

Velindre University NHS Trust Financial Control Procedure (FCP 01)

CAPITAL MANAGEMENT PROCEDURE

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Documents to be read alongside this policy:	<p>This procedure should be read in conjunction with:</p> <ul style="list-style-type: none"> • Trust's Standing Orders and Standing Financial Instructions. • Trust's Scheme of Delegation • Other Financial Control Procedures including FCP 2 – Noncurrent Fixed Assets • Medical Devices and Equipment Management Policy (QS24) • Other guidance issued by the Welsh Government (WG) in particular the NHS Trusts Manual of Accounts. • Other internal and external guidance as appropriate.
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Current review changes:

Significant Changes following the establishment of the Strategic Capital Board and introduction of new accounting treatment for Leases.

Major Changes Include:

1. IFRS 16 – Inclusion of guidance of new accounting standard for leases.
2. Updated guidance ensuring that Medical Devices and Equipment bids are supported by the Medical Devices Group.
3. Project Bank Account – Inclusion of guidance on when to use Project Bank Account.
4. Escrow Account – guidance included on use of an Escrow account/ agent.
5. Updated Guidance on business case governance route following the formation of the Strategic Capital Board.
6. Updated TOR for Capital Planning and Delivery Group
7. New Trust Discretionary Prioritisation and Business Case Template (Attached as appendix 2)
8. Updated Roles and Responsibilities

Executive Summary

This procedure is provided to ensure that Velindre UNHS Trust has appropriate management and governance arrangements in place around capital expenditure. These will determine how capital is planned, prioritised and managed in-year within the Trust's structure. This procedure introduces a standardised approach for producing discretionary capital Business Cases. This procedure does not apply to NWSSP.

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PROPRIETARY INFORMATION

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1. Introduction and Purpose

- 1.1 This procedure has been developed to ensure that Velindre UNHS Trust has appropriate management and governance arrangements in place around capital expenditure. These will determine how capital is planned, prioritised and managed in-year within the Trust.
- 1.2 This procedure provides advice on how to prepare bids for consideration by the Capital Planning and Delivery Group or Strategic Capital Board and for successful bids.
- 1.3 This procedure includes HTW but does not apply to NWSSP. This document does not offer a definitive guide to the procurement of projects.

2. Scope

- 2.1 This procedure is intended for use by all staff, and anyone involved, or with an interest in capital bids and allocation.

3. What Is Capital?

- 3.1 **Capital expenditure** is expenditure in excess of £5,000 (including VAT where this is not recoverable) on:

- a) Acquisition of land and premises, lump sum and payment for related rights (including capitalised rents), and payments made under the Land Compensation Act 1973 and associated fees.
- b) Individual works schemes for the initial provision, extension, improvement of, adaptation (including upgrading), renewal, replacement or demolition of buildings, building elements (e.g. roofs), external works, engineering services or plant.
- c) A single item of equipment.
- d) All vehicles.

- 3.2 **Grouped assets** are a collection of assets which individually may be valued at less than £5,000 but which together form a single collective asset with a group value of £5,000 or more because the items fulfil all the following criteria:

- The items are functionally interdependent.
- The items are acquired at about the same date and are planned for disposal at about the same date.
- The items are under single managerial control; and
- Each individual asset thus grouped has a value of at least £250, however this de minimus value does not apply in dealing with the initial equipping of hospitals.
- The distinction between assets that are in some way dependent on each other for their effective and efficient operation, and those that are “stand-alone” items can be a fine one. Where items are

used within a system (e.g. trays of sterile instruments are designed to be used with a specific sterilisation system), those items are likely to be considered interdependent even though they also have a value in “stand alone” use.

This is applicable to both tangible and intangible assets.

IT Equipment may be considered interdependent if it is attached to a network, the fact that it may be capable of stand-alone use notwithstanding. The effect of this will be that all IT equipment purchases, where the final three criteria above apply, will be capitalised.

Software which is integral to the operation of hardware (e.g. an operating system) is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware (e.g. application software) is capitalised as an intangible asset.

- 3.3 The cost of an item of property, plant and equipment comprises its purchase price, any directly attributable costs and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Directly attributable costs include the following:

- Costs of employee benefits arising directly from the construction or acquisition of the item of property, plant and equipment.
 - Costs of site preparation.
 - Initial delivery and handling costs.
 - Installation and assembly costs.
 - Costs of testing whether the asset is functioning properly.
 - Professional fees.
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- Only those directly attributable labour costs (employee benefits) that relate to the time spent by employees on constructing or acquiring the specific asset should be capitalised. Where an entity’s own staff are involved in the acquisition, construction or development of a piece of property, plant and equipment, **the relevant proportion of the internal costs relating to those staff should**, if material and if the other criteria for capitalisation referred to in this section are met, be included in the cost of the asset.
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- Such internal costs will include own employees’ (e.g. site workers, in-house architects and surveyors) salaries and expenses arising directly from the construction and acquisition of the specific tangible fixed asset. Administration and other general overhead costs should be excluded from the cost. Employee costs not related to the specific asset (such as site selection activities) are not directly attributable costs.

- the incremental costs to the entity that would have been avoided only if the tangible fixed asset had not been constructed or acquired. These include:
 - ◊ acquisition costs such as stamp duty, import duty and non-refundable tax
 - ◊ the cost of site preparation and clearance
 - ◊ initial delivery and handling costs
 - ◊ installation costs, and
 - ◊ professional fees (such as legal, architects' and engineers' fees).

Included in these definitions would be items forming part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost. In addition, any expenditure incurred relating to costs in relation to safety regulations or statutory legislation should be capitalised.

Non-attributable costs that should be regarded as revenue expenditure include the following:

- Costs of opening a new facility.
- Costs introducing a new product or service (including costs of advertising and promotional activities).
- Costs of conducting business in a new location or with a new class of customer (including costs of staff training).
- Administration and other general overhead costs.
- Training costs.

3.4 Expenditure on maintaining capital assets in effective working order, or in good repair, is charged to revenue irrespective of cost. The exception is where the repairs include improvements to the original standard, in which case that cost will be charged to capital if it falls within the above definition of capital expenditure.

3.5 Items charged against the Capital Programme shall be in accordance with the above definition. Compliance is also required with International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) and the capital section of the Manual for Accounts, on the identification of and accounting for, capital expenditure.

The Link to the Government Financial Reporting Manual (FReM) can be found below:

<https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

3.6 A **lease** is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The following points (individually or in

combination) would normally lead to a lease being classified as a Capital purchase:

- The asset transfers ownership at the end of the lease.
- There is an option to buy the asset at the end of the lease term at a favourable price.
- The lease term is for the major part of the asset's life.
- The present value of the minimum lease payments is substantially all of the fair value of the asset.
- The asset is of a specialised nature and cannot be used by another lessee without major modification.
- If the lessee can cancel the lease and any lessor losses associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation of the fair value fall to lessee.
- The lessee has an option to continue the lease for a secondary period and the rent is substantially lower than market rent.

The treatment of Leases has been affected by IFRS16 which is a new international financial reporting standard (IFRS) for lease accounting which came into effect from 1st January 2019 and came into force for the NHS from 1st April 2022.

IFRS 16 takes a totally new approach to accounting for leases, called the 'right-of-use' model. This means that if a company has control over, or right to use, an asset they are renting, it is classified as a lease for accounting purposes and, under the new rules, must be recognised on the company's balance sheet.

IFRS16 effectively removes the distinction between operating leasing and finance leasing. Both Lease elements will now form part of the balance sheet.

The 'right of use model' says a "contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for considerations".

Examples of Leases which will now fall under IFRS16 and classed as a Capital Purchase include:

- Rented Property
- Pool Vehicles
- Managed Contracts (Depended on Contract agreement)

Exceptions to the rule

There are two specific types of lease which don't come under IFRS 16 leases and which don't have to be recorded as an asset:

1. A lease where the value of the item when new is *low value*, currently indicated as less than £5000.
2. A lease with a shorter than 12-month term and which does not have an option to buy the leased item at the end of the lease.

So, for example, if you were to use a scheme where the lease period on a vehicle is less than 12 months and you don't have the option to buy the cars at the end of the contract, then these would not be included under IFRS 16.

4. Where Does Capital Funding Come From?

4.1 Each year the Trust receives a Capital Expenditure Limit (CEL) allocation from the Welsh Government (WG). The Trust has an annual financial duty to ensure that its capital expenditure does not exceed this allocation. The funding comprises two elements:

- **Capital Funding issued by WG for a Specific Purpose** – WG has a number of capital budgets which the Trust can bid against.

Discretionary Capital – This is a one-off annual allocation given to the Trust by WG every year to meet statutory obligations (such as health and safety and firecode), to maintain the fabric of the estate and to timely replace equipment. As the title implies, the Trust is free to prioritise the sum allocated as it best sees fit.

4.2 In addition, capital funding may also be obtained from alternative sources such as:

- Charitable Funds.
- Donated Monies e.g. other Charities.
- Grant funding.
- Private Sector

5. The Capital Planning Process

Discretionary Allocation

5.1 Divisions will develop a prioritised list of capital schemes that have been signed off by their respective Senior Management or Leadership Teams or sub delegated to Divisional Business Planning Groups. These will be forwarded to the Capital Planning and Delivery Group for consideration against the Trust Discretionary allocation.

5.2 Digital will also develop a list of Digital investment schemes that are required across the Trust and submit this to the Capital Planning and Delivery Group for consideration.

5.3 The Capital Planning and Delivery Group will meet and recommend how discretionary capital is allocated, managed and monitored on an

annual basis taking into account both the short term and long-term investment plans of the Trust.

5.4 There may be pre-commitments to the Capital Programme in any one year to fund, for example:

- Capital slippage from the previous year.
- Agreed top-slicing of discretionary capital funding for Divisions, Estates and Digital.
- Agreed rolling programmes of equipment replacement.
- 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 discretionary capital allocation before any other bids are considered.

5.5 The Capital Planning and Delivery Group 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 and monitors the expenditure of capital. The terms of reference of this Group are attached in Appendix 1.

5.6 The Capital Planning and Delivery Group considers the bids for discretionary capital funding and recommends which should be submitted for approval.

5.7 The recommended capital programme for utilisation of the discretionary programme is then submitted to the strategic Capital Board for endorsement before being submitted to the Executive Management Board for approval.

5.8 Once the discretionary Capital Programme has been approved by Executive Management Board, the Trust's Deputy Director of Planning & Performance will formally notify the Capital Planning and Delivery Group.

5.9 Once a discretionary capital scheme has been approved by Executive Management Board (EMB), a discretionary capital Business Case must be completed and authorised correctly and ultimately by the appropriate Divisional Director. A copy of the business case should be sent to both the Trust's Planning & Financial Planning & Reporting team.

5.10 The process of producing a discretionary capital Business Case should remain within the Division although advice will be available from the Trust Financial Planning & Reporting Department, the Trust Capital Planning Department and the NWSSP Procurement Service as required.

- 5.11 The Capital Planning and Delivery Group will then oversee the management of the Trust's approved Capital discretionary Programme. The Group meets regularly (usually monthly but more frequently towards the end of the financial year) and is responsible to the SCB & EMB for the effective, efficient and best value use of the discretionary capital monies available to the Trust as dictated by the CEL.
- 5.12 The SCB, EMB, and Trust Board will be informed of the approved capital discretionary programme at the start of the financial year and be given regular updates thereafter through a highlight report to SCB, and via the Trust Finance Report for EMB and Trust Board.
- 5.13 All business cases requesting funding over £100k exceeds the Chief Executive approval and must be approved by both EMB and the Trust Board.
- 5.14 A draft capital plan is approved by Trust Board as part of the Three Year Integrated Medium Term Plan (IMTP) process.

All Wales Capital Bids

- 5.15 The responsibility for considering recommendations for All Wales capital funded schemes sits with the Strategic Capital Board (SCB). These schemes should be included within the Trust integrated medium term plan (IMTP). Further details are provided under section 8.

6. Making Capital Bids against the Discretionary Capital Programme

- 6.1 Towards the end of the last quarter of the financial year information will be issued to the members of the Capital Planning and Delivery Group by the Head of Financial Planning & Reporting, which will include the Trust's discretionary capital allocation and pre-commitments against this for the next financial year.
- 6.2 The Trust Financial Operations Team will provide the Capital Planning and Delivery Group with a list of tangible and intangible assets (by Division and then Department) which has been taken from the Trust's Fixed Asset Register. This should assist Divisions in identifying goods that are approaching the end of their useful asset life.
- 6.3 Divisions will then be asked to submit their list of prioritised capital schemes for consideration for the following year.
- 6.4 Divisions may also submit any discretionary capital bids for future years that may need early approval because they have a long lead-in time e.g. schemes that must be tendered via the Official Journal of the European Union (OJEU).

6.5 Identifying capital requirements for the year ahead must be undertaken at a Divisional level and ultimately approved by the Divisional Senior Management / Leadership Teams. All bids should 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 the following must be considered:

- a) What will be the benefits and costs both in financial (including VAT where it is not recoverable) and non-financial terms?
- b) 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 the Trust's IMTP then it should be rejected at this early stage.
- c) 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.
- d) Revenue implications must also be taken into account. 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.
- e) 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 in order for the proposal to be fully appraised. 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.
- f) Division Directors/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 taken into account.

6.6 Ultimately it is the Divisional Director and the Senior Management / Leadership Teams that submit discretionary capital scheme proposals to the Capital Planning and Delivery Group. Each bid must have sufficient supporting documentation accompanying it for a reasonable appraisal to be made and decided upon. All bids should include:

- Value Added Tax (VAT) and take into account enabling works and revenue costs i.e. consumables and/or utility costs associated with the bid.
- Proposals to replace existing equipment must identify the equipment being replaced by noting the asset identification number and the net book value of the item as detailed in the asset register. This information can be obtained from the Trust's Financial Planning & Reporting Function. Assets which are shown as not having reached the end of their designated life, and therefore having a positive net book value, will not be replaced without an explanation as to the circumstances and an assessment that the need to replace is unavoidable.
- An estimate of purchase and whole life costs must be provided and validated wherever possible by the Procurement Department.
- Bids for building/refurbishment projects and those which include enabling works/utility costs must be validated by the Estates Department to ensure that the bid can be delivered. Discussions with the Estates team should take place as a part of developing the prioritisation and business case template, in advance of the bid being submitted to the Capital Planning Group for approval.
- Bids for Digital Systems or with Digital implications must be reviewed by the Digital Department to ensure that the bid can be delivered. Discussions with the Digital team should take place as a part of developing the prioritisation and business case template, in advance of the bid being submitted to the Capital Planning Group for approval,
- All Welsh Blood Service bids must also be appraised by the Welsh Blood Service Regulatory Compliance and Quality Assurance Department in terms of impact and Good Manufacturing Practice (GMP)/validation resources.
- All Medical Devices and Equipment bids that meet the capital definition in Section 3 must be reviewed and supported by the

Trust Medical Devices Group in accordance with the Trust Medical Devices and Equipment Policy (QS24).

<https://velindre.nhs.wales/policies/quality-and-safety/qs24-medical-devices-and-equipment/>

- 6.7 The Capital Planning and Delivery 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 Strategic Capital Board (SCB) for endorsement before being submitted to the Executive Management Board (EMB) for approval. This programme once approved will be monitored by the Capital Planning and Delivery Group.
- 6.8 It may be necessary during the financial year to adjust the approved allocation for capital schemes either as a result of savings or increased spends. Adjustments to planned expenditure (both increases and decreases) must be reported to the Capital Planning and Delivery Group.
- 6.9 Where there is an emergency request for capital to address urgent medical equipment, estates maintenance or statutory compliance issues and there is no time to wait until the next meeting of the Capital Planning and Delivery Group, the Chair of the Capital Planning and Delivery Group can take forward the approval of the scheme with the appropriate individuals and Boards according to the Trust's Standing Orders and Standing Financial Instructions which can be found via the below link.

https://nhs.wales365.sharepoint.com/sites/VEL_Intranet/SitePages/Governance-&-Communications.aspx

There may also be times such as yearend where invitation to the Capital Planning & Delivery group is extended to ensure that decisions on Capital expenditure can be made more efficiently. This may include but not limited to inviting the Executive Director of Finance, or the Director of Strategic Transformation, Planning and Digital.

- 6.10 Occasionally there are opportunities to bid for additional discretionary capital allocations in year when the Welsh Government identify slippage or monies available for specific developments. The bids for these monies are also co-ordinated via the Capital Planning and Delivery Group.
- 6.11 Divisions should at all times maintain a live, prioritised register of Capital schemes.

6.12 VAT

The assessment of VAT treatment needs to be considered for all Capital schemes and as part of developing the prioritisation and business case template. Where necessary advice on the treatment of VAT should be sought from the Finance team. Users should also refer to the HMRC VAT partial exemption guidance in the link below:

<https://www.gov.uk/hmrc-internal-manuals/vat-partial-exemption-guidance>

7. Discretionary Capital Business Case Development

7.1 A standardised approach for producing discretionary capital Business Cases will ensure:

- Consistency of approach in the presentation of Business Cases.
- The provision of relevant information to support decision making.
- Business Cases align with the Trust's strategic aims and objectives.
- A consistent approach is provided to processing proposed Divisional developments in order to achieve approval from the appropriate body.
- The concentration of time and effort on proposals which are a priority for the Trust.
- A suitable audit trail is provided in relation to investment decision making.
- There is an opportunity to share proposed developments with other Divisions and identify the potential impact on other Divisions across the Trust.
- The Trust is able to supply copies of Business Cases, and associated documents when requested.

7.2 The template to be used for Business Cases that require discretionary capital funding is detailed in Appendix 2. The information required includes:

- A summary of the proposal.
- Identities of the project lead and sponsor.
- The key drivers behind the changes and the benefits of the proposal.
- Identification of the options and selection of the preferred option.
- An assessment of risk, both strategic and operational, associated with the proposal.
- A financial analysis of the preferred option which covers capital costs and revenue costs and/or savings.
- An equality impact assessment.
- A procurement plan.

- An outline of the Digital and Estates resources required to complete the project.
 - Project management arrangements and timescales.
 - Details of any existing assets being replaced or traded in.
- 7.3 Sustainability must be a central planning tenet when a Business Case is developed. All new buildings or extensions to existing buildings must be designed in a manner that delivers environmentally responsive architecture, offering high levels of efficiency, sustainable materials and excellent internal environments.
- 7.4 Whilst a due process needs to be followed, **the resources committed to Business Case production should be commensurate with the materiality and potential risks associated with the project.** Whilst a Business Case which is intending to commit Trust resources needs to be suitably robust, it should not be unduly onerous.

8. Bids for All Wales Capital Funding

- 8.1 For any capital schemes, which are required to be funded via the Welsh Government's All Wales Capital Programme must be considered by the Strategic Capital Board and a business case will need to be submitted to the Welsh Government and will be considered for approval by the Investment Infrastructure Board (IIB). The schemes identified must align to the Trust's Integrated Medium-Term Plan. A business case must demonstrate that the proposed investment has been properly scoped and planned; offers optimum value for money; is commercially viable; affordable and achievable. In addition, a case for any investments should show that the proposal has clearly identified service delivery benefits.
- 8.2 Before embarking on the preparation of the business case, the Trust is required, in the majority of cases, to agree the nature, type and content of each business case with the WG via a scoping document.
- 8.3 For major investment proposals the Better Business Case approach using the five-case model should be followed.

As set out in the Better Business Case Templates guidance¹, the following should be considered with regards to whether a scheme classifies as a Major Capital Programme:

- the value thresholds,
- the complexity and risk involved,
- whether the situation is novel or contentious,
- whether procurement is required and the scale of the procurement, and
- whether there are any dependencies, e.g. with business as usual matters or other projects.

In line with the available business case templates, the guidelines below, including value thresholds, help to address which business cases should be classified as a Major Capital Programmes:

For Procurements and Projects (enabling outputs, activities and infrastructure):

1. Single Stage Business Case - Low Value and Risk (£0 to £250k value of procurement).
2. Single Stage Business Case - Medium Value and Risk (£250k to £2 million value of procurement)
3. Three Stage Business Case (SOC, OBC, FBC) – High Value (Over £2 million value of procurement)

<https://www.gov.wales/five-case-model-templates>

- 8.4 Programmes should be developed, and cost justified using Programme Business Case (PBC). Major, novel or contentious projects should be developed, and cost justified through three key iterations of the Business Case where formal approval to proceed is required; Programme Business Case (PBC), Outline Business Case (OBC) and Full Business Case (FBC).
- 8.5 The Business Justification Case (BJC) provides the Trust with a simpler, truncated approach for smaller and less complex investments. The shorter approach retains compliance with the major requirements of good corporate governance and details strategic context, case for change, option appraisal, procurement route, affordability and management. The BJC should be adopted as the standard approach for most schemes under £2million.
- 8.5 The costs associated with developing these business cases may have to be funded initially out of the Discretionary Capital Programme which would be reimbursed if the scheme was successful in securing Welsh Government funding.
- 8.6 As soon as any All Wales capital projects are approved by the Welsh Government an appropriate Project Board will be established to ensure projects are completed both within budget and agreed timescales.
- 8.7 The SCB will expect to see regular updates on approved Capital projects and will be in charge of overseeing the management of the approved project and is responsible to the EMB for the effective and efficient use of the project in line with the WG funding award letter.
- 8.8 The financial state of each All Wales capital funded scheme must be reported to the Welsh Government on a monthly basis as part of the Trust's financial monitoring returns. Comments must be included in the letter accompanying the monitoring returns if there are any issues being

experienced with a particular scheme. The Executive Director of Finance shall be responsible for submitting the return, liaising closely with the Director of Strategic Transformation, Planning, and Digital.

8.9 **Project Bank Account**

Organisations will be required under Welsh Government rules to use PBAs in infrastructure projects and other appropriate contracts which are valued at £2.00m (net of VAT and other costs that do not affect the supply chain) or more.

For projects less than £2.00m the frequency of payment and length of contract will likely be deciding factors (e.g., greater than monthly payment cycles or contracts less than 6 months in length may not see many benefits).

PBAs are “ring-fenced interest-bearing bank accounts” that have trust status from which payments are made directly and simultaneously to members of the supply chain removing the need for higher tier contractors to process payments. The trust status of these bank accounts means that it helps prevent delays in the transfer of funds and in cases of insolvency the monies in the account relate to an underlying transaction, protecting the supply chain and unable to be used to settle other liabilities.

Further guidance on project bank account can be found on the link below:

<https://www.gov.uk/government/publications/project-bank-accounts>

8.10 **Escrow Account**

Bids that are either large or complex in nature should consider using and Escrow bank account or agent. An escrow account is an account where funds are held in trust whilst two or more parties complete a transaction. This means a trusted third party usually a bank or escrow agent will secure the funds in a trust account. The funds will be disbursed to the merchant after they have fulfilled the escrow agreement. If the merchant fails to deliver their obligation, then the funds are returned to the buyer. Having an escrow account reduces the risk of non-payment. It is a temporary account that operates only up to the completion of the transaction.

9. **Roles and Responsibilities**

- 9.1 Successful delivery of the Capital discretionary Programme will be achieved if named individuals have clear roles and responsibilities as well as delegated authority. These have all been set out in Appendix 3

- 9.2 The Capital Planning and Delivery Group is responsible for making recommendations to the Trust's Strategic Capital Board and Executive Management Board as to which discretionary capital schemes should be approved. The Capital Planning and Delivery Group is also responsible for overseeing the management of the Trust's Discretionary Capital Programme and for providing regular reports to the Strategic Capital Board
- 9.3 The Strategic Capital Board will be responsible for reviewing proposed all Wales Capital funded schemes to be included within the Trust Three Year Integrated Medium Term Plan (IMTP).
- 9.3 To assist Project Managers in managing discretionary capital schemes, a discretionary capital schemes Project Manager's checklist has been devised (Appendix 4).
- 9.4 Project Managers should make use of project management tools appropriate to project size and complexity. Program Evaluation Review Technique (PERT), Critical Path Method (CPM) and Gantt Charts are commonly used project management tools that can be produced manually or with commercially available project management software.
- 9.5 Approval of Capital Expenditure must be in line with the Delegated Financial Limits as set out in the Trust SOs / SFIs and the scheme of Delegation Governance framework for major capital programmes.

10. Capital Purchases

- 10.1 Once a discretionary capital scheme has been approved, the capital scheme Project Manager should obtain indicative costs from the Trust's Procurement department based on a given specification. The indicative costs should also include ongoing revenue consequences such as maintenance. Advice should also be sought as to how the equipment can be procured i.e. National Framework, Quotation/Tender or OJEU etc.
- 10.2 The Project Manager shall then arrange for the purchases to be made in accordance with the procurement rules contained within the Trust's Standing Financial Instructions.
- 10.3 The Divisions shall be responsible for raising capital requisitions. Authorisation of all capital requisitions must be in accordance with the Trust's financial limits.

11. Monitoring and Reporting on the Capital Programme

- 11.1 The discretionary Capital Programme is monitored throughout the financial year as an ongoing process, by the Capital Planning and Delivery Group, chaired by the Deputy Director of Planning. The

approved Discretionary Capital Programme will form the basis of the capital monitoring process.

- 11.2 Commitment and spend against the approved Discretionary Capital Programme is reported to the Capital Planning and Delivery Group on a monthly basis and more frequently at the end of the financial year.
- 11.3 The All Wales Capital Programme is monitored throughout the financial year as an ongoing process, by the Strategic Capital Board, chaired by the Chief Executive. The approved All Wales Capital Programme will form the basis of the capital monitoring process.
- 11.4 Commitment and spend against the approved All Wales Capital Programme is reported to the Strategic Capital Board on a monthly basis.
- 11.5 The Financial Planning & Reporting Function shall analyse all capital expenditure processed through the general ledger and ensure that all expenditure is allocated to the correct cost centre.
- 11.6 The Financial Planning & Reporting Function shall monitor capital expenditure throughout the year and produce a monthly expenditure statement for each capital scheme and for the Capital Programme as a whole.
- 11.7 The Financial Planning & Reporting Function will update forecasts throughout the year to identify at the earliest opportunity underspends, overspends and slippages to subsequent years, to enable effective reallocation of funding in order to maximise use of resources whilst complying with the Capital Resource Limit. Reporting should include orders placed along with expenditure to date in order to provide an accurate position on planned spend.
- 11.8 The Head of Financial Planning & Reporting shall report progress and a spend position on the Capital Programme to the SCB, Executive Management Board, Trust Board and the Welsh Government.
- 11.9 The key monitoring functions of the Capital Planning and Delivery Group are:
 - Monitor the implementation of the approved Discretionary Capital Programme.
 - Review discretionary 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 and review any reports, cost or otherwise, for discretionary capital schemes that are not on target on an exception reporting basis.

- Recommend changes to the Discretionary Capital Programme as required.
- Administer any reserve within the Discretionary Capital Programme.
- Proactively manage through the year risk of not achieving the CEL.
- Advise the Strategic Capital Board and Executive Management Board on expected and actual projected outturn figures.

11.10 The key monitoring functions of the Strategic Capital Board are:

- Monitor the implementation of the approved All Wales Capital Programme.
- Review All Wales 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 and review any reports, cost or otherwise, for All Wales capital schemes that are not on target on an exception reporting basis.
- Recommend changes to the All Wales Capital Programme as required which will need to be reported to WG.
- Advise the Executive Management Board on expected and actual projected outturn figures.

The Trust CEL is fixed by WG in October, any overspend or slippage after this point is expected to be managed internally by the Trust.

12. Fixed Asset Register

- 12.1 The Director of Finance is required to compile and maintain an up to date Fixed Asset Register to ensure proper management and control over Trust assets. This responsibility is delegated to the Financial Operations team. The minimum data set to be held within these registers shall be in accordance with the Welsh Ministers' guidance.
- 12.2 Divisions will regularly be provided with a list of assets they hold on the Trust's Fixed Asset Register. To ensure the accuracy of the Trust's Fixed Asset Register, it is important to verify the existence and continued use of assets. Therefore, on an annual basis, the Financial Operations team will lead a validation of all Trust assets with support from the Trust Service Managers.
- 12.3 Where practical, assets should be marked as Trust property.
- 12.4 Refer to Financial Control Procedure 2 (FCP2) Non-Current assets for maintenance of the fixed asset register including additions and disposal guidance and forms.

13. Training

- 13.1 Whilst there are no formal training programmes in place to ensure implementation of this procedure, each Executive Director, Divisional Director, Clinical Director, Divisional Manager, Head of Departments must ensure that managers and all staff, clinical and non-clinical, are made aware of the procedure provisions and that they are adhered to at all times.

14. Resources

- 14.1 The implementation and management arrangements associated with this procedure do not present any significant resource implications to the Trust.

15. Implementation and Monitoring

- 15.1 This procedure will be implemented and monitored by the Capital Planning and Delivery Group.
- 15.2 Please refer to the responsibilities section (Appendix 3) for further information in relation to the responsibilities in connection with this procedure.
- 15.3 The Trust will be audited against the delivery of the procedure by Internal and External Audit.

16. Procedure Conformance / Non-Compliance

- 16.1 If any Trust employee fails to comply with this procedure, the matter may be dealt with in accordance with the Trusts Disciplinary Policy. The action taken will depend on the individual circumstances and will be in accordance with the appropriate disciplinary procedures. Under some circumstances failure to follow this procedure could be considered to be gross misconduct.

17. Distribution

- 17.1 The procedure will be available via the Trust Intranet Site. Where staff do not have access to the intranet their line manager must ensure that they have access to a copy of this policy.

https://nhs.wales365.sharepoint.com/sites/VEL_Intranet/SitePages/Finance-Policies.aspx

18. Review

- 18.1 The Capital Planning and Delivery Group will review this procedure when necessary and at least every three years.

19. Further Information

19.1 For more information please contact either:

- Head of Financial Planning & Reporting on 02920 615888 x6619 or via email: steven.coliandris@wales.nhs.uk
- Deputy Director of Planning & Performance on 02920 615888 or via email: Philip.Hodson@wales.nhs.uk

Velindre University NHS Trust Capital Planning & Delivery Group - Terms of Reference

Name of Group:	Velindre University NHS Trust Capital Planning & Delivery Group
Summary of Role:	<p>The Velindre University NHS Trust ('Trust') Capital Planning & Delivery Group is responsible for overseeing the development and delivery of the annual Trust discretionary capital programme.</p> <p>Following the development of a recommended Trust discretionary capital programme this must be approved by both the Trust Strategic Capital Board and the Trust Executive Management Board. Following approval of the Trust discretionary capital programme the Capital Planning & Delivery Group will be responsible for its delivery.</p>
Remit:	<p>Capital Strategic Planning & Delivery:</p> <ul style="list-style-type: none"> • The development of a Trust capital planning prioritisation framework in respect of our Welsh Government discretionary capital allocation. This will support the prioritisation of capital investment against Trust strategic priorities. • The evaluation and prioritisation of discretionary capital investment proposals from across the Trust. • The development of a prioritised Trust discretionary capital programme for the Trust. • The re-profiling of the Trust discretionary capital programme in response to in-year changes. These may include project over / under spend and / or the availability of additional capital funding in-year. • The delivery of a balanced Trust discretionary capital plan. • The provision of regular monitoring reports to the Welsh Government in relation to delivery against our Welsh Government discretionary capital allocation. <p>Policy and Procedures:</p> <ul style="list-style-type: none"> • The development of the Trust discretionary capital planning policy and procedure. • To ensure that appropriate systems are in place to prioritise discretionary capital bids.

	<ul style="list-style-type: none"> • To ensure strategic alignment between the Trust’s discretionary capital programme and the Trust’s major transformation Programmes. <p>Assurance:</p> <ul style="list-style-type: none"> • To advise and make recommendations to the Trust Strategic Capital Planning Board and the Trust Executive Management Board in all matters relating to Trust discretionary capital. (Note: The Trust Executive Management Board is accountable for approving the Trust annual discretionary capital programme following approval by the Trust Strategic Capital Board). • To ensure that policies and procedures are adhered in relation to capital planning. • To regularly monitor and review the Trust discretionary capital programme to ensure continued alignment with national and local strategies.
<p>Reporting to:</p> <p>Communicates with:</p>	<p>Trust Strategic Capital Board Trust Executive Management Board</p> <p>Welsh Government Capital Review Group Trust Strategic Development Committee WBS Senior Management Team VCC Senior Leadership Team</p>
<p>Sub Committees:</p>	<p>N/A</p>
<p>Chaired by:</p>	<p>Deputy Director of Planning and Performance</p>
<p>Membership:</p>	<ul style="list-style-type: none"> • Trust Head of Financial Planning and Reporting (Deputy Chair) • Deputy Director of Finance • Trust Finance Business Partner – Capital • Trust Senior Finance Business & Reporting Manger Partner • Trust Financial Operations Manager • Trust Head of Digital Delivery • Trust Assistant Director of Estates, Environment & Capital Development • Trust Technical Services Manager • General Manager Welsh Blood Service (or deputy) • Welsh Blood Service Capital Planning Manager

	<ul style="list-style-type: none"> • General Manager Velindre Cancer Service (or deputy) • Velindre Cancer Service Planning and Performance Manager • Corporate Head of Capital Planning (to be appointed) • Corporate Head of Capital Delivery • Trust Business Support Officer (Strategic Transformation, Planning and Digital) • Trust procurement representative <p>By Invitation: The Trust Capital Planning & Delivery Group may extend invitations as required to individuals from within or outside the Trust who the group consider should attend. This will take account of the investment proposals that are under consideration at each meeting.</p>	
Meeting Frequency:	Monthly	
Documentation Required:	<ul style="list-style-type: none"> • Relevant Welsh Government correspondence • Trust discretionary capital programme • Trust discretionary capital planning prioritisation framework • Trust capital asset register • Divisional and corporate investment proposals • Full minutes from the Trust Strategic Capital Board to all members of the Trust Capital Planning Group 	
Outputs: (i.e. minutes of meeting submitted to other committee meetings)	<ul style="list-style-type: none"> • Full minutes from the Trust Capital Planning & Delivery Group to all members of the Strategic Capital Board • Action log to all Trust Capital Planning & Delivery Group members • Trust discretionary capital planning prioritisation framework • Prioritised Trust discretionary capital programme • Trust capital planning & management procedure /policy 	
Contact:	Date ToR Last Revised	Next Review Date
Mr. Philip Hodson Mr. Steven Coliandris	Currently in draft following the establishment of the Trust Strategic Capital Board (Draft TOR developed July 2023)	12 months following approval

VELINDRE UNHS TRUST – DISCRETIONARY CAPITAL PRIORITISATION AND BUSINESS CASE TEMPLATE

Document Purpose

The Velindre University NHS Trust [Capital Planning Prioritisation Framework](#) has been developed to support the assessment and prioritisation of capital funding proposals from across the Trust. The framework outlines a clear, rational approach and a fair, transparent process to ensure that capital resource is prioritised against greatest need.

Following Executive Management Board approval, the document must be signed in line with the approved delegation. In order to provide the Trust with this information, please complete this form for your individual schemes.

Scheme Name:			
Departmental/Location:			
Responsible Lead:		Date:	

1. Brief Description of Scheme	
2. Main Benefits <i>What do you want to achieve/what benefits do you hope to realise?</i>	
3. What are the risks if funding for the scheme is not obtained. <i>Brief outline of Risks</i> <i>Detail any Counter measures that can be put in place to reduce risk.</i> <i>How long could scheme be delayed before it becomes critical</i>	
Has a Risk Assessment been completed and attached	Yes / No
Is Risk Highlighted on Trust Risk Register	Yes / No
Is Risk Highlighted on Divisional Risk Register	Yes / No

Risk Rating	Critical / High / Medium / Low
-------------	--------------------------------

4. Estimated Capital & Revenue Costs (£)

Please estimate costs including VAT where applicable. A financial analysis may be attached as an Appendix if preferred.

Capital Cost	Year 1 £'000	Year 2 £'000	Year 3 £'000	Total £'000
Building Works				
Fees				
Equipment				
Commissioning				
IT				
Other (please specify)				
TOTAL				
Estimated Life of Any Equipment (Years)				
Have any other alternative sources of funding been explored? If Yes, please give details				
Revenue Cost & Savings	Year 1 £'000	Year 2 £'000	Year 3 £'000	Total £'000
Staff Costs				
Maintenance Costs				
Training				
Other Costs (specify)				
Savings (specify)				
TOTAL				

5. Estimated Delivery Timeframe (months) inc BC Development

Latest Date that Scheme would need to be approved in order to ensure the scheme was completed in this financial year

6. Critical Success Factor (tick if applicable and the reason & evidence for your selection)

Strategic Fit & Business Needs

(The capital proposal must demonstrate: Alignment with the Trust's strategic objectives; Holistic fit and synergy with other major programmes and projects)

Reason(s) / Evidence for selection

WBFGA (Well-being of Future Generations Act)

<https://futuregenerations.wales/wp-content/uploads/2017/02/150623-guide-to-the-fg-act-en.pdf>

- A prosperous Wales (where everyone has jobs & there is no poverty)

	• A resilient Wales (prepared for things like floods)	<input type="checkbox"/>	
	• A healthier Wales (everyone healthier & able to see a doctor)	<input type="checkbox"/>	
	• A more equal Wales (equal chance whatever their background)	<input type="checkbox"/>	
	• A Wales of cohesive communities (communities can live together happily)	<input type="checkbox"/>	
	• A Wales of vibrant culture & thriving Welsh Language (do different things & lots of people speak Welsh)	<input type="checkbox"/>	
	• A Wales of vibrant culture & thriving Welsh Language (do different things & lots of people speak Welsh)	<input type="checkbox"/>	
	• A globally responsible Wales (look after environment & think about other people around the world)	<input type="checkbox"/>	

7. Key Drivers & Evaluation Criteria (score low, medium or high) and the reason & evidence for your selection		SCORE (Refer to Fibonacci Scoring Sequence (Appendix 1))	Reason(s) / Evidence for selection
	Compliance		
	Critical Service Continuity		
	Tier 1 Targets		
	Deliverability		
	Patient/Donor Experience & Environment		

KEY DRIVERS & EVALUATION CRITERIA

Compliance Requirement	<i>The capital proposal will support the Trust in meeting statutory, regulatory, accreditation or organisational requirements and accepted best practice. For example, new health and safety legislation or building standards.</i>
Critical Service Continuity (Replacement) - Risk	<i>The capital proposal is required to re-procure services or equipment in order to avert service failure. For example, at the end of a service contract or when an enabling or equipment asset is no longer fit for purpose</i>
Tier 1 Targets	<i>Improve/ avoid deterioration in performance against core targets e.g. Activity / waiting times.</i>
Deliverability	<i>Level of assurance for management of scheme within cost. The capital proposal will reduce the cost of service delivery in terms of the required inputs. For example, investment in innovative technologies, quality of service provision for patients and / or donors and will support the delivery of agreed outcomes and time constraints</i>
Patient/Donor Experience & Environment	<i>Improve Poor Environments and enhance quality of service.</i>

8. Does this Capital Scheme directly impact on any other WBS Departments i.e. Estates, Facilities, IM&T, QA etc.

Resource Required <i>(Required to provide resource to support implementation of the change e.g. validation support required, IT support required, WTAIL input etc.)</i>	Department Involved <i>(Involved in decision making and may be involved in any working groups that are established but not directly required to provide resource to support)</i>

9. Details of Existing Assets being Replaced / Traded in.	Asset Number	
	Serial Number	
	Make	
	Model	

	Year Acquired (if known)	
10. Procurement Plan		
Is this Single Tender Action (STA) / Single Quotation Action (SQA)		Yes / No
Which Procurement Route is to be followed?	OJEC Advert Required	Yes / No
	Existing Framework	Yes / No
	Tenders Required	Yes / No
	Quotations Required	Yes / No

ADDITIONAL COMMENTS - *Please insert any additional information i.e. any procurement information, timescales etc.*

Completed By	

**PLEASE SEND COMPLETED FORM TO:
JEFF O’SULLIVAN (VCS) / ANGELA ROBINS,
(WBS) / CARL TAYLOR (DIGITAL) / JASON
HOSKINS (ESTATES)**

TO BE COMPLETED BY SERVICE / FUNCTIONAL LEAD	
Information transferred to Capital Plan	
Date	

FIBONACCI SCORING SEQUENCE

Relative Value	1 Compliance	2 Critical Service Continuity (Risk)	3 Tier 1 Targets	4 Deliverability	5 Patient/Donor Experience & Environment
1				Low	
2			Low	Significant	
3		Low	Significant	Critical	
5		Significant	Critical		
8	Low	Critical			Low
13	Significant				Significant
21	Critical				Critical
34					
55					

SCORE	Priority Rating
0-22	Low
23-36	Significant
37 - 58	Critical

FOR COMPLETION FOLLOWING BID APPROVAL

11. Equality Impact Assessment

For more information: https://nhs.wales365.sharepoint.com/sites/VEL_Intranet/SitePages/E.aspx

Choose an item

12. Authorisation

Project Manager

Name			
Signed		Date	

Project Sponsor

Name			
Signed		Date	

Finance Manager

Name			
Signed		Date	

Director

Name			
Signed		Date	

PLEASE SEND COMPLETED FORM TO:
Capital Planning & Financial Planning & Reporting Teams
Philip.Hodson@wales.nhs.uk
Steven.coliandris@wales.nhs.uk

Capital Management – Key Roles and Responsibilities

The Chief Executive

- The Chief Executive has overall responsibility for delivery of the Trust's Capital Programme.
- The Chief Executive may act as Project Owner and has overall responsibility for the management of capital schemes at all stages of the process, from inception to post project evaluation and for ensuring the recording of assets once acquired.
- The Chief Executive must ensure that the Project Manager appointed to manage an approved capital scheme receives notification of delegated authority to commit expenditure, to proceed to tender or to accept a successful tender as required.
- 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 Trust personnel and external agencies in the process.
- The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Planning and Director of Finance, concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted periodically. The Chief Executive may delegate capital investment management in accordance with Welsh Government guidance and the Trust's Standing Orders.
- The Chief Executive shall have the delegated authority to approve capital investment up to a value of £100k.

Director of Strategic Transformation, Planning and Digital

- The Director of Strategic Transformation, Planning and Digital is responsible for the development of a Capital plan and detailed Capital programme, for the organisation that sets out a detailed Capital investment plan to support the objectives set out in the IMTP.
- Ensure that the decision to invest capital is in accordance with the Trust's overall strategic aims.
- Seek the approval of the Executive Management Board for inclusion of a capital investment proposal within the Trust's Capital Programme.
- Ensure that a Project Director and Project Manager are appointed for each capital project and that there are adequate project management, monitoring and control arrangements in place.
- Support the development of a rolling capital programme for inclusion in the Trust's Integrated Medium-Term Plan (IMTP).
- Lead and chair as required Project Teams delivering major projects.
- Report as required to the Trust on capital project progress and issues.

- Ensure that the capital investment is not undertaken without confirmation of the availability of resources to finance all relevant consequences, including capital charges.
- The Director of Strategic Transformation, Planning and Digital and Executive Director of Finance shall issue detailed procedures governing the project, financial and contractual management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the requirements and delegated limits for capital schemes set out in Welsh Ministers' guidance and approval letters. The procedures will also cover post project benefits realisation to ensure benefits set out in the business case supporting the investment are delivered.

Executive Director of Finance

- The Executive Director of Finance is responsible for establishing management control and financial reporting systems ensuring that the programme delivers within the funding envelope.
- Ensure that the decision to invest capital funding is in accordance with the Trust's overall strategic aims.
- Ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans. The Executive Director of Finance must provide a professional opinion on the financial elements of the business case. Capital investment decisions will be taken by the organisation in line with the financial thresholds specified by Welsh Government and in the Trust's Scheme of Delegation.
- Support the development of a rolling capital programme for inclusion in the Trust's Integrated Medium-Term Plan (IMTP).
- Lead liaison with the Welsh Government with reference to capital funding.
- Lead and chair as required Project Teams delivering major projects.
- Report as required to the Trust on capital project progress and issues.
- Ensure that the capital investment is not undertaken without confirmation of the availability of resources to finance all relevant consequences, including capital charges.
- Sign off the quality/cost split for any OJEU procurements.
- The Executive Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- The Executive Director of Finance shall ensure, for each capital project over £2m, that the Welsh Government Project Bank Accounts policy is applied unless there are compelling reasons not to do so. The Executive Director of Finance should apply to Welsh Government officials for exemption from use of Project Bank Accounts, setting out the compelling reasons.
- The Executive Director of Finance shall apply accounting policies for fixed assets in line with Welsh Government guidance and accounting standards and values recorded in the asset register, including depreciation and revaluations. The Executive Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in general ledgers against balances on fixed asset registers.
- The Director of Strategic Transformation, Planning and Digital and Executive Director of Finance shall issue detailed procedures governing the project,

financial and contractual management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the requirements and delegated limits for capital schemes set out in Welsh Ministers' guidance and approval letters. The procedures will also cover post project benefits realisation to ensure benefits set out in the business case supporting the investment are delivered.

Deputy Director of Planning & Performance

- The Deputy Director of Planning & Performance is operationally responsible for the development of a Capital plan and detailed Capital programme, for the organisation that sets out a detailed Capital investment plan to support the objectives set out in the IMTP.
- Ensure that the decision to invest capital is in accordance with the Trust's overall strategic aims.
- Reviewing all authorised discretionary capital Business Cases to ensure they have been completed in full and are fit for purpose.
- Seek endorsement from the Strategic Capital Board for inclusion of a capital investment proposal within the Trust's Capital Programme.
- Keeping a record of all authorised discretionary capital Business Cases and circulating them to Capital Planning and Delivery Group members for information.
- Operationally ensure that a Project Director and Project Manager are appointed for each capital project and that there are adequate project management, monitoring and control arrangements in place.
- Support the development of a rolling capital programme for inclusion in the Trust's Integrated Medium-Term Plan (IMTP).
- Lead and chair the Capital Planning & Development Group
- Report as required to the Trust on capital project progress and issues.

Assistant Director of Estates, Environment and Capital Development

Capital Programme:

- Develop proposals for submission/consideration for inclusion in the Capital Programme.
- Develop a programme for Statutory Compliance, Health and Safety issues and Backlog Maintenance.
- Management of Statutory Compliance, Health and Safety and Backlog Maintenance programme element of the Trust approved capital programme.
- Provide routine reports on progress, cost control and any changes to the Statutory Compliance, Health and Safety and Backlog Maintenance programme to the Capital Planning and Delivery Group.
- Liaise with the Planning Directorate to allocate appropriate resources to support the development of capital schemes at all stages of the planning process.
- Support feasibility studies for developments of business cases for capital developments. Provide support and regular reporting to capital meetings.

Technical/Professional Project Management:

- Accountable to the client project manager for the provision of specialist technical project management and support.
- Allocate design team resources.
- Support the development of user requirements.
- Provide technical advice on feasibility of user options.
- Undertake and support option appraisal for business case development.
- Provide outline costing, identifying the costing basis.
- Provide comprehensive cost information and estimates in line with the requirements of the Capital Expenditure Limit ensuring that cost variances are identified separately for the effects of programme and cost changes.
- Advice on statutory approval requirements.
- Advice on project timetable.
- Advising and supporting the appointment of external project managers and design teams as appropriate. Advising on the compliance with the Construction, Design and Management (CDM) regulations where required.
- Provide appropriate support through membership of Capital Project teams.
- Ongoing management and control of capital schemes.
- Assist in developing an agreed programme.
- Assist in prioritising capital schemes.
- Advice on requirement of Capital Procedures compliance.
- Support the submission of Project start up documents with appropriate advice on status of any cost provided.
- Maintain links with external groups or bodies who have a key role in the allocation of capital resources. This includes the Welsh Government.

Capital and Operations Manager

- Provide effective management, co-ordination and development of the Trust capital programme including the development, maintenance and implementation at a corporate level of the estate's capital programme, ensuring balance with the organisation's Capital Expenditure Limit.
- Provide effective management, co-ordination and development of estates capital investment proposals and to encourage the use of good practice in the preparation of estates capital business cases.
- Assist and/or lead in the production of appropriate documentation and analysis, business cases etc and ensure that for each estates approved project a business case or business justification document is produced which contains a full appraisal of options against potential benefits and known costs for each investment proposal.
- Ensure that the Executive Director of Finance has certified the costs and revenue consequences of any estate's capital proposal.
- Produce, lead or assist in the production of, appropriate documentation and analysis, Business Cases and Capital Programmes and Reports for Trust and Capital Planning and Delivery Group.

- Provide practical support to Project Owners, Directors and Managers including the clarification of investment objectives, provision of a quality assurance role and implementation of project management techniques.
- Provide as required Capital and Project Briefings for the Trust.
- Support the ongoing improvement in Trust capital investment protocols and practices to ensure that the maximum benefit is gained from limited capital resources.
- In co-operation with the designated staff from the Finance Directorate, develop plans for discretionary capital expenditure.
- To be responsible for the regular review and reporting of the Estates-related Capital Programme.
- When property transactions form part of a capital project ensure that appropriate procedures are followed.

Head of Financial Planning & Reporting

- Lead the financial delivery of the Discretionary Capital programme and provide capital financial advice to all business cases.
- Provide financial support for the development, co-ordination and monitoring of capital investment proposals and to encourage the use of good practice in the preparation of business cases that identify a requirement for capital investment.
- Ensure that all necessary information is provided, and action initiated to successfully meet the requirements of the Capital Expenditure Limit.
- Lead and/or assist in the production of, appropriate documentation and analysis, Business cases and Capital Programmes and Reports for the Trust and other Trust meetings.
- Maintain links with external groups or bodies who have a key role in the allocation of capital resources. This includes the Welsh Government.
- Apply capital investment techniques including development of strategic and financial contexts, identification of benefits criteria, option and financial appraisals and risk analysis to capital investment proposals and overall appraisal of capital investment proposals.
- Contribute to the ongoing development of the Trust's Capital Investment protocols and practices.
- Providing advice and assistance to all staff that are completing the discretionary capital Business Case template.
- Keeping a record of all authorised discretionary capital Business Cases and circulating them to Capital Planning and Delivery Group members for information.
- Reconcile the Capital Programme to the Capital Expenditure Limit received from the Welsh Government.
- Produce capital monitoring information for the monthly Welsh Government financial return.
- Carry out a monthly reconciliation of capital expenditure to the general ledger.
- Shall deputise and chair the Capital Planning & Development Group in the absence of the Director of Planning & Performance.

Financial Accountant

- Responsible for capital accounting, including capital charges, International Financial Reporting Standard implications and revenue implications of all capital schemes.
- Ensure the upkeep and future development of the capital asset register.
- Produce periodic estimates of capital charges resulting from the Trust's Capital Programme, in accordance with WG guidelines and timescale.

Divisional Capital Leads

Divisional capital leads are responsible for:

- Presenting the prioritised Divisional All Wales & discretionary capital bids to the Capital Planning and Delivery Group for consideration.
- For each successful discretionary capital scheme bid, ensure a Project Manager is appointed who is, in the first instance, tasked with completing the discretionary capital Business Case for the scheme.
- Providing support and assistance to staff who have been asked to write a discretionary capital Business Case.
- Ensuring all discretionary capital Business Cases are completed in full and are authorised correctly ultimately by the Divisional Director.
- Sending a copy of all authorised discretionary capital Business Cases to the Capital Planning lead and Financial Planning & Reporting team.
- Ensuring copies of discretionary capital Business Cases are attached to capital requisitions to ensure they can be approved quickly.
- Report back to the Capital Planning and Delivery Group on delivery of all discretionary capital projects.

Capital Project Director

- Lead and direct (on behalf of the Project Owner) the Project Board and Project Team(s) towards the successful delivery of the project objectives as agreed with the Project Owner (Chief Executive) and Trust Board.
- Be responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost.

The Project Director shall ensure that:

- A Project Manager is appointed.
- A clearly established structure including a Project Board and Project Team, which include as required appropriate skills and expertise, representatives of all interested departments and stakeholders, has been given responsibility for the project and appropriate training is available.
- The appointment of project officers is recorded.
- There is a clear scheme of delegation that supports each individual's levels of responsibility.

The Project Director shall also ensure that the Project Manager has a clear brief including:

- Terms of reference and duties including contractual objectives/business needs.
- Capital expenditure limit requirements and delegated authority.
- Resources available.
- Responsibilities for Health and Safety.
- Relationships with (Internal) specialist support, (External) Project Manager and the Supply Chain Partner (SCP) change management responsibilities.
- Training needs and resources.
- Appropriate techniques and components from relevant project management qualifications, including PRINCE2, may be used as required to help with the delivery of the project.
- Ensuring the responsibility and ownership of the project is retained by Trust and not delegated to external contractors.

The Project Director shall also ensure that the Project Team has:

- Clear responsibilities and methods of working.
- A timetable for key events; co-ordinated plans; guidance notes; monitoring information.
- Project documentation and records.
- Lines of communication are clearly specified.
- One person to direct the activities of consultants, advisers, contractors and third parties.
- External management team members providing professional services who are appointed on a competitive basis.
- Reports on a regular basis using financial and non-financial monitoring.

Appropriate project files and documentation are kept. These should include:

- Business case documentation.
- All correspondence including approvals.
- Project approach and procurement strategy output specifications.
- Project plans, quality plans and risk log.
- Communications plan.
- Records of all meetings and decisions taken.
- File notes of conversations where actions are agreed, decisions taken, and authorisations given.
- Details of the appointment of the Project Team and Job Descriptions.
- Details of the appointment of any external experts or advisers.
- Records of all reports made, and approvals received.
- Change controls.
- Details of the appointment of the Supply Chain Partner contract documentation.
- Scheme development and design.

Capital Project Managers

The Project Manager for each capital project and will:

- Lead and direct (on behalf of the Project Director and Project Owner) the Project Team(s) towards the delivery of the project objectives as determined by the SRO, Project Board, Chief Executive and Trust Board.
- Ensure that appropriate and adequate communication mechanisms exist between the Project Director and Project Owner, Project Manager and external organisations, and between the Project Manager, Project Director and the rest of the Trust.
- Act as the one point of contact between the Trust and the Contractor/Supply Chain Partner (via the External Project Manager who will have formal responsibility under the appropriate form of contract). This will require ensuring that appropriate formal processes are in place for the provision of professional and technical support and guidance.

In conjunction with, and as delegated by, Project Director, the Project Manager will ensure that:

- A clearly established structure including a Project Team(s) which includes as required appropriate skills and expertise, representatives of all interested departments and stakeholders, has been given responsibility for the project.
- Ensure that the project complies with relevant WG and NHS Estates and Capital Guidance
- The Project Team has clear objectives, defined responsibilities and methods of working, a timetable for key events, co-ordinated plans, guidance notes, monitoring information and project documentation and records.
- There is a clear scheme of delegation that supports each individual's levels of responsibility.
- An appropriate business case is developed and remains robust at the procurement stage.
- To ensure appropriate clinical involvement and sign-off of requirements.
- There is a brief and project execution plan with clearly defined outcomes and an indicative and achievable programme including cost and time.
- To submit timely monthly financial reports of actual cost and accurately forecast costs; and forecast and actual cash flows on the forms provided by finance.
- Appropriate techniques and components from an appropriate project management tool are used as required to help with the delivery of the project.
- Ownership of the project is retained by the Trust and not delegated to external contractors.
- There is liaison with the project manager to direct the activities of consultants, advisers, contractors and lines of communication are clearly specified and are short and direct.
- The design produced meets all the requirements of the project and is signed off as required.
- Ensure that adequate procedures are in place to monitor and control cost, time and quality thereby ensuring Capital Expenditure Limit compliance.

- To obtain robust project costs and act in accordance with Standing Orders and standing financial instructions utilising appropriate delegated input such as provision of build costs.
- To take overall responsibility for the project being delivered within budget, including being informed of an agreement of works budget variations, and direct control of non-works variations (e.g. equipment and fees).
- To include reporting of pre-contract costs e.g. survey and feasibility work, including agreement of budgets.
- To ensure that all project matters and costs are appropriately authorised and notified to appropriate parties.
- To liaise effectively with the technical project manager (usually works and estates), attending project team meetings and ensuring arrangements are in place for specific queries in their absence.
- To ensure that adviser fees are appropriately related to activities when agreed, and similarly checked when incurred.
- To ensure that an equipment schedule is derived to an appropriate stage to enable both initial and final budget estimates, the latter schedules to contain identified suppliers, lead times and itemised costs.
- To agree with the works project manager and contractor, items to be supplied and fitted by the contractor as part of the build, including agreement of cost.
- Provide a regular report to the project director identifying cost, time and quality performance.
- Ensure the project is completed and handed over to the Trust in a managed way.
- To co-ordinate the user commissioning programme, providing time allocations and responsibilities.
- A post-completion evaluation of the scheme takes place.

Appropriate project files and documentation are produced and kept. These should include:

- Business Case documentation.
- All correspondence including approvals, project approach and procurement strategy output specifications.
- Project plans, communications plan, quality plans and risk log.
- Records of all meetings and decisions taken.
- File notes of conversations where actions are agreed, decisions taken, and authorisations given.
- Details of the appointment of the Project Team and Job Descriptions.
- Details of the appointment of any external experts or advisers.
- Change controls/variations.
- Details of the appointment of the Supply Chain Partners contract documentation.
- Scheme development and design.
- Cost changes and authorisations.

DISCRETIONARY CAPITAL SCHEME – PROJECT MANAGER’S CHECKLIST

Division:	
Scheme Name:	
Budget:	
Date Approved:	
Project Manager:	

Task	Completed	Date
Project Team Established		
Appropriate Project Management Tools Used		
Business Case Completed and Authorised		
Project Plan Developed and Signed Off		
Procurement		
a) Familiarisation and compliance with SFI procurement requirements.		
b) Consultation with Procurement on availability of resources to deliver the scheme within timeframes.		
c) Quality/Cost assessment (including whole life costs) have been agreed and approved prior to tendering.		
d) Project Team “sign off” of final agreed tender documents (approved scheme).		
e) Tender evaluation of tenders received and verified.		
f) Completion of “Contract Acceptance paper” upon receipt of an acceptable tender.		
g) Develop contract monitoring record and method of agreeing contract variations.		
Estates		
a) Discussion with Estates. Estates requirements in scheme agreed.		
b) Consultation with Estates on availability of resources to deliver the scheme within timeframes.		
c) Project Team “sign off” of design layouts (where applicable).		

Digital		
a) Discussion with Digital and Digital requirements in scheme agreed.		
b) Consultation with Digital on availability of resources to deliver the scheme within timeframes.		
c) Project Team sign off of final agreed specification (approved scheme).		
Finance		
a) An appropriate capital budget has been allocated and cost centre established.		
b) Revenue consequences determined and agreed.		
c) financial responsibilities for agreeing variations.		
d) An order(s) been raised for the scheme(s).		
e) Monthly monitoring procedures and protocols established for reporting back to the Capital Planning and Delivery Group and the Welsh Government (if applicable).		
f) Orders goods receipted in timely manner.		
g) Invoices monitored especially any that are “on hold” with a view to resolving any issues as soon as possible to ensure 30 day payment policy is complied with.		
Project Evaluation Plan		
Benefits Realisation		