



## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	29 June 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Financial Procedures
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Huw Thomas, Director of Finance

**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

A proposal for review was presented to the Finance Committee in February 2021.

#### Cefndir / Background

The following procedure has been reviewed and are presented to the Finance Committee for approval:

- 08-01 Capital Investment Procedure

Finance committee is asked to note that the Procedure 11-02 Control of Mail, having been reviewed, is no longer relevant and has been removed as a separate financial procedure.

#### Asesiad / Assessment

##### **Capital Investment Procedure**

The procedure for Capital Investment is intended to give an overview of how HDdUHB bids, receives, prioritises and utilises capital resources. It has been updated to reflect the revised Standard Financial Instructions (SFIs).

This is an interim update, as a further review will be undertaken to reflect the recommendations which have been made as part of the *Ward 10* Internal Audit report.

Furthermore, the governance structures associated with Capital Management are in the process of being reviewed and this procedure will be updated to reflect those once they have been approved.

This procedure is covered by a specific Financial Procedures Equality Impact Assessment (EqIA) with no negative impact.

### Argymhelliad / Recommendation

The Finance Committee is asked to approve the procedure.

### **Amcanion: (rhaid cwblhau)**

#### **Objectives: (must be completed)**

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.7 Review and approve financial procedure on behalf of the Health Board.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives:	Improve efficiency and quality of services through collaboration with people, communities and partners

### **Gwybodaeth Ychwanegol:**

#### **Further Information:**

Ar sail tystiolaeth: Evidence Base:	Previous procedures, internal audit report recommendations, standing financial instructions
Rhestr Termiau: Glossary of Terms:	Explanation of terms is included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	HDdUHB Finance Team HDdUHB Charitable Funds Committee NHS Wales Shared Services Partnership (NWSSP)

### **Effaith: (rhaid cwblhau)**

#### **Impact: (must be completed)**

<b>Ariannol / Gwerth am Arian:</b> <b>Financial / Service:</b>	Financial implications are inherent within the report
<b>Ansawdd / Gofal Claf:</b> <b>Quality / Patient Care:</b>	Not applicable

<b>Gweithlu: Workforce:</b>	Not Applicable
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	Not Applicable
<b>Enw Da: Reputational:</b>	Financial procedures are required to ensure good governance and sound financial control
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	<p>EqlA 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 EqlAs have been undertaken and are published alongside the relevant document.</p>



## Capital Investment Procedure

Procedure Number:	076	Supersedes:		Classification	Corporate
LOCCSIP Reference:		NATSSIP standard:			
Version No:	Date of EqIA:	Approved by:		Date Approved:	Date made active:
1					

Brief 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 Standing Financial Instructions Other Financial Procedures
---------------------------------	--

Patient information:	
----------------------	--

Owning committee/group	PPPAC
------------------------	-------

Reviews and updates		
Version no:	Summary of Amendments:	Date Approved:
1	New Procedure	1/10/2009
2	Periodic review	14/1/2015

## HYWEL DDA UNIVERSITY HEALTH BOARD

3	Periodic review	22/2/2018
4	Periodic review – Updated for SFI's	June 2021

### Glossary of terms

Term	Definition
PPPAC	People, Planning and Performance Assurance Committee
CEIMTSC	Capital, Estates, Information Management & Technology Sub-committee
CPG	Capital Planning Group
CMF	Capital Monitoring Forum
AWCP	All Wales Capital Programme
DCP	Discretionary Capital Programme
CRL	Capital Resource Limit

Keywords	Capital
----------	---------

# HYWEL DDA UNIVERSITY HEALTH BOARD

## CONTENTS

1. INTRODUCTION.....	4
2. AIM OF PROCEDURE.....	4
3. OBJECTIVES.....	4
4. SCOPE.....	4
5. WHAT IS “CAPITAL”?.....	4
6. THE CAPITAL PLANNING PROCESS .....	6
7. MAKING BIDS AGAINST THE CAPITAL PROGRAMME .....	10
8. PROCEDURE FOR CAPITAL PURCHASES.....	12
9. MONITORING THE CAPITAL PROGRAMME .....	15
10. THE FIXED ASSET REGISTER .....	16
11. PROJECT BANK ACCOUNTS.....	18
12. ACCOUNTING FOR FIXED ASSETS .....	19
13. PRIMARY CARE REQUIREMENTS.....	19
14. REVENUE GRANTS AND ALLOCATIONS USED FOR CAPITAL PURCHASES	19
APPENDIX A.....	20
APPENDIX B.....	25
APPENDIX C .....	28
APPENDIX D.....	32

# HYWEL DDA UNIVERSITY HEALTH BOARD

## 1. INTRODUCTION

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, Estates, Information Management and Technology Sub-Committee (CEIMTSC), 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.

## 2. AIM OF PROCEDURE

The aim of this procedure is to provide an overview of how Hywel Dda UHB bids, receives, prioritises and utilises capital resource.

## 3. OBJECTIVES

This procedure will outline:

- 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

## 4. SCOPE

This procedure is Hywel Dda UHB wide.

## 5. 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) a discrete asset

## HYWEL DDA UNIVERSITY HEALTH BOARD

- (b) 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.
- (c) 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.
- (d) 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:

- (a) Acquisition costs of land and premises (e.g. legal fees) and lump sum payment for related rights (including capital rent).
- (b) 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."

- (c) 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.

### **Where does Capital come from?**

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

- (a) Discretionary Allocation or
- (b) All Wales Capital Programme funding

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

- (a) Endowment or Charitable Funds



## HYWEL DDA UNIVERSITY HEALTH BOARD

- (b) Donated Monies i.e. WRVS or League of Friends
- (c) Grants from other organisations e.g. Local Authorities

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

### 6. THE CAPITAL PLANNING PROCESS

- a. Why have formal structures for Capital Investment?

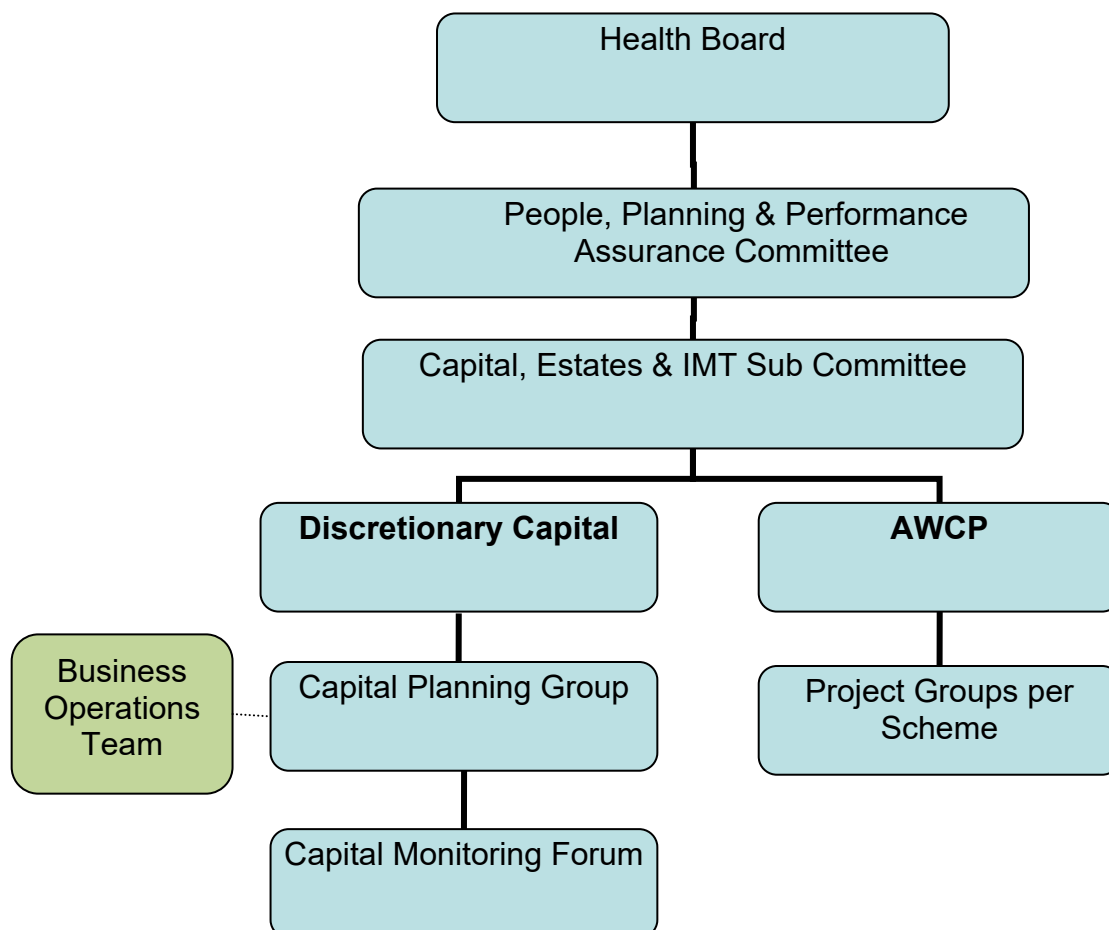
The Health Board currently receives around £7m of discretionary capital each year from WG which has to be prioritised for use. This allocation is the only money routinely available to replace or upgrade its existing equipment, IT and estate and to fund planned developments and investments in new facilities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

# HYWEL DDA UNIVERSITY HEALTH BOARD



The Board will be responsible for approving the annual Capital Plan and the three year programme. The Capital programme will set out a revenue funding plan to support any revenue costs associated with the programme.

PPPAC will recommend for approval the annual capital plan and the three year programme.

The Capital, Estates & IMT Sub Committee is the forum which will align the Health Board's AWCP priorities with the Health Board Integrated Medium Term Plan (IMTP)/longer term plan. It will also scrutinise the Discretionary Capital Programme which is managed and allocated via the CPG.

The CPG membership 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 particular 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 CEIMTSC and PPPAC and formally approved at the Board.

Monthly reporting of the spend against the capital programme will be made to the Finance Committee and any risks to achieving the CRL will be highlighted in that report.

b. What is Capital, Estates & IM&T Sub Committee (CEIMTSC)?

# HYWEL DDA UNIVERSITY HEALTH BOARD

CEIMTSC is led by the Executive Director of Strategic Development & Operational Planning. The Sub-committee will ensure that capital priorities for AWCP are in line with the Health Board's IMTP. The Sub-Committee will receive reports from Project Directors on the progress of AWCP schemes, and Discretionary Programme, it will consider scheme post project evaluations. CEIMTSC will report into PPPAC.

c. What is the Capital Planning Group?

The CPG is a group which meets regularly (usually bimonthly) and is responsible to CEIMTSC for the effective and efficient use of the discretionary capital monies available to the organisation as dictated by the CRL. The Group considers the bids for discretionary capital funding and develops the draft Discretionary Capital Programme for the Board to approve.

The Capital Planning Group is responsible to CEIMTSC and PPPAC for the recommendation of priorities for the discretionary capital programme. The Business Operations Team informs the CPG of its 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 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 CEIMTSC with details of authorised projects, their progress, any issues and details of slippage.

d. 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
- ❖ Pathology & Radiology Equipment Replacement
- ❖ Statutory Backlog Investment Programme
- ❖ Estate Infrastructure Backlog Investment Programme
- ❖ Strategic Estate Development Programme
- ❖ Strategic Development of Business Case
- ❖ IM&T 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.

e. The Capital Planning Cycle

## HYWEL DDA UNIVERSITY HEALTH BOARD

At the start of the 4<sup>th</sup> quarter of the financial year Business Operations Team informs the Capital Planning Group of the strategic priorities for the forthcoming financial year. An information pack will be sent out to the members of the Capital Planning Group by the Assistant Director of Strategic Planning and Development, which would include: -

- Pre-commitments to the Capital Programme
- Proposed priority areas for Refurbishment
- Health Board issues for capital funding
- EBME key risk items
- Statutory Backlog investment priorities
- Estate Infrastructure Backlog investment priorities
- Proposed Business Cases for development investment

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

Occasionally there are opportunities to bid for additional capital allocations in year when WG identify slippage or monies available for specific developments. The bids for these monies are also co-ordinated via the CPG/CEIMTSC.

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 CEIMTSC .

The Business Operations Team will provide further updates and advice on strategic priorities to the Capital Planning Group as necessary through the year.

### f Capital Procedures and responsibilities

The Chief Executive:

- Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- Shall ensure that any capital investment above the Welsh Ministers' delegated limit is not undertaken without approval of the Welsh Ministers and that confirmation of capital resources has been received;
- Shall ensure that the three year Capital Plan, and detailed annual Capital Programme, is approved by the Board, as part of the IMTP, prior to the commencement of the financial year;

## HYWEL DDA UNIVERSITY HEALTH BOARD

- Shall ensure the availability of resources to finance all revenue consequences of the investment, including capital charges; and
- Shall ensure that any 3rd party use of NHS estate is properly controlled, reimbursed and reported. This will include ensuring that appropriate security, insurance and indemnity arrangements are in place and that there is a written agreement as to each party's responsibilities and liabilities.

For every capital expenditure proposal, the Chief Executive shall ensure:

- That a business case is produced in line with Welsh Ministers' guidance and where appropriate the 5-case Model;
- That the Executive Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case and involved appropriate UHB personnel and external agencies in the process.

### 7. MAKING BIDS AGAINST THE CAPITAL PROGRAMME

#### a. Identify Requirement

Ideas for improvement come from an array of sources, but whatever the idea it should, in the first instance, be analysed from a Service point of view. A range of options should be considered and analysed with the best approach identified (records of the selection criteria and short-listing process should be maintained to demonstrate the worthiness of the selected option). If this requires investment of a capital nature, then they must consider:

What will be the benefits and costs both in financial (including VAT where it is not recoverable) and non-financial terms?

Can the required investment be justified? Although a new piece of equipment may be desirable, if it cannot be justified on the grounds of achieving corporate strategy then it should be rejected at this early stage.

If a proposal is deemed justifiable then the next stage is to consider the impact on other Services. Although a scheme may appear to achieve corporate aims and be efficient in isolation, the broader costs/aims may reverse this assessment and lead to rejection of the proposal.

Revenue implications must also be considered. Increases in revenue costs (such as staff, maintenance, fuel costs, consumables, insurances etc) are rarely funded, which means Service managers must identify ways of funding these increased costs within existing resources. The fact that revenue funding cannot be identified does not preclude a proposal from being submitted, as funding may be available from else-where, however the chances of success are diminished, especially where these costs are significant.

# HYWEL DDA UNIVERSITY HEALTH BOARD

The Service must consider other costs associated with the proposal such as those associated with temporary housing of personnel whilst the project is carried out, decanting of wards, the transfer of records in electronic format (all of which can be included in the capital costs). These can prove significant and are required for the proposal to be fully appraised, judged and decided upon. If these costs are identified at some later date it may necessitate the cancellation of the project and the loss of the funds expended to that date – plus any other funds that have been committed.

The Service Manager (and possibly the Clinical Lead/Director) will probably have been involved in the preparation of the proposal thus far, even if it is just to authorise expending resources in establishing the need and proposed solution. Whatever the case, the Service Lead and Clinical Lead/Director must agree that a formal proposal can be submitted to the Capital Planning Group and arrange for the appropriate pro-forma and associated information to be prepared.

Service Leads must consider the broader picture and appraise how the proposal in question will affect other activities that are envisaged in the forthcoming year, or timescale of the proposed project and to ensure that the correct approach is being put forward. They will have to consider the project management arrangements and what roles are to be filled by which personnel – and are these people properly trained and available for the roles intended? Compliance with standards and guidance (such as NICE, Data Protection Act) will also have to be considered. New equipment/procedures should be referred to the Medical Devices Governance and Assurance Group (MDGAG).

Ultimately it is the Service Leads and the Clinical Lead/Director that submit proposals to the Capital Planning Group. They must decide whether the proposal in question justifies inclusion in the list of projects to be considered and whether it has sufficient supporting documentation for a reasonable appraisal to be made and decided upon.

## **b. 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 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 operational team. All bids will be considered and prioritised at the Operational Service Group in advance of submission to the Capital Planning Group. Only validated bids (with costs confirmed via Procurement/IT/Design) will be considered for funding.

# HYWEL DDA UNIVERSITY HEALTH BOARD

The Capital Planning Group meets and discusses and assesses all the bids submitted in order to develop a draft Discretionary Capital Programme which will then be submitted to the CEIMTSC of the Board for approval. This programme once approved will be administered by the Capital Monitoring Forum.

Throughout the year Bids can be made to the Equipment Reserve and/or the Minor Works Contingency to address emergency replacement/urgent works required. These bids should be submitted on the standard pro-forma and have risk scores and supporting financial information attached as appropriate. These bids should be submitted to the Capital Monitoring Forum for consideration.

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

## c. Business Case Development

Capital service priorities/developments identified are approved by CEIMTSC, which require Business Cases to be developed to Strategic Outline Case (SOC) and Business Justification Case (BJC), will need to have the costs associated with the development of these Business Cases identified and considered by the Capital Planning Group. The schemes identified should align to the Health Board Integrated Medium Term 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 was 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 will be in line with the most recent WG Welsh Health Circular and the Better Business Cases Investment Decision Making Framework:

NHS Wales Infrastructure Investment Guidance (Welsh Health Circular WHC (2018) 043)

<https://gov.wales/nhs-wales-infrastructure-investment-guidance>

Better business cases: investment decision-making framework

<https://gov.wales/better-business-cases-investment-decision-making-framework>

WG guidance on equipping for All Wales Capital Programme funded schemes is shown at **Appendix D**.

## 8. PROCEDURE FOR CAPITAL PURCHASES

All requests for Capital equipment purchases over the value of £5,000 are made via the Capital Planning Group. Purchases from Charitable Funds and League of Friends monies will follow this procedure also, to ensure that the Health Board's Standing orders are complied with.

### a. Indicative equipment costs

Prior to the submission of the Capital bid Pro-forma (see **Appendix B**, 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



## HYWEL DDA UNIVERSITY HEALTH BOARD

maintenance and consumables etc. Advice shall also be given as to how the equipment can be procured i.e. National Framework, Quotation/Tender or OJEU etc.

### b. 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

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 EU 2015 regulations 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 EBME. 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 £106,047 (the prevailing OJEU limit)\*, 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).

➤ **Competitive tender exercise/OJEU 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 £106,047\* then the equipment must be tendered via the Official Journal of the European Union (OJEU), an example of the OJEU process and timetable is as follows: -

Date of OJEU Advertisement (37 days)	15th June 21
Closing Date of OJEU Advertisement	21st July 21



## HYWEL DDA UNIVERSITY HEALTH BOARD

Closing Date for Pre-Qualification Questionnaires (usually 2 weeks) (If using the Restricted Procedure)	4th Aug 21
Tender Award Criteria to be confirmed	12th Aug 21
Supplier shortlist	12th Aug 21
Tender to be sent out	14th Aug 21
Tender return (40 days from the above)	23rd Sept 21
Summary of tenders/Evaluations	Oct 21
Supplier Interviews (if required)	Oct 21
Tender award following the required 10 day Alcatel notice	Oct/Nov 21

➤ **Weighting & Scoring criteria** – The directive given by EU Regulations is that any tender issued via the OJEU 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.”

**\*OJEU threshold January 2016 – Procurement confirmed still extant. These will be reviewed and updated as legislation is amended.**

➤ **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, or designated deputy having taken into consideration due regard of procurement requirements. A detailed record shall be maintained by the Chief Executive. 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.

### **(c) Requisitioning Capital funded Equipment**

The Senior Procurement Business Manager shall liaise with the Estates Capital Team and shall give permission for a requisition to be placed on the Oracle system for any item of equipment that is Capital funded, this process will also apply to equipment purchases from League of Friends monies. This process does not apply to IT related products or equipment, such requisitions shall be placed on the Oracle system by the IT Department.

## **c. Capital Financing with the Private Sector**

# HYWEL DDA UNIVERSITY HEALTH BOARD

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

## 9. MONITORING THE CAPITAL PROGRAMME

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

The delivery of the approved Capital Programme is managed by the Head of Facilities Information & Capital Management who is accountable to the Director of Estates, Facilities & Capital Management the monitoring of the programme is done jointly with the Senior Finance Business Partner – Planning and Major Projects.

The Capital Programme will contain only those schemes which have been approved by the Board through the Capital Planning Cycle (see section 2d 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 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.

### a. What is the Capital Monitoring Forum?

The key functions of the Capital Monitoring Forum are: -

- Monitor the implementation of the approved programme
- Advise the CPG/CEIMTSC 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

# HYWEL DDA UNIVERSITY HEALTH BOARD

information' to the CEIMTSC. Any major changes required to the programme due to significant changes in priorities are reported in papers to the CEIMTSC for approval and recommendation to PPPAC .

## 10. THE FIXED ASSET REGISTER

### a. 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 Strategic Development & Operational 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 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 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. I.e. EBME mark all assets passing through their acceptance and commissioning process.
- Each Directorate is only subject to depreciation charges for the assets employed therein.
- Accurate replacement dates can be forecast for all equipment - capital, non-capital, gifts etc.

### b. 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
- Lease agreements in respect of Finance leases

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

## c. Procedure for Disposal of Surplus and Obsolete Assets

This procedure applies to the disposal of all equipment and furniture whether it is to be replaced or not. This procedure excludes the disposal of ferrous and non-ferrous Metals which are dealt with in section e.

All equipment disposals must be addressed in the first instance to the Procurement Manager to ensure that the Health Board complies with the Consumer Protection Act and acts and is in accordance with the guidelines set out in the Disposal of Surplus and Obsolete Stocks and Equipment WHC(90)68, the Control of Pollution Act 1974 and all other relevant legislation.

In addition, both the Clinical Engineering and ICT / Information Governance departments must be contacted prior to disposal to arrange the removal of any Patient Identifiable Information (PII), even in instances where the department is unsure as to whether any PII is retained on the equipment. Clinical Engineering and ICT / Information Governance will then advise what action if any is required prior to disposal.

When an item is deemed obsolete or unfit for further use, the Finance Directorate should be informed.

Where appropriate the Procurement Manager should be informed to seek a disposal opportunity he will then where appropriate inform the Director of Estates, Facilities and Capital Management who will arrange for an inspection, if required, to confirm that disposal is appropriate and confirm to the Finance Directorate that disposal can occur.

In the case of electrical equipment, the item will be removed by the appropriate Estates Directorate representative and a disposal receipt sent to the Directorate.

Once disposal has been confirmed the Finance Directorate will enter the appropriate details into the asset register.

If the intended disposal is by sale the Finance Directorate will advise the Procurement Department detailing the residual value of the item to be sold.

Where an item has been replaced from the Capital Programme then the disposal must be undertaken in conjunction with the Director of Estates, Facilities and Capital Management.

## d. 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.

# HYWEL DDA UNIVERSITY HEALTH BOARD

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.

**e. Procedure for Reporting the Loss of an Asset**

Refer to Financial Procedure 05/01 - Losses & Special payments.

**f. 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.

**g. 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.

**h. 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 IT 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.

**i. 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.

## 11. 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.

## 12. 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.

## 13. PRIMARY CARE REQUIREMENTS

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

## 14. 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 Hywel Dda UHB Finance Director 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.

# HYWEL DDA UNIVERSITY HEALTH BOARD

## APPENDIX A

### Hywel Dda Health Board DISCRETIONARY CAPITAL BID PROFORMA



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Hywel Dda  
University Health Board

Version 6 Nov 2017		Priority No
<i>Individual bids must be prioritised to match items listed on your Directorate risk register. Please state what priority this bid is.</i>		
1. Title of Proposed Service Development		
2. Lead Directorate Sponsoring the Proposal		
3. Site		
4. Other Services/Departments Affected		
5. Brief Description of Proposal/Service Change		
6. If replacement or New Equipment please complete this section		
<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement		
Please specify current items to be replaced including manufacturer/supplier		
7. What are the IT implications of the proposal?		

**8. 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.

## 9. 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             | ● quality of care        | ● efficiency          |
| ● accessibility                 | ● clinical effectiveness | ● clinical activity   |
| ● tackling inequalities in care | ● clinical governance    | ● partnership working |
| ● tackling backlog              | ● productivity           | ● financial savings   |

*Narrative required to demonstrate benefit realisation in financial or qualitative terms*



# HYWEL DDA UNIVERSITY HEALTH BOARD

**10. 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

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

Likelihood	X	Consequence	=	Risk
				#VALUE!

Domain used:

**Justification of Current Risk Rating:**

**This risk is included on a Departmental/Directorate or Corporate Risk Register?**

☐ Yes

☐ No

Ref if yes

**NOTE:** 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

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

☐ Health and Safety

☐ National Service Frameworks and NICE Guidelines

☐ Performance Plan

☐ Standards for Healthcare Services in Wales

☐ Legislation e.g. Human Rights, Data

☐ Intergrated Medium Term Plan (IMTP)

☐ Health and Safety

☐ Welsh Risk Management Standards

Insert text here

## HYWEL DDA UNIVERSITY HEALTH BOARD

<b>12. Capital Costs</b>		
	Details	Amount (exc VAT)
<b>Hard Costs:</b> 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.		£ -
		£ -
		£ -
		£ -
		£ -
		£ -
<b>Installation Costs:</b> Include associated expenditure directly attributable to "Hard Costs" but not directly part of the proposal (e.g. enabling works).		£ -
		£ -
		£ -
		£ -
		£ -
		£ -
<b>Development Costs:</b> 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		£ -
VAT adjustment		£ -
<b>TOTAL CAPITAL</b> This is the amount, including VAT, that is being requested for this proposal		£ -
<b>13. Proposed Capital Funding Source</b>		
<b>14. Revenue Costs - Submission will not be considered unless this section is completed.</b>		
	Details (state whether recurring or non-recurring)	Amount (inc VAT)
<b>Personnel Costs:</b> Include the costs of change of staffing, redundancies, advertising, recruitment and other personnel associated expenditure.		£ -
		£ -
		£ -
		£ -
		£ -
		£ -
<b>Operating Costs:</b> Include the costs of maintenance, utilities, cleaning, consumables and other non-personnel revenue costs.		£ -
		£ -
		£ -
		£ -
		£ -
		£ -
<b>Cost Savings:</b> Include costs that will no longer be incurred as a result of the proposal. This includes staffing and other revenue expenditure.		£ -
		£ -
		£ -
		£ -
		£ -
		£ -
<b>NET REVENUE</b> This is the net revenue effect of the proposal		£ -
<b>15. Proposed Revenue Funding Source</b>		

# HYWEL DDA UNIVERSITY HEALTH BOARD

## 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?*

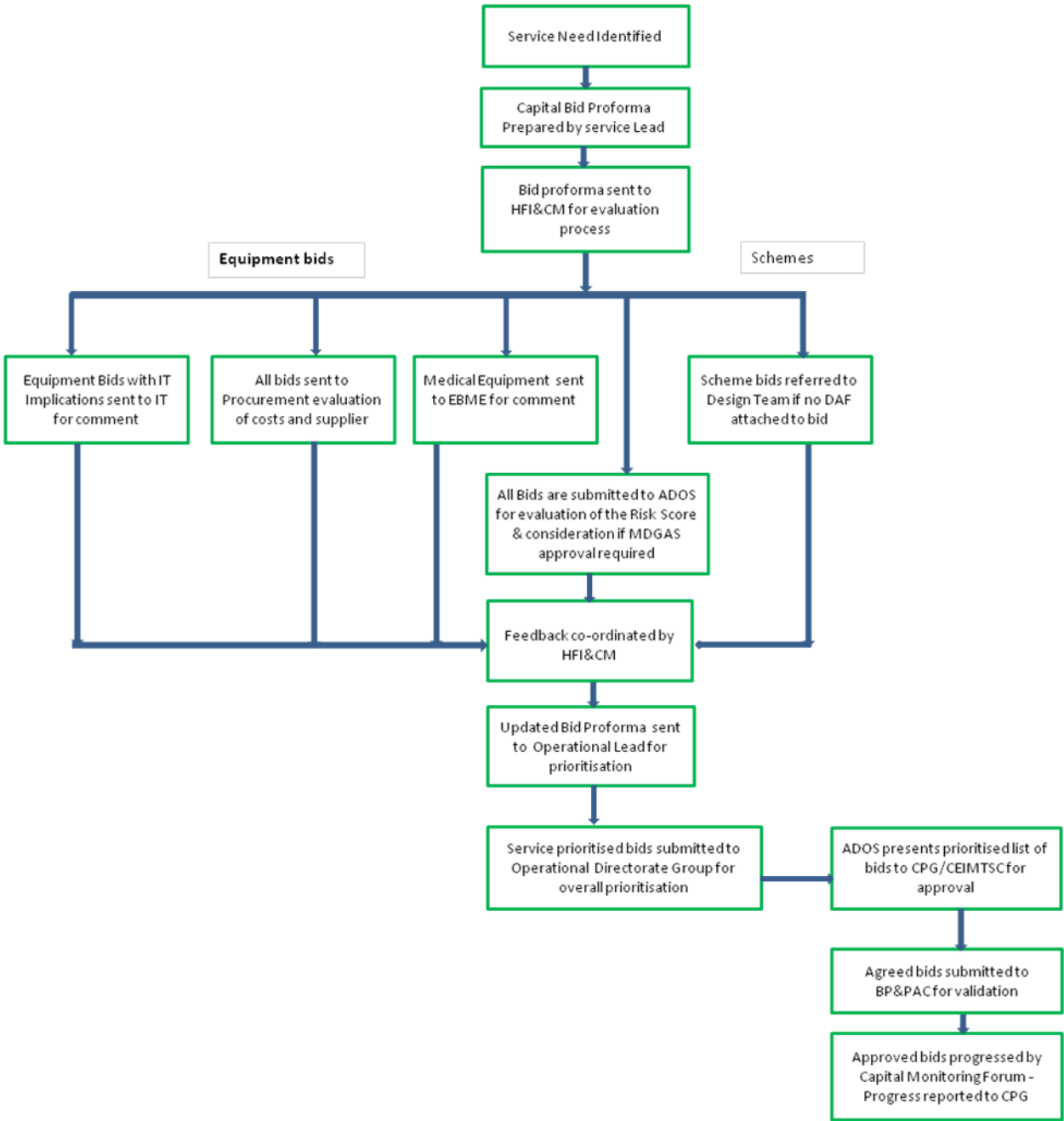
## 20. Submission Officer Details

Name	
Designation/Position	
Date	

### Service Lead Manager

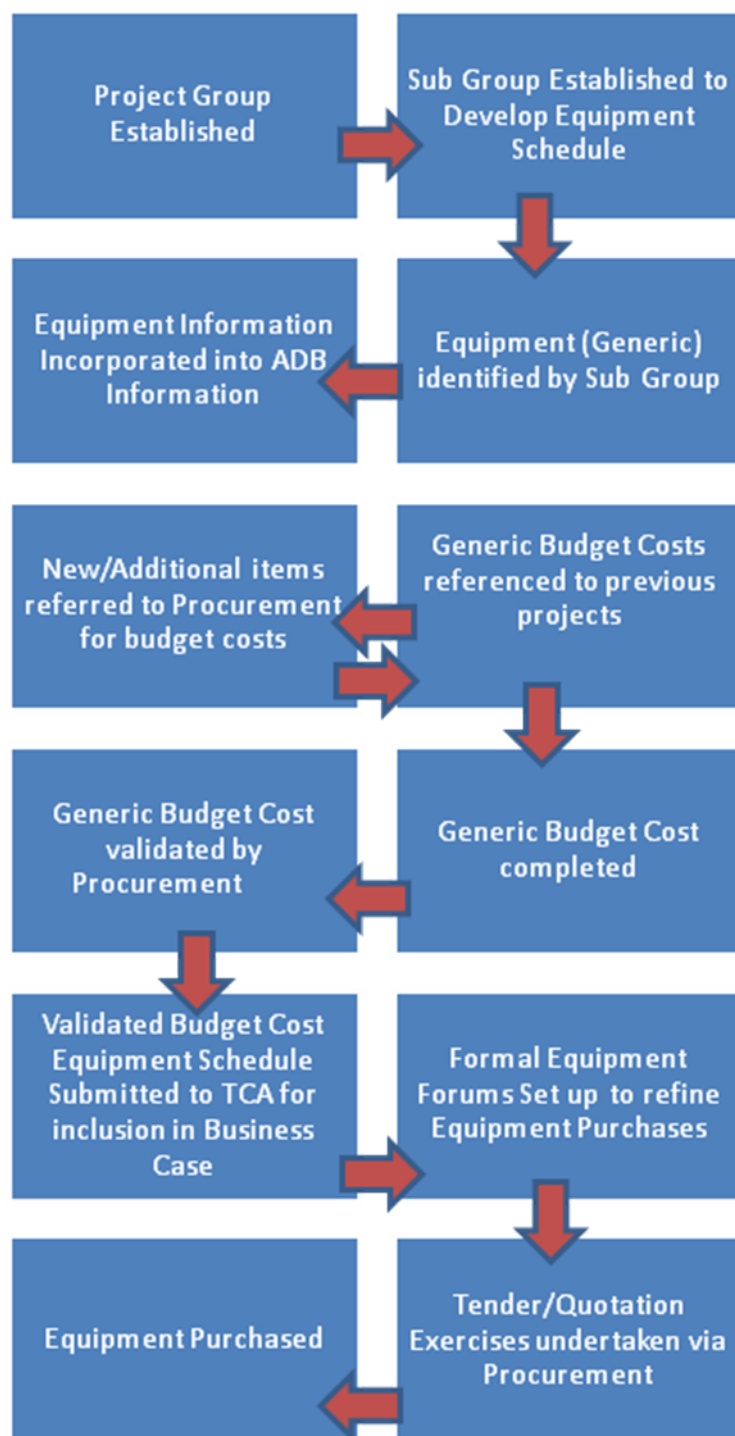
Name	
Designation/Position	
Date	

**APPENDIX B**  
Capital bid process



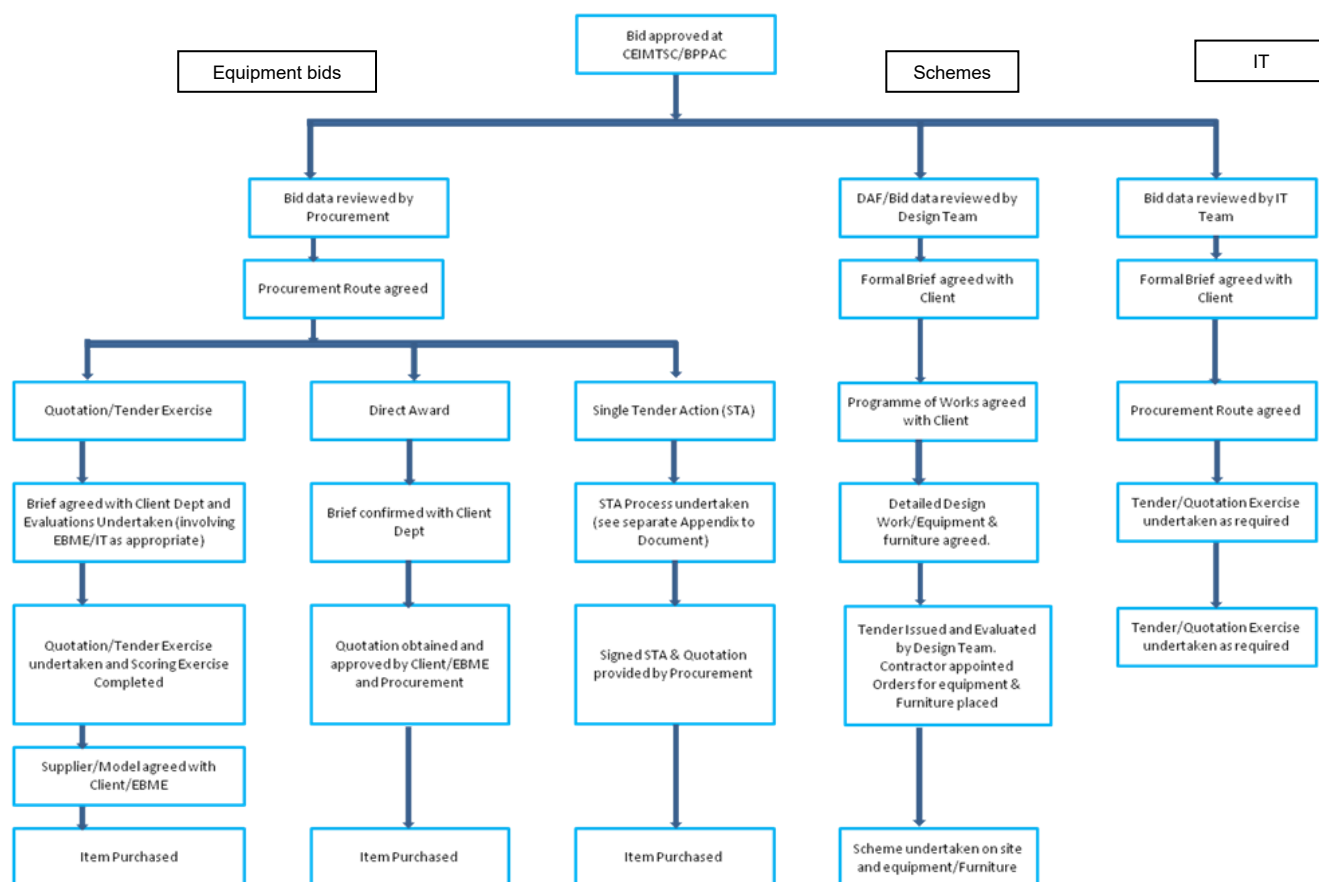
# HYWEL DDA UNIVERSITY HEALTH BOARD

## Equipment procurement process (equipment purchased as part of schemes/projects)



# HYWEL DDA UNIVERSITY HEALTH BOARD

## Post approval flow chart for bid process



# HYWEL DDA UNIVERSITY HEALTH BOARD

## 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.

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

<b>Date</b>	<b>Version</b>	<b>Revision History</b>	<b>Document Reviewer</b>

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.

<b>Nature of the proposed spend</b>	
<b>Anticipated Spend £</b>	
<b>Anticipated procurement route</b>	
<b>Agreed type of Business Case Programme (SOP); SOC/OBC/FBC; Single (BJC)</b>	

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.

<b>Strategic Case</b> <ul style="list-style-type: none"><li>- <i>Strategic context</i></li><li>- <i>Investment objectives</i></li><li>- <i>Case for change</i></li></ul>	<b><i>What is practical, prudent and necessary?</i></b>
--	---

## HYWEL DDA UNIVERSITY HEALTH BOARD

<b>Economic Case</b> <ul style="list-style-type: none"> <li>- CSF's</li> <li>- Options &amp; "do min"</li> <li>- Use of CBA &amp; MCA</li> </ul>	<p>Must include viable long list of Options.</p> <p>Shortlisted Options must include:</p> <ul style="list-style-type: none"> <li>• Status Quo</li> <li>• Do Minimum</li> <li>• Do Maximum</li> </ul>
<b>Economic Appraisals</b> <ul style="list-style-type: none"> <li>- Evidence base</li> <li>- Benefits quantification</li> <li>- Optimism Bias &amp; risk £</li> </ul>	
<b>Commercial Case</b> <ul style="list-style-type: none"> <li>- Procurement route</li> <li>- Potential Deal</li> <li>- Contract arrangements</li> </ul>	
<b>Financial Case</b> <ul style="list-style-type: none"> <li>- Affordability envelope</li> <li>- Funding profile</li> <li>- Balance sheet</li> </ul>	<p>Will need to include:</p> <ul style="list-style-type: none"> <li>• Costs</li> <li>• Depreciation &amp; NPV</li> <li>• Revenue neutral?</li> <li>• Revenue savings?</li> </ul>
<b>Management Case</b> <ul style="list-style-type: none"> <li>- MSP</li> <li>- Prince 2</li> <li>- Assurance &amp; Approvals</li> <li>- Post Evaluation</li> </ul>	<p>Will need to include:</p> <ul style="list-style-type: none"> <li>• Details of how project(s) will be delivered</li> <li>• Standard information on IDM etc</li> <li>• Evidence of Project Board</li> </ul> <p>Gateway 0 to be completed.</p>
<b>Completion of the IAAP</b>	

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:

<b>Available Development</b>	<i>Please provide names, numbers and anticipated timescale.</i>
<b>Senior Management Briefing</b>	<i>For SRO's, Board Directors and Programme/Project Groups</i>
<b>Foundation Course</b>	<i>For intelligent customers</i>



## HYWEL DDA UNIVERSITY HEALTH BOARD

<b>(Awareness)</b>	
<b>Practitioner 1 Course (Skills)</b>	<i>For business case producers</i>
<b>Practitioner 2 Course (Skills)</b>	<i>For business case producers</i>
<b>Reviewers Course (Skills)</b>	<i>For business case reviewers</i>
<b>Consultancy Support</b> - <b>Workshops</b> - <b>External Consultancy</b>	<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.

## HYWEL DDA UNIVERSITY HEALTH BOARD

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

## APPENDIX D

### GUIDANCE FOR THE EQUIPPING OF WG AWCP FUNDED SCHEMES

#### Principles of Funding Sources for Equipment Schedules for Projects (May 2017)

The NHS Capital Programme Guidance issued by WG in March 2013 includes as part of Section 13 Funding the following statement:

#### Funding Equipment

Equipment will only be supported as part of projects if it provides new services, provides a different model of care or provides additional physical capacity.

This is more clearly expressed in WHC (2007)052 Section 5.1 Equipment

Due to pressure on the Capital Programme Budget, from now on, the scrutiny process will seek to limit the amount of capital allocated to the equipment consequences of capital schemes.

In summary, equipment will only be supported for development which: -

- Provide new services, e.g. a new community hospital
- Provide different models of care, e.g. community based mental services
- Provide additional physical capacity, e.g. additional theatres, consulting rooms

Equipment will not be allocated to schemes which are essentially upgrading or replacing existing services/infrastructure.

This means that where a department/office/service is moved from Location A to Location B then 100% of its furniture/equipment should be transferred and only new/additional areas would be furnished/equipped from funding provided by WG.

There are some 'grey areas' which are generally accepted should be included within the new equipment costs submitted to WG for funding which include:

- Noticeboards/whiteboards – as this is uneconomic to move
- Worktops replaced with desks as supported by Occupational Health (principle to be formally accepted by equipment group)
- Replacement of wall mounted shelving with free standing units where new location unsuitable to fit shelving (ie portacabins)
- Replacement of fabric covered office chairs with vinyl if moving to an agreed 'clinical' environment as recommended by Infection Control.
- Upgrading patient seating to include integral pressure cushions and/or variable height as recommended by Tissue Viability.
- Upgrading of patient bedside lockers to facilitate self admin drugs regime.

There are some other 'grey areas' which may also need to be considered depending on the project.

- Bins – many need to be changed to fit new/optimum waste policy
- Telephone handsets – depending on site may need to change to new phone handsets to suit different phone systems.

Any other 'betterment' of existing equipment/furniture should only be included following the approval of the Project Director.

This means that where equipment/furniture is unfit for transfer the cost is NOT to be included in the business case costs submitted to WG.

## HYWEL DDA UNIVERSITY HEALTH BOARD

Items which often fall into this category include:

- Office chairs which have torn/damaged seats/back
- Other chairs which are torn or damaged ie visitor chairs, day rooms,
- Wobbly desks/bookcases
- Filing Cabinets which don't lock

The options for funding for such items which could be considered include:

- The department funds the replacement
- A bid is submitted by the Service to the DCP for funding to top up the project budget to cover items identified unfit for transfer

# HYWEL DDA UNIVERSITY HEALTH BOARD

## Equipment Groups Definitions

Group 1: Items supplied and installed by the Contractor as part of the Tender Documentation.

These are usually complex items which require significant enabling works or which require specialist fitting.

E.g. Built in dishwashers, cookers, some fridges, macerators, autoclaves, lockers, storage racking, fitted storage cupboards, surgical pendants etc

Group 2: Items supplied by the Health Board and installed by the Contractor (number of items agreed with Contractor as part of the Tender Documentation).

These are usually items which require fixing to the wall or connecting to services provided by the Contractor.

E.g. Noticeboards, some fridges, dispensers, artwork, oxygen flowmeters, suction controllers, vaccum jars

Group 3: Items supplied and installed either directly by the Health Board or by a separate contractor.

These are usually specialist items.

E.g. Telephones, computers, printers, some desking, some medical equipment.

Group 4: 'Loose' Items purchased by the Health Board.

These are the movable items which require no installation

E.g. chairs, some desking, pedestal units, bins, beds, patient lockers, overbed tables, instrument trolleys, gratnells trolleys, patient trolleys, wheelchairs, filing cabinets, bookcases, most medical equipment.