient centred quality services
- Accord with Commissioning, Activity, Service, Quality, Performance, Capital and Workforce plans;
- Be produced following discussion with appropriate budget holders including completion of financial templates highlighting risks and opportunities agreed by them;
- Be prepared within the limits of available funds;
- Take account of ring-fenced or specified funding allocations;
- Take account of the principles of sustainable development; and

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- Identify potential risks.

The plan will make explicit assumptions about budget reserves and contingencies for the year.

7. Delegation and Accountability

The Health Board has a statutory duty to manage its services within the Revenue Resource Limit allocated from WG. The Board therefore delegates responsibility for delivering a balanced budget to the Chief Executive within the framework of its Standing Orders and Standing Financial Instructions.

The Chief Executive may delegate the management of a budget or part of a budget to permit the performance of a defined range of activities. This delegation is made through management structures and defined in job descriptions and annual objectives.

The delegation will cover:-

- the amount of the budget;
- the purpose(s) of the budget
- the requirement to achieve a balanced budget

Except where otherwise approved by the Chief Executive, taking account of advice of the Director of Finance, budgets shall be used only for the purpose for which they were provided.

Budgets are delegated with assumptions about the levels of service to be provided within the available resources described by the budget. Budget holders do not have authority to commit resources beyond the resources delegated in the budget.

Expenditure for which no provision has been made in an approved budget, or is not subject to funding under the delegated powers of virement, shall only be incurred after authorisation of the Chief Executive. Non-recurring budgets must not be used to finance recurring expenditure without the authority in writing of the Chief Executive or nominated identified deputy for the purposes of the Financial Control Procedure.

Managers must deliver a balanced budget within each and every financial year.

The key principle of delegation is that accountability for budgetary control is exercised through the line management hierarchy. Budgets are therefore formally delegated through the management hierarchy. Budget holders must not overspend against their budget. The requirement to deliver within the allocated budget must therefore form part of all budget holder's annual objectives and be reviewed as part of the annual review process.

Budgets are delegated to nominated budget holders. A budget is set for a cost centre and only the nominated budget holder is able to commit expenditure against their respective cost centres. There can only be one nominated budget holder for a cost centre and the nominated budget holder is held accountable for managing within the budget. Budget holders must adhere to approval limits set out in the Hywel Dda University Health Board 'Scheme of Delegation' and the approval hierarchy must follow the line management hierarchy. These

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approval limits must not be exceeded but may be restricted or tightened by the organisation or by individual managers who have delegated responsibility to budget holders within their responsibility area.

If budget managers are unable to approve expenditure for their respective budgets due to absence then the principle of only upward delegation will apply.

The principles of delegation mean that accountability for budget management is to the immediate line manager. The discussion about performance against budget is therefore encapsulated as part of the line management Performance Appraisal Development Review (PADR) process in the context of the wider performance review of quality, safety and other targets. The principles and responsibilities set out in this policy therefore relate to all managers with budgetary responsibility and their line managers.

8. Process of Delegation

Following agreement of the Board to the Budget the Chief Executive will issue a formal budget letter to each Director who in turn will issue similar letters to their line managers. This process will be repeated through each tier of management, setting out the expectations and responsibilities in terms of budgetary control and financial management. This letter will cover:

- The budget allocation.
- That the budget holder is accountable for the delivery of a balanced budget position each financial year and is also accountable for the recovery of any deficits within the same period.
- That budgetary performance must form part of all budget holders' annual objectives and to be reviewed as part of the annual performance review.
- That formal mechanisms are in place to ensure that budget management is effective across their management area and that budget holders are held to account for their budgetary performance through every level of line management.
- That all line managers review their direct reports in relation to their budget performance at least on a monthly basis.
- That appropriate mechanisms are set up to control expenditure particularly where there are high cost and variable use items.
- That budget holders comply with policies that aid budgetary control specifically:
 - Protocol for the Booking of Bank and Agency Staff
 - Overtime Policy
 - Sickness Absence Policy
 - Expenses Policy
 - Study Leave Policy
 - Recruitment Procedures
 - Financial Procedure - Requisitioning, Ordering & Receipt of Supplies and Services
 - Financial Control Procedure – Purchase Order Compliance Policy

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The formal budget letter must be issued from each line manager as soon as possible following the start of the financial year. An example of a delegation letter is attached in Appendix 1. Every time a budget is delegated a formal letter of agreement should be sent from the manager delegating and signed by the budget holder accepting responsibility for that budget.

If a budget holder wished to express a view that the budget they have been issued with is not sufficient then they must raise this as an issue and provide details why this is the case with the Director of Finance as part of their response to the delegation letter. The Director of Finance will deal with these issues on a case by case basis and may need to refer the issues to the Executive Team and Chief Executive for further discussion and resolution.

9. Changes to the Budget

There may be times during the financial year when it is necessary to make adjustments to the budget agreed by the Board, for example if additional funding is made available to the Board from the Welsh Government. In these circumstances the Director of Finance, will as part of the monthly financial report specify this on behalf of the Chief Executive to the Board. A reserve will be created for the purpose that it was allocated until such time that the Board has approved the use of additional funding.

10. Budgetary Control and Reporting

The Director of Finance will devise and maintain systems of budgetary control. These will include:

- Financial reports to the Board showing performance against budget for the period and an assessment of the outturn for the full financial year.
- Issuing financial reports on a timely basis to budget holders covering the areas for which they are responsible.
- Following the end of a month a report will be produced for the Sustainable Resources Committee and Directorates setting out the year to date budget performance.
- Providing support from appropriately qualified and experienced finance staff to support managers in their analysis and management of budget performance. This will include the development of lead indicators that aid budget holders in identifying potential issues.

Budget holders in conjunction with their Finance Business Partners will ensure:

- Accountability for budgetary control is exercised through line management relationships and this principle applies through all tiers of management where budgetary control is applicable.
- Budget performance is discussed by managers and their immediate reports at least on a monthly basis.

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- Review of lead indicators is done and issues highlighted to Finance Business Partners so that they can be reflected in monthly reporting.
- End of year forecast is routinely conducted identifying to line managers where overspend might occur and instigating remedial action.
- That significant financial issues are reported to the line manager so that the Director responsible can report the issue to Executive team and Board.

11. Performance Management

Hywel Dda University Health Board has a statutory duty to deliver its services within its allocated budget. The Board via the Chief Executive and tiers of line management formally delegates this responsibility to individual budget holders across the organisation. Budget holders are held to account for budgetary performance through formal line management arrangements and are expected to manage within delegated resources on both a monthly and annual basis. This requirement links to the Health Board's statutory requirement to manage within its Revenue Resource Limit.

Where budget variances or forecast overspends arise the following actions must be undertaken by the budget holder and line manager in a formal process of escalation:

- If a budget is overspent in any one month the budget holder where practicable will recover the position by the next reported period.
- If a deficit will take longer than one month to correct and recover then the budget holder and line manager will :

Either

- agree recovery actions over a period not exceeding 3 months

Or

- agree virement from another area of budgetary responsibility

A record of actions agreed must be made. A suggested format for recording actions is shown in Appendix 2. The plan should be submitted to the Deputy Director of Finance (Business Partnering) for review and sign off.

- If a deficit cannot be recovered within a period of 3 months or virement agreed, the budget holder and line manager will have to agree remedial actions with the Directorate Manager.
- If remedial actions to recover the deficit or virement still cannot be agreed with Directorate Manager then the line management team will agree remedial actions or virement with the responsible Executive Director.
- If remedial actions to recover the deficit or virement still cannot be agreed with an Executive Director, the Executive Director will agree remedial actions or agree virement with the Chief Executive.

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- If there is continued failure to agree a recovery plan or virement Executive Director and Chief Executive will agree remedial actions with the Sustainable Resources Committee and Board.
- A record of the meeting to discuss and agree recovery actions must be made. A suggested pro forma is attached in Appendix 2 to record agreed actions.
- Budgetary control must form a key objective each year for all management staff with budget responsibilities.
- Managers will be held to account for not meeting budgetary targets and subject to formal review as part of their wider performance management review with their line manager.

12. Virement

Where budget funding is transferred between budget holders, known as a virement, a form must be completed to formally record the agreement and transfer of funds. A form is attached in Appendix 3.

The virement or allocation of central budget reserves will be reported to the Board as appropriate through the financial year.

Approval of the virement must be in line with the scheme of delegation which can be found on the intranet <https://hduhb.nhs.wales/about-us/governance-arrangements/standing-orders-and-standing-financial-instructions/>. All virements under £500k will need approval from either the Chief Executive or Director of Finance if the value is above the approval threshold of the budget holder; virements between £500k-£1m will require Chief Executive (and Executive team) approval and virements over a £1m will need Board approval (following Chief Executive/Executive Team approval).

13. Reserves

The Director of Finance will endeavour to create such reserves as are deemed necessary to secure the ability of the Health Board to meet its financial duties. They are resources set aside to meet costs that will arise in the year.

Reserves may be established as part of the financial planning process for items such as

- Pay awards
- Price inflation
- Service developments
- Performance achievement e.g. Referral to treatment time (RTT)
- Revenue consequences of capital projects
- Unforeseen contingencies
- Other specific items not yet allocated to individual budgets

The Director of Finance may exercise discretion to partly or wholly allocate reserves directly to departments for subsequent allocation to specific budgets.

Reserves will be reviewed on a monthly basis to determine both their adequacy and necessity.

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Funds will only be released from reserves when the Director of Finance is satisfied that

- The appropriate approval process and procedures have been complied with
- There is a sound financial strategy in place for spending the resource
- The purpose is in line with the Health Board strategic objectives

14. Savings

The Chief Executive, after taking advice from the Director of Finance, will decide how much is required from saving schemes for the year ahead. Factors affecting that level will include:

- Shortfalls in funding from the Welsh Government, other Health Boards etc
- Directives from the Welsh Government.
- Funds required to be generated internally

The Chief Executive and Director of Finance will determine the level of savings required from budget holders and this may take the form of a general savings target or as specific targeted savings. The savings targets will be deducted from Directorate budgets.

Specific savings schemes designed to achieve the savings targets will result in reductions to individual budget lines and should not normally be reflected as a general unspecified negative budget. There may be instances whilst savings schemes are worked up where savings targets are held centrally.

The Director of Finance will monitor progress on savings targets throughout the year in line with Welsh Government guidance and report accordingly to the Sustainable Resources Committee and the Board.

Savings may result from recurrent or non-recurrent schemes. However, the latter should be replaced with schemes that generate recurring savings in future years.

15. Control Totals

If the organisation's initial Financial Plan does not align to the control total issued by Welsh Government in any year then a decision has to be made as to how this is to be reflected in the organisation's budgets. Consideration will be given to:

- Increased savings targets, if so how and where?
- Are pay or non-pay budgets to be amended?
- Are there any amendments to reserves being held?

Once agreed these amendments will require reporting as part of the monthly Finance Report to the Sustainable Committee and Board.

16. Training

The Director of Finance will ensure that appropriate training is available and accepted by senior managers and clinicians, who are required to fulfil the requirements of the policy. This will include training provided by one-to-one contact with finance department staff, formal financial

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management training, briefings, and finance content within other management development programmes.

Help will also be provided to support budget managers from other corporate departments.

17. Responsibility

Responsibility for maintenance and development of this policy rests with the Chief Executive and Director of Finance.

18. References

Welsh Health Circulars

Welsh Government Allocation Letter

Welsh Government Planning Guidance

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APPENDIX 1

To: All Executive Directors

Accountable Officer Letter: Delegations and Financial Delivery for 20xx-xx

Dear colleague

Following approval by the Board at its meeting on xxx, I am now writing to formally delegate budget manager responsibilities to you for the budgets assigned in **Annex A**. **Annex B** then sets out the responsibilities which go alongside this delegation.

I am extremely grateful to you in undertaking this role, as these responsibilities are a key part of our governance arrangements which acknowledge the support you will be providing me in my role as Accountable Officer of the Health Board.

As you will be aware, the Health Board has been in a financial deficit for several years. The planned deficit is now planned to be £xxm for the Financial Year 20xx/xx. There are £xxm of savings assumed within this position which will need to be delivered across budget holders. In recognising all embedded cost pressures that have arisen to date, budgets have been increased by a Directorate's net overspend position, using the end of year recurrent forecast as the basis for the plan and budget. Where a Directorate had a net underspend position, the budget remains unadjusted, but every effort should be made to identify savings opportunities before further committing resources.

In recognising these embedded cost pressures, budget holders are expected to re-align their detailed budget makeup, as they deem appropriate, to recognise existing net overspends have now been funded. Any further cost pressures should be evidenced using activity or equivalent information and mitigated within the total resources available to you.

The economic outlook over the coming financial year is stabilising. Our underlying deficit remains significantly high, as we have not been in a position to deliver transformational savings over the past three years to offset growth and investment decisions in all areas of the Health Board. The demand which our services are seeing remains significant, and the availability of substantive staff remains a challenge which means we are dependent on agency, locum, overtime, and other support which comes at a premium cost.

Cost growth in our supply of goods, services and utilities has started to stabilise, after a period of exceptionally high inflation. With all net overspends recognised, and an inflationary forecast included across all appropriate budgets, it is expected that sufficient resources are available to cover the historic and anticipated inflationary rises for this year.

Whilst the Board has approved the delegation of budgets from the Annual Plan, the Board has raised significant concern that the financial plan does not deliver either breakeven, or the minimum expectation of the Welsh Government (WG) target control total, which breaches our statutory financial duty to breakeven over a three-year period. It is expected that the Annual Plan will not be acceptable or supportable by WG, and WG will require further and significant financial improvements during the first quarter of the financial year and beyond, something the Board has

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also requested from us. With the Board and WG expectation that we erode the deficit below the £xxm plan that we have currently set, should a further update be required to this delegation I will write at that stage with any revisions.

Governance

Good governance is about how we achieve our objectives as an organisation and should support, not hinder it. For 20xx-xx, our Annual Plan outlines the agreed vision for the Health Board.

We must have in place appropriate and proportionate internal controls so I can assure myself that we are managing all resources effectively. Our Scheme of Delegation and Standing Financial Instructions remain our key governance documents.

As part of your own governance arrangements, I would expect that, as a minimum, you are holding monthly business performance meetings that review your financial performance, and ensure that you are using the reports available to you to provide assurance that:

- Financial balance is maintained and take appropriate recovery actions where required. In particular, the reasons for variation from budget is understood and explained, using non-financial information, (such as activity, sickness etc.) as appropriate, to enable early intervention to be taken where deficits are identified;
- Unbudgeted cost pressures are addressed with mitigating actions;
- Forecasts are checked and challenged to provide assurance for delivery over the year;
- Under no circumstances are any unbudgeted in-year investment decisions to be made without being proposed via yourself as the lead executive for your portfolio, to the appropriate governance forum, supported by SBARs with payback business cases, and being approved by the Executive Team;
- All Investments and funding bids are tracked with clear benefit realisations for delivery within a stated timeframe;
- Opportunities are being translated into realistic and robust delivery plans;
- Savings plans are being delivered in a timely manner with a minimum expectation that you recurrently deliver your proportion of the savings target during 20xx/xx.

I will require further assurances from budget holders who are unable to manage within their delegated resources, via the escalation framework that I am developing in response to our ongoing Targeted Intervention status from WG.

Risk Management

The Health Board is facing considerable scrutiny, and need to deliver substantial changes at pace while maintaining safe and effective services. Any change will need a risk management strategy that will support managers to be innovative and improve. At all times, however, we must ensure our core business is operationally and financially stable, public money is handled with propriety, regularity and providing value for money and, above all, ensuring our staff, patients and the public are safe and well cared for.

To appropriately consider and gain approval for the risks you may propose taking please ensure your Risk Registers properly reflect risk, controls, mitigations and assurance on all schemes. Changes which significantly impact on service performance or quality must be escalated for approval

HYWEL DDA UNIVERSITY HEALTH BOARD

at the Executive Director level . If in doubt these issues and their governance should be a matter for discussion in regular business review meetings..

Financial control principles

You are required to manage the delegated budget without exceeding the financial sum, including the achievement of delegated savings targets.

Any unforeseen or new expenditure commitments arising within the year must be subject to your appropriate management review process, and then submitted to the appropriate governance forum, who will scrutinise requests; any approved SBARs will then be presented to the Executive Team for consideration in line with our Scheme of Delegation and Standing Financial Instructions.

You should plan to spend the delegated budget in line with the monthly profile submitted at the start of the financial year, ensuring accuracy of the profile in your budget setting discussions with your Finance Business Partner for all known fluctuations that might occur.

You should at all times adhere to the principles of economy, efficiency and effectiveness in the application of resources.

In respect of Pay expenditure, the following are to be strictly observed:

- Approved Payroll procedures, especially in regard to ESR documentation;
- Approved authorisation procedures for the control of vacancies and variable pay;
- and
- Approved procedures for the management of staff absence.

In respect of Non-pay expenditure, the following are to be strictly observed:

- The Health Board's "No PO (Purchase Order) No pay" procedure;
- The appropriate and prompt receipting of goods;
- The prompt authorisation of invoices for payment where not covered by receipted purchase orders, in accordance with delegated limits;

Opportunities Framework

A revised Opportunities Framework has been implemented from November 2023. As part of this, a continuously updated list of variation, is available through the Business Intelligence and Finance Business Partnering functions. Enquire, Discover, Design and Deliver are the four stages of an opportunities journey to savings delivery. There are short to long term opportunities that should be delivered within directorates that are linked to our strategy and our sustainability goals. Whilst they should be progressed with pace, I recognise not all of the financial opportunities will deliver within this financial year. It should, however, be clear that you are expected to address these areas and develop credible plans for delivery.

I have asked the Finance function to report financial performance against our savings aspirations and annual plan savings expectation, with any gap needing to be closed via the Opportunities Framework.

Alongside this, for relevant services, the Clinical Service Plan and associated service transformation is a key area of opportunity to realising the required level of service sustainability and financial recovery.

HYWEL DDA UNIVERSITY HEALTH BOARD

Your proportion of the £xxm in-year savings expectation will be transacted from budgets as they are identified, unless you have already identified savings schemes, but you will be expected to deliver this and will be monitored against performance as part of the monthly financial reporting cycles. For clarity, a savings aspiration has been included in your budget summary that you are expected to delivery on a full year basis by the end of this financial year.

Your core budget and savings expectation are all confirmed within **Annex A**.

Delegations and Responsibilities

The delegated budget must be committed in accordance the Health Board's draft Annual Plan for 20xx-xx.

Management of the delegated budget is subject to the provisions of the Health Board's Standing Orders, Standing Financial Instructions and Financial Procedures. In particular your attention is drawn to the Budgetary & Allocation Control Policy and its various provisions and annexes available on the Intranet.

A summary of the budgets allocated to you in 20xx-xx is appended alongside this letter. From time to time during the year these figures are likely to change to take account of additional allocations, transfers and savings plans, but this letter will remain in force as the covering delegations for any revisions.

Any funding not agreed within your appended budget cannot be assumed, and you therefore cannot commit expenditure against assumed funding except when specifically agreed. This is also the case for submitting additional funding bids to WG or other stakeholder organisations. A SBAR should be subject to your appropriate management review process, and then submitted to the appropriate governance forum by the supporting Executive Director for consideration prior to formal Executive Team discussion.

Should the Board make in-year commitments then you will be notified accordingly of such commitments and an appropriate budget adjustment will be made. You should not incur expenditure against a budget you are not directly responsible for.

Further Delegations

You may further delegate to your staff some or all of the budgets which I have delegated to you, although you will still retain ultimate accountability in full for these budgets, just as I am ultimately responsible for the Health Board budget as a whole. You are each responsible for deciding on the exact arrangements but your delegations should be clear, unambiguous and conferred and accepted in writing.

The individuals to which you sub-delegate your budget should have the appropriate training and understand fully their responsibilities as a budget holder to carry your confidence that they can discharge their duties to the same standard that you will be held. You will need to complete **Annex C** to sub-delegate part or all of your budget. The finance team will facilitate this through your Executive Assistant once you have confirmed the delegation structure, format, and wording to them.

Confirmation

Database No:

Page 18 of 26

Version

V4

Budgetary Control Procedure

Please check that this is the most up to date version of this written control document

Paper copies of this document should be kept to a minimum and checks made with the electronic version to ensure that the printed version is the most recent

HYWEL DDA UNIVERSITY HEALTH BOARD

I ask that you acknowledge your understanding and acceptance of these delegations by signing and returning to to me, the Director of Finance and your Senior Finance Business Partner(s) (as copied into this letter) the proforma attached to this letter in **Annex B by no later than xx xx**.

I am very grateful to you for your support to me as Accounting Officer and I am committed to do everything I can to support you in your own roles.

Yours sincerely

Professor Philip Kloer
Chief Executive

cc. Huw Thomas, Director of Finance

Annex A

Opening Budget Book 20xx-xx Letter

Name of Budget Holder	

HYWEL DDA UNIVERSITY HEALTH BOARD

Directorate	
Opening Budget Book	£xx

This letter, and the associated budget book, authorises the above budget holder to exercise control of the named directorate / departmental budget in accordance with the Health Board's approved scheme of delegation.

The table below provides a summary of the Opening Budget by Directorate within your delegated accountability:

Insert summary budget table

Executive Portfolio(s) listed out with – Budget – Savings Aspiration (X%/X%)

Please note the following items in respect of the 20xx/xx financial year confirmed base budget:

- Roll forward recurrent and non-recurrent budgets from 20xx/xx;
- Full year impact of identified 20xx/xx Green and Amber savings plans;
- Your contribution to the Health Board's Efficiency and Productivity savings target;
- Specific investment decisions approved in the Annual Plan, including macro-economic inflationary and growth modelling increases/decreases;
- Cost pressures identified in the Annual Plan and ratified by Board;
- Annual Plan savings targets ratified by Board, including savings schemes identified by service leads;
- Agenda for Change (AfC) and Medical and Dental (M&D) pay budgets do not yet reflect the pay award for 20xx/xx, which is pending confirmation by WG, but funding for which will be made available once known;
- Variable pay budgets (M&D and AfC) issued non-recurrently to Directorates on the same basis as 20xx/xx, increased for additional cost pressures identified in the Annual Plan and ratified by Board;
- Budgets for the following funding elements are being held in central reserves and will be issued to Directorates during the year based on assessments made:
 - CHC/FNC price rises
 - NICE and High Cost Drugs
 - Regional Integration Fund (RIF)

Following your discussions with the Chief Executive, you are again reminded of the requirement to deliver both a breakeven position and the required savings target, in full. Please contact your finance business partner who will be happy to answer any questions you may have.

Yours sincerely

Huw Thomas
Director of Finance

ACCOUNTABILITY AGREEMENT

Name of Budget Holder	
Directorate	
Budget	£xx
Savings Aspiration	£(X,XXX,XXX)

1. I confirm that I have read, understood and will make my best endeavours to comply with the requirements laid out in the Standing Financial Instructions. I understand that my performance as a budget manager may be scrutinised at any time by the Board; Internal Audit or the Audit Wales.
2. I confirm that I accept the budget which has been allocated to me, 3. I confirm that I understand what it is expected that I will make my best endeavours to deliver the Health Board's safety, quality and performance requirements within the budget allocated to me. Patient and staff safety will not be compromised.
4. I confirm that I will:
 - Remain accountable for my budget, even where I have delegated responsibility to others;
 - Review my budget on a regular, at least monthly, basis with the assistance and advice of finance colleagues when called for;
 - Seek advice promptly from my finance lead as the need arises;
 - Ensure a proactive and robust approach is undertaken to identify and deliver my savings aspirations, at least on a recurrent full year effect basis by the end of this financial year, making up any in-year recurrent shortfall with non-recurrent savings as required.
5. I confirm that in relation to costs against my budget, I will
 - Not knowingly incur expenditure where I do not hold sufficient budget;
 - Not knowingly attempt to charge expenditure to a budget which I am not directly responsible for;
 - Not knowingly commit recurrent expenditure against a non-recurrent budget;
 - Not knowingly recruit over my funded establishment;
 - Not knowingly incur temporary staffing costs over my total available budget without agreeing this in advance via the Escalation process and / or Executive Director. Where temporary staffing costs need to be incurred urgently or out of hours, these will be confirmed retrospectively with the same;
 - Ensure that staffing data held on the ESR system or on E-rostering is accurate and up to date to the best of my knowledge and belief and that staff overpayments are minimised by informing Employment Services in a timely manner of any relevant changes;
 - Ensure as far as I am able that all non-pay expenditure complies with the requirements of the Standing Financial Instructions including the requirement for an official purchase order to be raised in advance of incurring the expenditure.
6. Where I identify a potential or actual overspend during the financial year, I confirm that I will:

HYWEL DDA UNIVERSITY HEALTH BOARD

- Develop an action plan designed to bring the position back into line within the financial year;
 - Involve my finance lead and my line manager, and other expert sources of advice, such as W&OD lead, in developing the action plan;
 - Make my best endeavours to deliver the requirements of the action plan to ensure a full-year balanced position.
7. I confirm that I have identified and managed (and escalated if appropriate) any risks to achieving the financial objectives I am responsible for.
8. I confirm that I will support the Health Board to ensure that the needs of the Health Board's catchment population as a whole are met.
9. I am able to provide reasonable assurance of compliance with legal and regulatory frameworks relevant to my areas of responsibility. These will be achieved through adhering to the Health Board's policies.
10. All staff within my area of responsibility have been apprised of their duty to raise concerns and to deal promptly and efficiently with any concerns raised with them in line with the relevant health board policy.
11. I am able to confirm that all staff within my area of responsibility will be expected to receive an annual appraisal over the financial year, and will be expected to complete their mandatory training as required.
12. I confirm that I am aware of my duties and responsibilities under the NHS Code of Conduct.
13. I confirm that should I become aware of any suspected fraud, bribery or corruption, I will advise the Local Counter Fraud Service promptly and support any investigation.
14. I confirm that I will keep my finance lead and line manager aware of any significant changes to risks over the year.

Signed:	
Job Title:	
Date:	

Annex C

Delegation of Budget

Dear Director of Finance

Please note that I am delegating part/all of the budget that has been delegated to me by the Chief Executive to the following Senior Managers in my team:

Name	Designation	Budget Delegated	Opening Budget Value

HYWEL DDA UNIVERSITY HEALTH BOARD

Please can you issue them with an Accountable Officer Letter for 20xx/xx.

Signed:	
Job Title:	
Date:	

APPENDIX 2

BUDGETARY CONTROL POLICY

Record of Line Manager/Budget Holder Meeting to Agree Budget Overspend Recovery Actions

1. Attendees

HYWEL DDA UNIVERSITY HEALTH BOARD

List of Staff Attending Recovery Meeting	Position
Date of Meeting:	

2. Agreed Actions to Recover Budget Overspend

List Actions	Effective Date

3. Agreement

Delegated Budget Holder	Date
Line Manager Signature	Date

Authorised by Date.....

APPENDIX 3

BUDGETARY CONTROL POLICY VIREMENT FORM

1. Reason for the Virement (Budget Transfer)

Description of Service or Rationale for Transfer	WTE	£

HYWEL DDA UNIVERSITY HEALTH BOARD

Budget Transfer Timescale i.e. Non recurrent, Recurrent or Time limited		

2. Transfer Agreement

Budget Holder Transferring Funds	Budget Holder Receiving Funds
Name:	Name:
Position:	Position:
Name of Budget Transferring:	Name of Budget Transferring:
Budget Cost Centre Number:	Budget Cost Centre Number:
Signed:	Signed:
Date:	Date:
Director of Finance / Chief Executive approval	
Signed:	Date:

3. For Finance Use

Oracle Account Code			£ Dr		£ Cr	
CC	Subj	Analysis				
Actioned By:						
Name:						
Signed:						
Date:				Ledger Mth/Yr		

HYWEL DDA UNIVERSITY HEALTH BOARD

Budgetary Control Procedure

Please check that this is the most up to date version of this written control document

Paper copies of this document should be kept to a minimum and checks made with the electronic version to ensure that the printed version is the most recent

Capital Investment Procedure

Procedure number: 076

Classification: Corporate

Supersedes: V4

Version number: V5

Date of Equality Impact Assessment:

14/06/2024

Approval information

Approved by: Sustainable Resources Committee

Date of approval: *Enter approval date*

Date made active: *Enter date made active (completion by policy team)*

Review date: Enter review date (normally three years from approval date)

Summary of document:

This document is one of a series of financial procedures providing a clear process to be followed. This procedure specifically deals with the process around capital purchases.

Scope:

This document is intended to give an overview of how Hywel Dda University Health Board bids receives, prioritises and utilises capital resource.

To be read in conjunction with:

[Standing Orders and Standing Financial Instructions](#) 'opens in new tab'

[Counter Fraud, Bribery and Corruption Policy](#) 'opens in new tab'

[1054 - Purchase to Pay Financial Procedure \(sharepoint.com\)](#) 'opens in new tab'

[420 - Charitable Funds Financial Administration and Governance Procedure \(sharepoint.com\)](#) 'opens in new tab'

Patient information: N/A

Owning group: Strategic Development and Operational Delivery Committee (SDODC)

Executive Director job title: Director of Finance

Reviews and updates:

Reviews and updates	
Summary of Amendments:	Date Approved:
New Procedure	1/10/2009
Periodic review	14/1/2015
Periodic review	22/2/2018
Periodic review – Updated for SFI's	June 2021
Full Review	June 2024

Keywords

Capital, Discretionary, Equipment, Assets

Glossary of terms

Term	Definition
SDODC	Strategic Development and Operational Delivery Committee
CSC	Capital Sub-committee
CPG	Capital Planning Group
CMF	Capital Monitoring Forum
AWCP	All Wales Capital Programme
DCP	Discretionary Capital Programme
CRL	Capital Resource Limit

Key points:

The aim of this document is to explain:

- The Capital Planning Process
- How to make bids against the capital programme
- The procedure for capital purchases
- Monitoring arrangements for the capital programme
- Accounting arrangements for the Fixed Asset Register

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Scope

This document is intended to give an overview of how Hywel Dda University Health Board (UHB) bids, receives, prioritises and utilises capital resource.

It is intended for use by the organisation's, Board, Capital Sub-Committee (CSC), Capital Planning Group (CPG) members, Capital Monitoring Forum (CMF) members, Project Managers, Directorate and Departmental Heads, Estates, Procurement and Finance staff and anybody else involved, or with an interest in capital bids and allocation.

This document aims to answer many of the questions that individuals have about capital and to give advice on how to prepare bids for consideration by the CPG and reporting on approved projects.

The guidance contained in this document is designed to make all parties concerned with the management and procurement of projects fully aware of the procedures and obligations that are involved in such procurement processes.

This document is not intended to replace any requirements of a particular source of funding i.e. specific funding streams such as End of Year Bids or bids for specific Welsh Government (WG) allocations

This document does not offer a definitive guide to the procurement of construction projects. Further advice on this should be obtained from Estates and Procurement.

Aim

The aim of this procedure is to provide an overview of how Hywel Dda UHB bids, receives, prioritises and utilises capital resource. The capital resource plan and programmes must be delivered within Welsh Government capital external financing limit.

Objectives

The aim of this document will be achieved by the following objectives:

- The Capital Planning Process
- How to make bids against the capital programme
- The procedure for capital purchases
- Monitoring arrangements for the capital programme
- Accounting arrangements for the Fixed Asset Register

Main body

What is “Capital”?

To be classed as capital Welsh Government has adopted a £5,000 capitalisation threshold for individual assets including VAT where this is non recoverable. However, this expenditure may be on:-

- a discrete asset

- items which collectively (but not individually) have a valuation in excess of £5,000, which should be regarded as comprising a single asset in cases where the following apply:
- there is a clear functional interdependence in the use of items
- the items have broadly a simultaneous acquisition date
- the items are anticipated to have simultaneous disposal dates
- the items fall within the same managerial control e.g. one ward.
- A collection of assets which individually may be valued at less than £5,000 but which form a part of the initial cost of equipping and setting up a new building at the Health Board's discretion.
- IT purchases which need to be linked to a network and are valued at more than £250

For land and buildings, the amount capitalised can include:

- Acquisition costs of land and premises (e.g. legal fees) and lump sum payment for related rights (including capital rent).
- Individual works schemes for the initial provision, extension, improvement of, adaptation (including upgrading), renewal, replacement or demolition of obstructing buildings, building elements (e.g. roofs), external works, engineering services or plant. A scheme being: All planning, design & construction work & commissioning activities necessary to bring planned facilities into use."
- Pay and (directly attributable) expenses, such as travelling allowances to staff who are directly engaged on activities directly attributable to the acquisition of specific fixed assets or capital schemes. This does not include staff employed to oversee capital programme expenditure, whose costs should be charged to revenue.
- Expenditure on maintaining capital assets in effective working order, or in good repair, is charged to revenue. If the repairs include improvements to the original standard, however, that cost, which relates to the improvement, will be charged to capital if it falls within the above definition of capital expenditure.

Recent changes to accounting standards mean that the majority of long-term lease arrangements are now also treated as capital. The funding arrangements for capitalised leases is separate from outright purchases, however. See section on capitalising leases.

Where does Capital come from?

The Health Board receives most of its capital funding from Welsh Government in the form of either:

- Discretionary Allocation or
- All Wales Capital Programme funding

Funding may also be obtained from alternative sources such as:-

- Endowment or Charitable Funds
- Donated Monies i.e. WRVS or League of Friends
- Grants from other organisations e.g. Local Authorities

Capital allocations are issued to Health Boards using the Capital Resource Limit (CRL). The Health Board has a statutory duty to ensure that this limit is not exceeded in any financial year.

Capital Financing with the Private Sector

The UHB will not enter into any new capital financing arrangements with the private sector, including Private Financing Initiatives, Mutual Investment Model and 3rd Party Developments, without the consent of the Welsh Ministers.

The Capital Planning Process

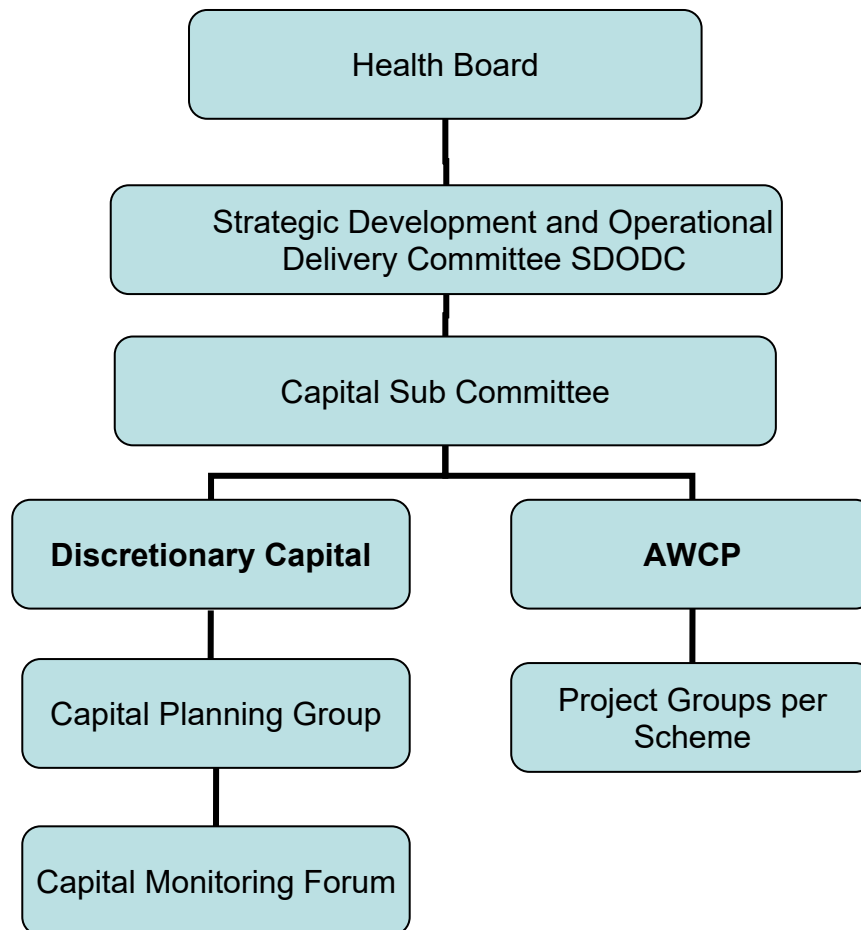
Why have formal structures for Capital Investment?

The Health Board currently receives around £7m of discretionary capital each year from WG which has to be prioritised for use. This allocation is the only money routinely available to replace or upgrade its existing equipment, IT and estate and to fund planned developments and investments in new facilities and equipment and IT.

The Health Board can also submit individual business cases to WG for further capital from the All Wales Capital Programme (AWCP).

Any investment made in capital by the Health Board should be in line with its Service and Clinical plans and priorities.

The current structure for managing and planning capital is as follows:



The Board is responsible for approving the Infrastructure Investment Plan as an annex to the Integrated Medium Term Plan (IMTP)/Annual Plan. Any revenue costs associated with the programme will be separately identified within the Annual Plan.

What is the Infrastructure Investment Plan?

The Health Board develops an Infrastructure Investment Plan which brings together the capital aspirations of the organisation. This document pulls together how capital is an enabler to the delivery of our:

- Strategic Objectives
- Planning Objectives which include the Health Board’s Health and Care strategy, ‘A Healthier Mid & West Wales; Our Future Generations Living Well’
- Approach to the management of capital and infrastructure risks within the Health Board

The enabling plan sets out the key components of each of the above categories and reflects the Health Board’s future Capital Investment Plans.

Strategic Development and Operational Delivery Committee (SDODC) considers proposals from the CSC on the allocation of capital and agree recommendations to the Board.

The Capital Sub Committee is the forum which will align the Health Board's AWCP priorities with the Health Board /IMTP/longer term plan/Annual Plan. It also scrutinises the All Wales Capital Programme and the Discretionary Capital Programme which is managed and allocated via the CPG

It's led by the Executive Director of Strategy & Planning. The Sub-committee ensures that capital priorities for AWCP are in line with the Health Board's IMTP/Annual Plan. It receives reports from Project Directors on the progress of AWCP schemes and Discretionary Programme, it also considers scheme post project evaluations. CSC reports into SDODC.

The Capital Planning Group ensures equitable access and a transparent process for all areas of the organisation to bid for the available discretionary capital and provides a group which has an overall view of discretionary capital prioritisation and investment at any one time.

The Discretionary Capital Programme as developed by the CPG recommends the investment priorities for the Health Board annually and takes account of both the short term and long term investment plans of the organisation. These are discussed at the CSC and SDODC and formally approved at the Board.

Bi-monthly reporting of the spend against the capital programme will be made to the Sustainable Resources Committee and SDODC and any risks to achieving the CRL will be highlighted in that report.

The CPG is responsible to CSC and SDODC for the recommendation of priorities for the discretionary capital programme. Estates, Digital and Operations Teams inform the CPG of their strategic priorities for the year which the CPG then incorporates into its decision making process.

The approved Capital Programme is then passed on to the Capital Monitoring Forum (CMF) which is responsible on behalf of the Executive Director of Finance for monitoring and ensuring the delivery of a balanced CRL and assessing the capital risk and mitigation through the year. The Forum is required to report to the CSC with details of authorised projects, their progress, any issues and details of slippage.

The Capital Monitoring Forum key functions are: -

- Monitor the implementation of the approved programme
- Advise the CPG/Capital Sub Committee on expected and actual project outturn figures
- Recommend changes to the programme as required
- Administer the equipment reserve within the capital programme in line with the risk score basis used for investment bids
- Review projects currently in progress and just completed. This enables additions to and depletions from the available resources, owing to over and under spends, to be identified
- Receive monthly reports on major capital projects including outturn figures to enable CRL to be updated.

The Capital Monitoring Forum will meet on a monthly basis. Prior to the meeting members are circulated with an agenda together with any details of proposals submitted for their consideration.

Minutes of the CMF are circulated to all members of the CPG in order to inform relevant staff of the status of the Capital Programme throughout the year and reported 'for information' to the Capital Sub

Committee. Any major changes required to the programme due to significant changes in priorities are reported in papers to the Capital Sub Committee for approval and recommendation to SDODC.

How is the funding allocated?

Whilst there will always be different priorities for investment in each year, in broad terms, in order to ensure that funding is apportioned appropriately, the core of the Capital Programme will be prescribed by the following subsections:

- Medical Equipment Replacement & new developments
- Non-Medical Equipment Replacement & new developments
- Statutory Backlog Investment Programme
- Estate Infrastructure Backlog Investment Programme
- Strategic Estate Development Programme
- Strategic Development of Business Case
- Digital Investment programme

There may also be pre-commitments to the Capital Programme in any one year to fund:

- Agreed rolling programmes of equipment investment
- Agreed projects whose timescales mean that funding straddles two or more financial years
- Agreed contingency sums to address in year equipment breakdowns and minor works

This funding is top-sliced from the DCP before any other bids are considered.

Revenue Consequences Considerations

All bids must consider and include details of revenue consequences such as:

- Utilities ie. running costs
- Consumables
- Maintenance

The Capital Planning Cycle

The discretionary capital planning cycle will reflect the planning cycle established in the IMTP/Annual Plan in accordance with WG Planning Framework.

Planning for the next year's discretionary programme commences during the 3rd quarter of the financial year. Members of the CPG will be provided with information on the following by the Head of Capital Planning: -

- Pre-commitments against the allocation either agreed by the Board or as a contribution to national schemes such as EFAB
- Capital themed Risks
- Information on schemes already on the UHB's prioritisation matrix

There are opportunities to bid for additional capital allocations in year when WG identify slippage or monies available for targeted investments. Bids against these allocations are also co-ordinated via the CPG/ CSC.

Bids are required to follow an established process with the completion of a bid proforma see **Appendix A**

A complete list of the prioritised bids can then be circulated and considered at a further meeting of the CPG in order to determine the draft Discretionary Capital Programme to be submitted to the CSC.

The Estates, Digital and Operation Team will provide further updates and advice on strategic priorities to the Capital Planning Group as necessary through the year.

Discretionary Capital Bids

All bids for Discretionary Capital should be submitted on the appropriate pro-forma, see **Appendix A**. It is important that the costs shown on the pro-forma include VAT and take into account enabling works and revenue costs i.e. consumables and/or utility costs associated with the bid.

- Bids for equipment must have the purchase/consumable costs validated by the Procurement Department and preferably have an 'in date' quotation attached
- Enabling works/utility costs must be validated by the Estates Department
- Bids for building/refurbishment projects must be validated by the Estates Department and preferably have a Development Approval Form (DAF) at Budget Cost Stage attached.
- Bids for IT Systems or with IT implications must be validated by the IT Department.

As part of the planning cycle Service Leads will be invited to make bids to the Capital Planning Group for inclusion in the following year's Discretionary Programme. These bids should be prioritised within the Directorate prior to submission and signed off by the Head of Department.- Only validated bids (with costs confirmed via Procurement/Estates/Digital and/or Operations teams) will be considered for funding. All bids will be considered and prioritised by Estates, Digital and Operations Teams in advance of submission to the Capital Planning Group.

The Capital Planning Group meets, discusses and assesses all the bids submitted in order to develop a draft Discretionary Capital Programme which will then be submitted to the Capital Sub Committee for approval. This programme once approved will be administered by the Capital Monitoring Forum (CMF).

Throughout the year Bids can be made to the DCP Contingency to address emergency replacement/urgent works required. These bids should be submitted to the CMF on the standard pro-forma and have risk scores and supporting financial information attached as appropriate

A flow chart summarising the bid process is shown at **Appendix B**.

Development of Business Cases

Projects and programmes will be subject to an iterative business case development process underpinned by the Better Business Case approach. This uses the Five Case model and is best practice for planning and justifying infrastructure investment proposals and enabling effective funding allocation decisions. More detail on the Better Business Cases, NHS Wales Infrastructure Investment objectives, principles and guidance, and our internal Capital Planning – Capital Guidance links below.

For smaller schemes, up to £2m in terms of value, a single stage business case process is sufficient. This is referred to as a Business Justification Case (BJC). Schemes adopting a BJC tend to be:

- up to £2m in terms of value;
- not novel or contentious
- where complexity and risk is perceived to be low to medium and well understood
- where the procurement strategy and market prices are “firm”, from pre-competed arrangements such as framework contracts

The schemes identified should align to the Health Board IMTP/Annual Plan. It is likely that the costs associated with these will have to be funded initially out of the Discretionary Capital Programme which would be reimbursed if the scheme is successful in securing WG funding. In order to assist with the development and funding of business cases WG have introduced a scoping document as a first stage of the process. This needs to be signed off by both WG and the Health Board before significant investment in developing any Business Case should commence [See **Appendix C** for copy of the pro-forma]. All Business Cases submitted to WG are in line with the most recent WG Welsh Health Circular and the Better Business Cases Investment Decision Making Framework:

Health Board links to guidance and best practice papers:

1. <https://www.gov.wales/better-business-cases-network>
2. <https://gov.wales/better-business-cases-investment-decision-making-framework>
3. <https://gov.wales/nhs-wales-infrastructure-investment-guidance>
4. [Capital Planning - Capital Guidance v1.0 Mar22.pdf - All Documents \(sharepoint.com\)](#)

Procedure for Capital Equipment Purchase

All requests for Capital equipment purchases over the value of £5,000 inc VAT are made via the Capital Planning Group. Purchases from Charitable Funds and League of Friends monies will also follow this procedure, to ensure that the Health Board’s Standing Orders/Standing Financial Instructions are complied with. A Statement of Need form (SON) must be completed when procuring additional and/or replacement medical devices and approved by Clinical Engineering.

Indicative equipment costs

Prior to the submission of the Capital bid Pro-forma (see **Appendix A**), the requestor shall contact Procurement who will arrange for indicative costs to be obtained for the submission of the bid for

approval, based on the equipment specification given. The indicative costs should also include ongoing revenue consequences such as maintenance and consumables etc. Advice shall also be given as to how the equipment can be procured i.e. National Framework, Quotation or Find a Tender (FTS) exercise etc.

For Procurement process following bid approval, see **Appendix D**

Capitalised Leases - IFRS 16

Accounting standard IFRS 16 Leases was implemented across NHS Wales on 1 April 2022. As a consequence the majority of long term leased assets are now treated as capital where, in general, the following criteria are met:

- Lease is for 1 year or longer
- Value of payments over whole term of lease are greater than £5,000
- The Health Board has exclusive use of the leased asset (so e.g. excludes rentals of buildings for part of the week).

A new funding approval process was mandated by WG as a result of this, which must be complied with when entering a new lease within scope of IFRS 16. Once funding is approved a reduction is made to the Health Board's revenue allocation equivalent to the capitalised value of the lease payments. Consequently whilst the lease is treated as capital, for budgeting purposes the impact on revenue budgets remains the same as for leases prior to implementation of the new arrangements.

The process for funding approval is as follows:

- In the first instance the Finance department (capital team) should be contacted when a new lease or renewal of an existing is planned or proposed, as regular forecasts are submitted by Finance to WG of future leases
- For all new and renewal leases the following information is required:
 - Annual lease payments (including VAT status)
 - Frequency and timing of payments (e.g. quarterly in advance)
 - Lease term including break clauses and extensions available
 - Brief description of asset being leased and purpose of the lease
 - Lessor/landlord details
 - Expected commencement date
 - Explanation why leasing instead of purchasing is proposed
 - For new leases, documentation on the internal approval given to incur the additional expenditure must be provided, e.g. committee SBAR or similar
- For leases with value of payments over £0.5m, pre-approval by WG is required before lease contracts are entered into. This is done via submission of form ADL2 for lease renewals and ADL3 for new leases, being approved by the Board and the approval papers being submitted to WG. These forms are available from the Finance department.

Once this information has been received and checked by Finance, Finance will include on quarterly lease funding returns to WG to request the necessary funding adjustments.

Monitoring the Capital Programme

The Capital Programme is monitored throughout the financial year as an ongoing process.

The Capital Programme will contain only those schemes which have been approved by the Board through the Capital Planning Cycle (see page 9 of this document). Minor modifications in year will be addressed and reported in accordance with the Terms of Reference of the Capital Monitoring Forum.

Orders placed are reconciled to invoices and budget spend levels are recorded to ensure that spend is appropriate and within the allocation available. This is carried out on a regular basis by the Head of Facilities Information & Capital Management for estates schemes and the Digital Team for information technology schemes with monthly reconciliation exercises undertaken with the Planning and Major Projects Team. Commitment and spend against the approved Capital Programme is reported to the Capital Monitoring Forum on a monthly basis.

The Fixed Asset Register

What is the Asset Register?

The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Executive Director of Strategy & Planning and Executive Director of Finance

The Health Board is required to maintain a register of all assets purchased through capital funds. This is known as the Fixed Asset Register

All assets greater than £5k (inc vat) are identified by the Finance Department and included in the Fixed Asset Register. These are identified through additions in the Capital Programme and purchases over £5k from Charitable Funds. These are recorded on the Real Asset Management (RAM) System.

Access to the register is available from the Finance Directorate.

It is essential that each Directorate or Department within the Health Board maintains an up to date register to ensure that: -

Security is maintained - all valuable equipment is listed and permanently marked. e.g. Clinical Engineering mark all assets passing through their acceptance and commissioning process.

Accurate replacement dates can be forecast for all equipment - capital, non-capital, gifts etc.

Additions

Additions to the fixed asset register must be clearly identified to the operational / departmental manager or delegated budget holder.

They should be validated by reference to appropriate documentation to provide evidence of the financial value recorded including: -

- Properly authorised and approved agreements
- Architect's certificates

- Suppliers invoices
- Stores requisitions and wages records for own materials and labour including appropriate overheads.

Fixed Asset accounts in the general ledger will be reconciled on a monthly basis against balances on Fixed Asset Registers.

Procedure for Disposal of Surplus and Obsolete Assets

Refer to Financial Procedure:

[093 - Disposal of Surplus and Obsolete Furniture, Equipment, Sale of Scrap and other Waste Materials.pdf \(sharepoint.com\)](#)

Disposal receipts

Disposal receipts are to be treated in accordance with the Welsh Ministers' guidance and clearly set out in the over-arching business case, where applicable.

The Health Board can deduct the costs directly associated with a capital disposal from the sale proceeds,

Sale proceeds above £500,000 are required to be returned to the Welsh Government unless prior agreement has been reached for their retention.

Sale proceeds below £500,000 can be used at the discretion of the Health Board for capital purposes.

The Health Board is required to reinvest retained capital receipts to the level of the Net Book Value of the assets sold in the year the sale proceeds are received. The profit/loss on the sale of the asset becomes a charge/credit to the Income and Expenditure Account.

Procedure for Reporting the Loss of an Asset

Refer to Financial Procedure:

[066 - Losses and Special Payments Procedure.v4 correct.pdf \(sharepoint.com\)](#)

Procedure for Disposal of Ferrous or Non Ferrous Metals

The Director of Estates, Facilities and Capital Management is responsible for the sale of Ferrous or Non Ferrous Metals. The Head of Estates should be notified of any such intended disposals.

Where the weighing of such metals cannot be done on the premises a nominated member of the engineering staff will accompany the contractor to a public weighbridge.

Payments will be made through the finance department as appropriate.

Procedure for the Transfer of Equipment

When capital assets are transferred or moved from one department or ward to another the Finance Directorate should be informed so that the register can be maintained accurately. This is required to meet audit standards.

Asset Verification

A 3 year cyclical asset verification process is undertaken by the Finance Directorate to ensure that the asset register is updated; this process should pick up any disposals or transfers which have not been notified to the Finance Directorate. The verification of IT assets will be the responsibility of the Digital Department. The verification process covers each of the three constituent counties of the Health Board on a 3-year rolling basis.

This process is documented, and the outcomes updated on the asset register.

Valuation of an asset

The value of each asset, and depreciation, shall be considered annually in accordance with valuation guidance as specified in Chapter 7 of the Manual for Accounts.

Assets should be considered for early revaluation where there is the likelihood of impairment as a result in a change of valuation or asset life.

Project Bank Accounts

For capital projects over £2m, payments to the Supply Chain Partner and its subcontractors will be made through a Project Bank Account in accordance with Welsh Government policy. The Project Bank Account Financial Procedure documents in full the UHB's procedures in this respect.

Refer to Financial Procedure:

[974 - Project Bank Accounts Financial Procedure](#)

Accounting for Fixed Assets

Accounting for the Health Boards fixed assets is undertaken in line with current accounting guidance and standards and is detailed in chapter 7 of the annual Manual for Accounts as issued by Welsh Government. For further information, please contact the Capital and Major Projects Team in Finance.

Primary Care Requirements

For guidance in respect of bids relating to Primary Care, please refer to the WG Primary Care Directive.

[SI/SR Template \(gov.wales\)](#)

nwssp.nhs.wales/ourservices/specialist-estates-services/specialist-estates-services-documents/whbns-library/whbn-36-general-medical-practice-premises-pdf/

Revenue Grants and Allocations used for Capital Purchases

Directorates or departments may from time to time wish to use revenue grants and allocations to purchase equipment which meets the definition of capital, for example where the grant or allocation is time-limited and it becomes apparent that the grant or allocation will not be spent before the time limit expires.

Since from an accounting and regulatory perspective revenue funding cannot be used for capital purchases, the directorate or department must obtain the permission of the funding body to convert the revenue allocation to a capital allocation.

Where the funding body is Welsh Government this is achieved by a transfer from revenue allocation to the CRL and must be agreed with WG Finance. The agreement of Executive Director of Finance must also be gained before making any purchases since failure to do so could result in the Health Board breaching its statutory requirement to contain capital expenditure within its CRL.


When considering the use of revenue funds for capital purchases, Directorates or Departments must therefore allow sufficient time for this process along with the capital procurement process to complete by the end of the financial year. This includes full delivery and receipt of goods by 31 March.

Failure to allow sufficient time means it is unlikely that necessary approvals will be granted to allow goods to be received by 31 March. Where goods are not received by 31 March the capital allocation cannot be carried forward into the next financial year. In these instances, it is likely that the order will be cancelled by Finance.

Monitoring and Review

The monitoring and review of this procedure is the responsibility of the Finance Department. Reviews will be undertaken in line with the Health Board's review policy, which is every 3 years, or when changes are identified prior to the required review date.

Appendix A (link to form on page 21)

<p>Hywel Dda Health Board DISCRETIONARY CAPITAL BID PROFORMA</p>			<p>Bwrdd Iechyd Prifysgol Hywel Dda University Health Board</p>
Version 0220		Priority No	
<p><i>Individual bids must be prioritised to match items listed on your Directorate risk register. Please state what priority this bid is.</i></p>			
1. Title of Proposed Service Development			
2. Lead Directorate Sponsoring the Proposal			
3. Department & Site of Scheme			
4. Other Services/Departments Affected			
5.a Brief Description of Proposal/Service Change Please provide detail here.			
5.b Consequences of not investing in this bid Please provide detail here.			
6. Alternative Funding Considered (non capital) Alternative funding sources ie Charitable Funds, League of Friends etc have been explored to fund this bid. Is alternative funding available? Yes <input type="checkbox"/> Please explore funding with relevant bodies No <input type="checkbox"/> If partial funding from non capital sources is available please confirm amount and cost code Amount <input type="text"/> Cost Code <input type="text"/>			
7 If replacement or New Equipment please complete this section			
<input type="checkbox"/> New <input type="checkbox"/> Replacement			
If replacement please specify current items including manufacturer/supplier			
Item			
Manufacturer			
Asset Number			
8. Risk Assessment. Before completing this section please refer to Tables 3 & 4 of the Health Board's Risk Management Procedure, which will assist you with assessing the risk in an appropriate context. You should indicate how the proposal will help reduce strategic and operational risks identified as part of the risk assessment. The current score from the risk register should be included here as well as the anticipated revised score if this proposal is implemented.			
Strategic risk could include: - Financial viability - Legal - Political viability			
Operational risk could include: - Clinical safety issues - Infection control issues - Maintaining service delivery			
This risk is included on a Departmental/Directorate or Corporate Risk Register <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="text" value="insert DATIX Risk Reference"/>			

Current Risk Rating (5x5 Martix) as shown in risk register

Likelihood x Consequence = Risk

Domain used:

Justification of Current Risk Rating:

Insert text here

NOTE:

1. The assumption is that by supporting this bid the risk score would be mitigated. If this is NOT the case, please specify why and what the consequences are likely to be
2. If this item is not included on the risk register, this may impact the funding decision to progress this bid

9.a Are there any IT implications with the proposal?

Yes

No

To be confirmed by the Digital team

--	--	--	--

Completed by

Date

9.b Are there any Clinical Engineering implications with the proposal?

Yes

No

To be confirmed by the Clinical Engineering Team

--	--	--	--

Completed by

Date

9.c Are there HSDU implications with the proposal?

Yes

No

To be completed by local HSDU manager

--	--	--	--

Completed by

Date

10. Reasons for Change You should include in this section the motivation for making the proposed change, in particular you should indicate whether they have an urgent clinical risk or whether they are a "spend to save" initiative. Please tick the relevant box to indicate if the proposal:

- Adheres to the Health Board's aims values and strategic vision
- Is aligned to the Health Board's strategic objectives
- Is consistent with agreed corporate themes for development
- Assist the HB in implementing recommendations from external policies or reports e.g. from WG, HIW etc
- Is identified in the Delivery/Operational Plans as a key area
- Will assist the Health Board in meeting specific targets e.g. NHS outcome targets

Please provide detail here.

--	--	--	--

11. Benefits/Impacts of Proposal

You should indicate the anticipated benefits and impacts of the proposed service development on patients and carers, other services both within the Health Board and externally. Particular emphasis should be placed on the way the proposal will benefit:

- service provision
- accessibility
- tackling inequalities in care
- tackling backlog
- quality of care
- clinical effectiveness
- clinical governance
- productivity
- efficiency
- clinical activity
- partnership working
- financial savings

Narrative required to demonstrate benefit realisation in financial or qualitative terms SMART Benefit and baseline info

12. Compliance Please tick the relevant boxes and provide evidence that the proposal meets the relevant requirements/standards including:

- Health and Safety
- Performance Plan
- Legislation e.g. Human Rights, Data
- Health and Safety
- National Service Frameworks and NICE Guidelines
- Standards for Healthcare Services in Wales
- Intergrated Medium Term Plan (IMTP)
- Welsh Risk Management Standards

Insert text here

13. Capital Costs

Insert/embed supporting documents here. Eg. Quote/Condemned note/DAF/Minor Works form

	Details	Amount (exc VAT)
Hard Costs: Include the costs of the proposal and, as a negative figure, the proceeds of any sales that will be made as a result of this proposal.		£ -
		£ -
		£ -
		£ -
		£ -
Installation Costs: Include associated expenditure directly attributable to "Hard Costs" but not directly part of the proposal (e.g. enabling works).		£ -
		£ -
		£ -
		£ -
		£ -
Development Costs: Include costs that will be incurred as a result of the proposal (e.g. copying of X-Ray film, changing computer file formats, temporary relocation of staff).		£ -
		£ -
		£ -
		£ -
		£ -
VAT		£ -
TOTAL CAPITAL This is the amount, including VAT, that is being requested for this proposal		£ -

14. Proposed Capital Funding Source

add details:

15. Revenue Costs - Submission will not be considered unless this section is completed.

	Details (state whether recurring or non-recurring)	Amount (inc VAT)
Personnel Costs: Include the costs of change of staffing, redundancies, advertising, recruitment and other personnel associated expenditure.		£ -
		£ -
		£ -
		£ -
Operating Costs: Include the costs of maintenance, decontamination, utilities, cleaning, consumables and other non-personnel revenue costs.		£ -
		£ -
		£ -
		£ -
Cost Savings: Include costs that will no longer be incurred as a result of the proposal. This includes staffing and other revenue expenditure.		£ -
		£ -
		£ -
		£ -
NET REVENUE This is the net revenue effect of the proposal		£ -

16. Proposed Revenue Funding Source add details:

--	--

17. Timescales including tendering if appropriate

Equipment Purchases Only

Anticipated Lead Time Anticipated Delivery date

Works Schemes

Start Date Completion Date

18. Alignment to the Health Board Integrated Medium Term Plan?

Where in the HB IMTP is this scheme/replacement referred too?

--

19. Submission Officer Details

Name	
Designation/Position	
Date	

Service Lead Manager

Name	
Designation/Position	
Date	

16. Timescales including tendering if appropriate

Start Date

Completion Date

17. Alternative Funding (non capital)

Alternative funding sources ie Charitable Funds, League of Friends etc have been explored to fund this bid. Is alternative funding available?

Yes

No

If partial funding from non capital sources is available please confirm amount and cost code

Amount

Cost Code

18. Medical Devices Group Approval (Equipment Bids/Service Development/Upgraded Equipment)

This bid requires the approval of the Medical Devices Group

Yes

No

This bid has been discussed and approved by the Medical Devices Group

Yes

No

Is this a Site/Health Board standard item?

Yes

No

19. Alignment to the Health Board Integrated Medium Term Plan?

Where in the HB IMTP is this scheme/replacement referred too?

20. Submission Officer Details

Name	
Designation/Position	
Date	

Service Lead Manager

Name	
Designation/Position	
Date	

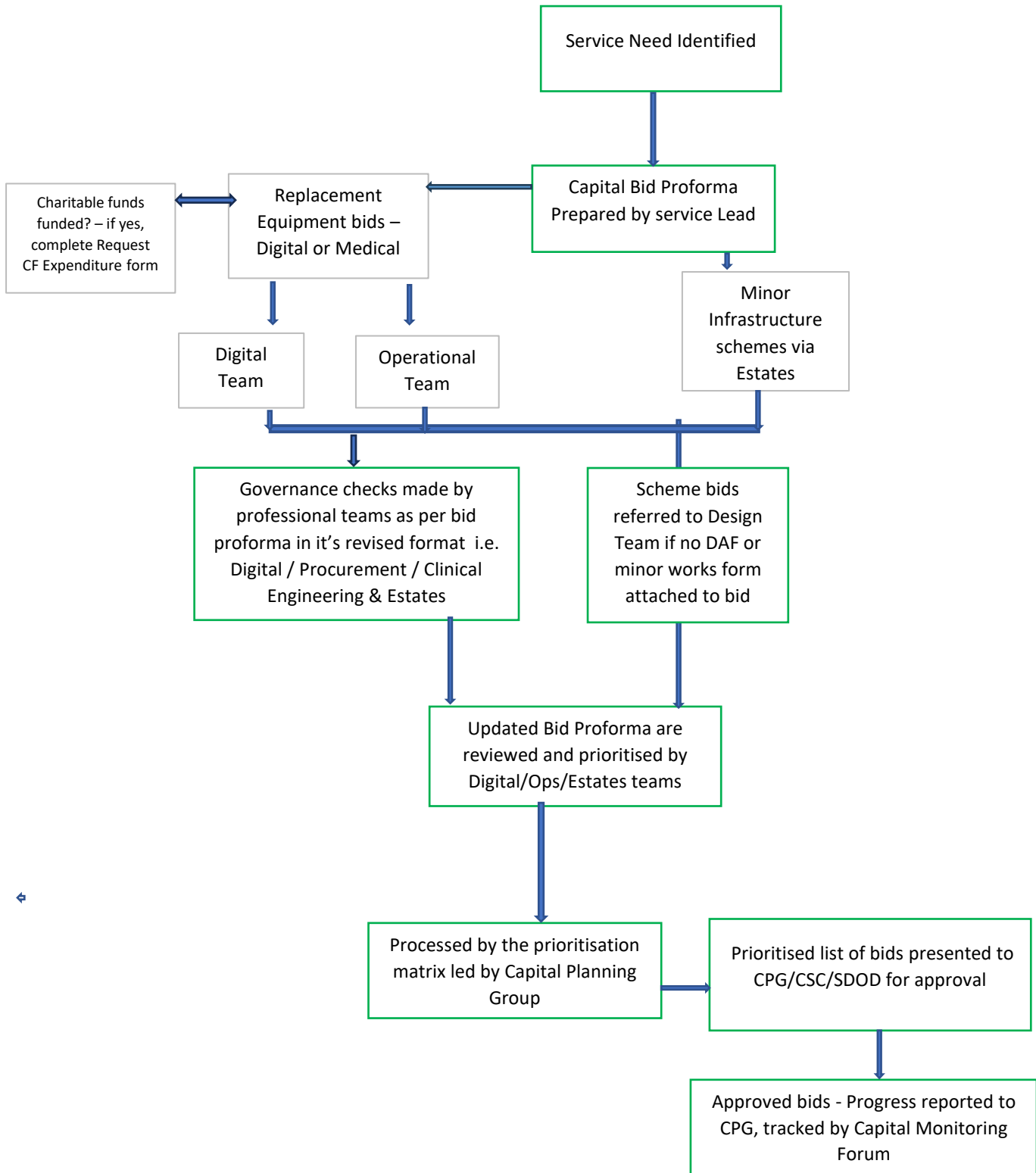
Link to form:



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Appendix B

CAPITAL BID PROCESS



Appendix C

PROGRAMME/PROJECT BUSINESS CASE SCOPING DOCUMENT

This document should be completed by the Project Manager and the Approving Authority prior to the commencement of the business case.

Organisation/ Department	Hywel Dda Health Board
Proposal Title	
Sponsor/ Senior Responsible Owner	

Date	Version	Revision History	Document Reviewer

The business case process is scalable and should be applied proportionately. The purpose of this document is to agree the nature, type and content of the business case required.

Nature of the proposed spend	
Anticipated Spend £	
Anticipated procurement route	

<p>Agreed type of Business Case</p> <p>Programme (SOP); SOC/OBC/FBC; Single (BJC)</p>	
---	--

The anticipated coverage of the Business Case should be agreed between the Project (Business Case Author) and Approving Authority (Business Case Reviewers) in order to calibrate the analysis required and expedite the business case review and approvals process.

<p>Strategic Case</p> <ul style="list-style-type: none"> - <i>Strategic context</i> - <i>Investment objectives</i> - <i>Case for change</i> 	<p><i>What is practical, prudent and necessary?</i></p>
<p>Economic Case</p> <ul style="list-style-type: none"> - <i>CSF's</i> - <i>Options & "do min"</i> - <i>Use of CBA & MCA</i> 	<p>Must include viable long list of Options.</p> <p>Shortlisted Options must include:</p> <ul style="list-style-type: none"> • Status Quo • Do Minimum • Do Maximum
<p>Economic Appraisals</p> <ul style="list-style-type: none"> - <i>Evidence base</i> - <i>Benefits quantification</i> - <i>Optimism Bias & risk £</i> 	
<p>Commercial Case</p> <ul style="list-style-type: none"> - <i>Procurement route</i> - <i>Potential Deal</i> - <i>Contract arrangements</i> 	

Financial Case - <i>Affordability envelope</i> - <i>Funding profile</i> - <i>Balance sheet</i>	Will need to include: <ul style="list-style-type: none"> • Costs • Depreciation & NPV • Revenue neutral? • Revenue savings?
Management Case - <i>MSP</i> - <i>Prince 2</i> - <i>Assurance & Approvals</i> - <i>Post Evaluation</i>	Will need to include: <ul style="list-style-type: none"> • Details of how project(s) will be delivered • Standard information on IDM etc • Evidence of Project Board Gateway 0 to be completed.
Completion of the IAAP	

Guidance, advice and support is available from the Better Business Case Team, Strategic Planning, Finance and Performance Directorate. Please indicate the nature of the support required:

Available Development	<i>Please provide names, numbers and anticipated timescale.</i>
Senior Management Briefing	<i>For SRO's, Board Directors and Programme/Project Groups</i>
Foundation Course (Awareness)	<i>For intelligent customers</i>
Practitioner 1 Course (Skills)	<i>For business case producers</i>

Practitioner 2 Course (Skills)	<i>For business case producers</i>
Reviewers Course (Skills)	<i>For business case reviewers</i>
Consultancy Support <ul style="list-style-type: none"> - Workshops - External Consultancy 	<i>See Guidance for recommended Workshops</i>

Completed by:

Programme/ Project Representative:

Approving Authority's Representative.....

Date:

Date agreed for next Review:..... (if required)

Notes for the completion of the Business Case Scoping Document:

1. Type of Business Case Required:

This will be dependent upon the nature, anticipated spend, procurement route and the quality of the analysis already undertaken.

- a. A Strategic Outline Programme Business Case (SOP) should be prepared in support of items of spend comprising of multiple schemes, both large and small.
- b. The iterative production of the Business Case (Strategic Outline Case (SOC), Outline Business Case (OBC) and Full or Final Business Case (FBC) should be considered for larger, complex schemes requiring an OJEU procurement.
- c. Consideration may be given to combining the SOC and OBC where the case for change has already been made robustly and agreed as part of the SOP.
- d. Consideration may be given to combining the OBC and FBC where the intended procurement route has been pre-competed and firm prices are available in support of the spend proposal.
- e. A Business Justification Case (BJC) may be considered for smaller items of spend, which are NOT novel or contentious; within the organisational limit set and agreed for the use of one-off business cases (BJC); and can be procured from an existing pre-competed arrangement.
- f. An over-arching Strategic Outline Programme Business Case (SOP) should be prepared in support of expenditure being approved through a series of BJC's.

2. Anticipated coverage of the Business Case

The Assurance Methodology Risk Profile Assessment (RPA) MUST be used to assess the “risks” associated with the scheme. The table below provides an overview of some of the key considerations:

High	<p align="center">High Risk</p> <p align="center">Small Scale</p> <p align="center">Well defined Programme</p> <p>Consideration of combined SOC/OBC or OBC/FBC (for pre-competed procurements)</p> <p align="center">Moderate CBA/MCA for Economic Appraisals, inc. optimism bias</p> <p align="center">All Gates 0, 1 to 5</p>	<p align="center">High Risk</p> <p align="center">Large Scale</p> <p align="center">Well defined Programme (SOP)</p> <p>Three stage project business case (SOC, OBC, FBC)</p> <p align="center">Full CBA/MCA for Economic Appraisals, inc. optimism bias</p> <p align="center">All Gates 0, 1 to 5</p>	
	Gate RPA	<p align="center">Low/Medium Risk</p> <p align="center">Small Scale</p> <p align="center">Defined Programme</p> <p>Consideration of BJC for pre-competed procurements</p> <p align="center">Light CBA/MCA for Economic Appraisals</p> <p align="center">Consideration of Gateway Health Checks</p>	<p align="center">Low/Medium Risk</p> <p align="center">Large Scale</p> <p align="center">Well defined Programme (SOP)</p> <p>Three stage project business case (SOC, OBC, FBC)</p> <p align="center">Full CBA/MCA for Economic Appraisals, inc. optimism bias</p> <p align="center">Consideration of Gateway Health Checks</p>
Low	Small	£ million	Large
	Scale (Whole life costs)		

Appendix D

Procurement process following bid approval

Following approval of the bid the Procurement Manager shall arrange for the equipment to be purchased from one of the following routes: -

➤ **Framework agreements** – The following are examples of Framework agreements that can be utilised by the NHS for equipment purchases: -

- Health Trust Europe Frameworks
- Crown Commercial Services Frameworks
- NHS Supply Chain Frameworks

This list is not exhaustive and other frameworks may be used for Capital purchases.

Where the equipment has a generic description and there are several suppliers on a particular framework i.e. supply of profile beds, then in accordance with Public Contract Regulations 2015 (PCR2015) a mini tender competition shall be performed whereby all capable suppliers on that particular framework must be invited.

➤ **Competitive Quotation exercise** – Where it is identified that the equipment cannot be procured via any framework agreement and it is identified that the equipment cost is between the values of £5k to £24,999, then in accordance with Hywel Dda's Standing Orders and SFI's a minimum of 3 written quotations shall be sought. The suppliers invited for quotation shall be agreed between the requesting Directorate, Procurement and Clinical Engineering. In the quotation exercise a generic description shall be detailed, weightings and scoring criteria shall be listed (please see below for additional details) and revenue information regarding maintenance, warranty period and consumables required shall be sought.

➤ **Competitive tender exercise** - Where it is identified that the equipment cannot be procured via any framework agreement and it is identified that the equipment cost is between the values of £25k to the current Public Procurement Threshold, then in accordance with Hywel Dda's Standing Orders and SFI's the contract notice shall be advertised on the Sell2Wales website and linked to the Bravo e-tender Wales system where the tender shall be loaded as open tender. There shall be a list of qualifying questions for prospective tenderers to qualify to the tender stage. In the tender exercise a generic description shall be detailed, a weighting and scoring criteria shall be listed (please see below for additional details) and revenue information regarding maintenance, warranty period and consumables required shall be sought. The award should be the Most Economically Advantageous Tender (MEAT). The weighting and scoring criteria should also contain Sustainability and Social Value elements.

➤ **Competitive tender exercise/ FTS process** - Where it is identified that the equipment cannot be procured via any framework agreement and it is identified that the equipment cost is greater than £139,668 inc of VAT* then the equipment must be tendered via PCR2015 ,an example of the process and timetable is as follows: -

Date of Invitation to Tender (35 days)	15th June 2024
Closing Date of Tender	18 th July 2024
Summary of tenders/Evaluations and approval by Health Board	18 th of July to 18 th of Aug 2024
Supplier Interviews (if required)	18 th to 31 st of Aug Aug 2024
Issue of 10 day Alcatel Standstill Notice (Pre Award)	1 st of Sept 2024 to 10 th of Sept 2024
Tender award following the required 10 day Alcatel standstill notice	11 th of Sept 2024

➤ **Weighting & Scoring criteria** – The directive given by PCR2015 is that any tender issued via the FST process must have a weighting & scoring criterion identified either on placing the initial advert or must be included within the tender documentation. It is best Procurement practice to also use a weighting & scoring criterion for any competitive quotations or tenders issued.

Public Contracts Regulations 2015 states “A contracting authority shall use criteria linked to the subject matter of the contract to determine that an offer is the most economically advantageous including quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost effectiveness, after sales service, technical assistance, delivery date, delivery period and period of completion. Where a contracting authority intends to award a public contract based on the offer which is the most economically advantageous it shall state the weighting which it gives to each of the criteria chosen in the contract notice.”

*[The Public Contracts Regulations 2015 \(legislation.gov.uk\)](http://legislation.gov.uk)

*Public Procurement Threshold at January 2024

An example of the scoring system is as follows: - [Scoring System](#)

Quality/Technical, Social Value and Sustainability Evaluation – 70%

Each response to each question will be scored on a scale of 0 to 10 points, in accordance with the following scheme:

RESPONSE	SCORE	EVIDENCE
Excellent	10	Exceeds the requirement. Exceptional demonstration by the Tenderer of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the supplies/services. Response identifies factors that will offer potential added value with evidence to support the response.
Good	7	Satisfies the requirement with minor additional benefits. Above average demonstration by the Tenderer of the relevant ability, understanding, experience, skills, resource & quality measures required to provide the supplies/services. Response identifies factors that will offer potential added value, with evidence to support the response.
Satisfactory	5	Satisfies the requirement. Demonstration by the Tenderer of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the supplies/services, with evidence to support the response.
Below Satisfactory	3	Satisfies the requirement with minor reservations. Some minor reservations of the Tenderer's relevant ability, understanding, experience, skills, resources & quality measures required to provide the supplies/services, with little or no evidence to support the response.
Serious Reservations	1	Considerable reservations of the Tenderer's relevant ability, understanding, experience, skills, resource & quality measures required to provide the supplies / services, with little or no evidence to support the response.
Poor	0	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the Tenderer has the ability, understanding, experience, skills, resource and quality measures required to provide the supplies/services, with little or no evidence to support the response.

Commercial Arrangements – 30%

Submitted costs will be scored on a pro-rata basis with the lowest total cost for the project receiving full marks of 100 points x weighting 30% = 30. All other tenders will be allocated scores on a pro-rata basis against the lowest cost tender.

➤ **Single Tender Action (STA)** - Single tender action shall only be permitted when a single firm or contractor or a proprietary item or service of a special character is required and as set out in law. Single tender action shall only be employed following a formal submission and with the express written authority of the Chief Executive, the Director of Finance or designated deputy having taken into consideration due regard of procurement requirements. All single tender actions must be reported to the Audit & Risk Assurance Committee. Further information is included in Financial Procedure 699 – Single Tender Action Procedure.

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* [Corporate Governance - 699 - Single Tender Action Financial Procedure.pdf - All Documents \(sharepoint.com\)](#)



Appendix A - 076 -
Discretionary capital t

Custody of Safe Keys Procedure

Procedure number: 087

Classification: Corporate

Supersedes: V2

Version number: V3

Date of Equality Impact Assessment:
14/06/2024

1. Approval information

Approved by: Sustainable Resources Committee

Date of approval: *Enter approval date*

Date made active: *Enter date made active (completion by policy team)*

Review date: Enter review date (normally three years from approval date)

Summary of document:

This procedure details the responsibility of all Hywel Dda University Health Board personnel who are in custody of safe keys.

Scope:

This document is intended to give an overview of the procedure that is to be followed at all times in relation to the custody of safe keys within Hywel Dda University Health Board premises.

To be read in conjunction with:

[Standing Orders and Standing Financial Instructions](#) 'opens in new tab'

[Counter Fraud, Bribery and Corruption Policy](#) 'opens in new tab'

Patient information: N/A

Owning group: Sustainable Resources Committee (SRC)

Executive Director job title: Director of Finance

Version Control		
Version no:	Summary of Amendments:	Date Approved:
1	New Procedure	1-10-2009
2	Revised Procedure	23-3-2021
3	Revised Procedure	

Keywords	Financial Procedures, Safe keys,
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DRAFT

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DRAFT

1. INTRODUCTION

This procedure details the responsibility of all Hywel Dda University Health Board personnel who are in custody of safe keys.

2. AIM

This procedure is to be followed at all times in relation to the custody of safe keys within Hywel Dda University Health Board premises.

3. SCOPE

This procedure is Hywel Dda University Health Board wide.

4. OBJECTIVES

To ensure financial probity and clarity of accountability in the organisation.

5. CUSTODY OF SAFE KEYS

Every safe containing cash or valuables shall always be designated to the responsibility of one officer who shall hold the main key to that safe. Custody of the key shall pass from one officer to another by placing the key in the secured locked box fitted on the wall. The code to the secured locked box should be kept by the designated officers only. At handover, the two officers concerned shall list cash and valuables contained in the safe in the said book and their signature shall signify their verification of the list of contents.

All duplicate safe keys are held by the Finance Team (based in Ty Gorwel, St David's Park, Carmarthen) and released only against the signature of an authorised signatory. The authorised signatory shall provide a signed and dated authority, which identifies the individual collecting the key, Appendix 1. Appendix 1 is to be sent for the attention of the Finance Business Partner, Statutory and Reporting at the above address. Spot checks will be carried out periodically in relation to auditing of this form.

A duplicate safe key shall be obtained only when it is not practicable for the main key to be made available.

The officer given custody of the duplicate key shall, together with another officer, immediately list in the above-mentioned book, the cash and valuables contained in the safe. Both officers shall sign the said list and the fact that the duplicate key has been obtained shall be recorded in the book.

6. LOSS OR THEFT OR SAFE KEYS

If a safe key is lost, stolen or mislaid, the officer having custody of that key shall immediately report that loss to the Finance Director, or another officer acting on their behalf, who shall IMMEDIATELY take action to safeguard the contents of the safe against possible theft.

The duplicate safe key shall be returned to the Finance Team (for the attention of the Finance Business Partner, Statutory and Reporting) at the above address against the signature of holder) at the earliest opportunity.

Any loss must be reported in accordance with Financial Procedure FP 05/01 - Losses & Special Payments and the matter should be dealt with under guidance set out in that

Policy and relevant Datix submitted. Where theft is suspected then the Health Board's Security Officer must be informed (via Datix).

All staff are required to comply with the Health Board's policies and procedures and apply best practice in order to prevent fraud, bribery and corruption. Staff should be made aware of their own responsibilities in protecting the Health Board from these crimes.

All staff have a duty to notify the Local Counter Fraud Department of any suspected fraud or inappropriate actions and are protected by the All Wales Raising Concerns (Whistleblowing) Policy. Anyone who suspects fraud or has any concerns reference Fraud Bribery and Corruption then they can make a referral by contacting the Local Counter Fraud Department by telephone on 01267 266268, by emailing HDUHB.CounterFraudTeam.HDD@wales.nhs.uk or by making an online referral at <https://reportfraud.cfa.nhs.uk>. An anonymous referral can also be made by telephoning Crimestoppers on 0800 028 40 60.

Those found not to be complying with this procedure or are suspected of illegal activity may be referred to the Local Counter Fraud Department and risk disciplinary action.

APPENDIX 1 – AUTHORISATION FOR RELEASE OF SAFE KEY

AUTHORISATION FOR RELEASE OF SAFE KEY

We hereby authorise the release of Safe Key Noto

Name.....

Designation.....

Date.....

Authorised by.....

DRAFT