

# NHS Ayrshire & Arran



**Meeting:** Ayrshire and Arran NHS Board  
**Meeting date:** Monday 28 March 2022  
**Title:** Capital Investment Plan FY2022-2023  
**Responsible Director:** Nicola Graham – Director of Infrastructure & Support Services  
**Report Author:** Fraser Bell – Assistant Director (Programmes)

## 1. Purpose

This is presented to the Board for:

- Decision

This paper relates to:

- Annual Operational Plan

This aligns to the following NHSScotland quality ambition(s):

- Effective
- Person Centred

## 2. Report summary

### 2.1 Situation

2.1.1 The proposed Capital Investment Plan (CIP) for financial year (FY) 2022 to 2023 is provided for discussion and approval.

This report highlights the following information related to the plan:-

- Scottish Government Health and Social Care Directorate (SGHSCD) “core capital allocation” being provided to NHS Ayrshire & Arran in FY22-23 to support the CIP.
- SGHSCD funding provided for additional earmarked capital projects.
- Proposed allocations of funding for specific capital projects.
- Explanation of adjustments to previous allowances.
- Update status of key ear-marked projects.
- Pipeline projects for future, subject to approval and funding availability.
- Property strategy related matters.

2.1.2 This CIP has been developed based upon the 5 Year Plan which has been regularly considered by the Infrastructure Programme Board Advisory Group (IPBAG) and Infrastructure Programme Board (IPB) and shared with the Scottish Government Health and Social Care Directorate (SGHSCD) in discussing funding allocations.

2.1.3 This report highlights the proposed draft CIP for FY2022-23 so that a recommendation can be made to the Board and to issue a draft submission to the SGHSCD for the coming financial year (FY).

## 2.2 Background

### 2.2.1 CIP Funding

SGHSCD informed Boards in February 2022 that core capital funding for the CIP in FY2022-23 would be 5% higher than in the previous year. NHS A&A's funding will increase by £415k to £8,720k.

NHSA&A have been awarded earmarked funding of an additional £4,011k for Caring for Ayrshire activities and deferred funding for the Whole System Estates Plan (formerly "Building for Better Care").

NHSA&A expect to be awarded earmarked funding of £9,700k for the National Secure Adolescent Inpatient Service (NSAIS) once the Full Business Case has been approved. This has been delayed whilst the project has been audited via the newly established NHS Assure and £5,600k of this funding was deferred from FY2021-22.

NHSA&A expect to be awarded earmarked funding of £12,000k in FY2022-23, for the delivery of the National Treatment Centre (NTC) once the Full Business Case has been approved in July 2022. This has been included in the CIP as SGHSCD have approved the purchase of a third-party owned premises for redevelopment for the NTC with the acquisition costs funded in FY2021-22.

**Table 1: Expected CIP Funding FY2022-2023**

A	Funding Sources	Allocation	Core Capital	Earmarked
		FY22-23	FY22-23	FY22-23
A.1	Scottish Government Allocations	£k	£k	£k
A.1.1	Core Capital Allocation	8,305	8,305	
A.1.2	Core Capital Allocation: 5% increase	415	415	
A.1.3	Capital Grants charged to revenue	0	0	
A.1.4	Whole System Estates Plan	1,600		1,600
A.1.5	Caring for Ayrshire (CfA)	2,411		2,411
A.1.6	National Secure Adolescent Inpatient Service (NSAIS)	9,700		9,700
A.1.7	National Treatment Centre (NTC)	12,000		12,000
A.1.8	<b>TOTAL CIP FUNDING</b>	<b>34,431</b>	<b>8,720</b>	<b>25,711</b>

## **2.2.2 Whole System Estates**

The Whole System Estates Plan funding was deferred from previous years by agreement with SGHSCD. It is proposed that this will be utilised to deliver the Boardwide ITU review within the coming financial year.

## **2.2.3 Caring for Ayrshire**

The Caring for Ayrshire allocation has been agreed with SGHSCD to enable internal and external resources to be recruited to take forward the Caring for Ayrshire Strategy. The recruitment of key posts is in progress and the procurement of external Health Care Planners via the HFS Framework (Lot 1) is scheduled to be completed in March with the successful firm commencing work in April. This work has been shaped and developed through discussions between NHS A&A and SGHSCD over the last 12 months.

## **2.2.4 National Secure Adolescent Inpatient Service**

The NSAIS Full Business Case (FBC) was submitted for approval in April 2021, however this was deferred until the newly established NHS Assure undertook a technical audit of the proposals. This has been completed, an action plan prepared for points raised and approval of the FBC is currently awaited.

The programme has been delayed due to this process and the costs have been subject to construction inflation, increasing the overall project costs. SGHSCD approved initial construction work be progressed on site to mitigate some of the delay, with the project currently expected to be completed in Autumn 2022, with a total project value c.£12,000k.

## **2.2.5 National Treatment Centre**

The NTC economic case was submitted for approval by SGHSCD on 03 March 2022. This has now been approved and NHS A&A authorised to purchase a third party owned facility and undertake the preparation of a FBC which is scheduled to be completed by 7 July 2022.

The £12,000k included in the CIP reflects the estimated costs that will be expended for the project in FY2022-23, subject to FBC approval in July 2022. The programme anticipates completion of the facility in August 2023, with a total project value c. £20,000k to £24,000k, which will be determined during the FBC preparation.

## **2.3 Assessment**

### **2.3.1 Draft Capital Investment Plan FY2021-22**

The CIP for FY2022-23 reflects projects which were scheduled in the 5 year plan which has been considered by the Infrastructure Programme Board Advisory Group (IPBAG) and Infrastructure Programme Board (IPB) in prioritising investment. It also reflects developing priorities that have been identified over the last 12 months, new projects with earmarked funding and adjustments to reflect changes to programmes.

The expected total value of the CIP is £34,431k of which £8,720k is not earmarked to specific projects. Of this non earmarked funding, £518k (5.9%) is unallocated for contingency and future project prioritisation to be confirmed during the year.

**Table 2: Proposed Allocations: Formula**

<b>B</b>	<b>Allocation Description</b>	<b>Proposed</b>
		<b>£k</b>
<b>B.1</b>	<b>Formula Allocations (from 5 Year Plan)</b>	<b>£k</b>
B.1.1	Electro Medical Equipment	1,926
B.1.2	Digital Services	398
B.1.3	Furniture & Equipment	72
B.1.4	Value Adding Elements from Capital	750
B.1.5	Theatre Instrument Replacement Programme	181
B.1.6	Digital Devices refresh programme	700
B.1.7	<b>TOTAL FORMULA</b>	<b>4,027</b>
	Allocations as % of non-earmarked funding	46.2%

**Table 3: Proposed Allocations: Earmarked & 5 Year Plan**

<b>B.2</b>	<b>Earmarked Allocations</b>	
B.2.1	Boardwide ITU Review (Deferred from FY21-22)	3,360
B.2.2	Caring for Ayrshire	2,411
B.2.3	National Secure Adolescent Inpatient Service (NSAIS)	9,700
B.2.4	National Treatment Centre (NTC)	12,000
B.2.5	<b>TOTAL EARMARKED</b>	<b>27,471</b>
	Excluded from % calculation	
<b>B.3</b>	<b>5 Year Plan Pre-Agreed</b>	
B.3.1	Digital Services - Telephony Platform Upgrades	80
B.3.2	Digital Services - Network Switches & Firewall	300
B.3.3	Digital Services - Radiology PACS (£548k total cost, £330k in FY21-22)	218
B.3.4	WOSL Asset Replacement NHS Lanarkshire	200
B.3.5	ACH Central Decontamination Unit	200
B.3.6	Theatre Light Replacement (Not required in FY22-23)	0
B.3.7	GP Premises Contingency	500
B.3.8	Net Zero / Sustainability Initiatives / EV Infrastructure	300
B.3.9	<b>TOTAL 5 YEAR PLAN</b>	<b>1,798</b>
	Allocations as % of non-earmarked funding	20.6%

**Table 4: Proposed Allocations: Deferred Projects & Contingency**

<b>B.4</b>	<b>Projects Deferred from FY2021-2022</b>	
B.4.1	<b>UHA Endoscopy Decontamination</b> (Brought forward to FY21-22)	0
B.4.2	<b>UHC Ward 5D Dementia Ward Upgrade</b> (moved to prioritisation budget)	0
B.4.3	<b>UHC Ward 4A Upgrade</b>	535
B.4.4	<b>TOTAL DEFERRED PROJECTS</b>	<b>535</b>
	Allocations as % of non-earmarked funding	6.1%
<b>B.5</b>	<b>CIP Delivery Support Costs</b>	
B.5.1	<b>Salary resource costs to deliver CIP</b>	82
B.5.2	<b>TOTAL SUPPORT COSTS</b>	<b>82</b>
	Allocations as % of non-earmarked funding	0.9%
<b>B.6</b>	<b>TOTAL DEFINED EXPENDITURE</b>	
B.6.1	<b>TOTAL DEFINED EXPENDITURE</b>	<b>33,913</b>
<b>B.7</b>	<b>Prioritisation Projects &amp; Contingency</b>	
B.7.1	<b>Balance for prioritisation projects &amp; contingency</b>	<b>518</b>
		5.9%

The CIP remains under significant pressure when compared with the pipeline requests which cannot be accommodated under the current funding allocation. The non-earmarked funding of £8,720k can be prioritised by the Board with the earmarked allocation of £25,711k reserved for specific projects.

A pragmatic approach has been adopted to continue allocations against ongoing multi-year programmes across digital, estates/css and medical physics. The resultant balance for “bricks and mortar” building refurbishments, out-with the earmarked funding, remains modest. The proposed allowances (out of the total of £8,720k) are;

- **Digital** £1,696k (19.4%)
- **Estates** £1,703k (19.5%)
- **Medical Physics** £1,926k (22.1%)
- **Programmes** £1,117k (12.8%)
- **Boardwide ITU<sup>1</sup>** £1,650k (18.9%)

### 2.3.2 Contingency, prioritisation & flexibility

A sum of **£518k** (5.9%) has been retained for contingency and prioritisation projects to be approved by IPBAG and IPB.

It is expected that the significant inflation across the construction industry will continue and project allocations deferred from previous years may require to be increased due to rising prices. These will be determined by the timing of delivery to suit clinical priorities and are likely to impact upon UHC Ward 4A and Boardwide ITU review.

<sup>1</sup> This £1,650k was previously allocated to the UHA Endoscopy Decontamination project which was rescheduled and brought forward from FY22-23 to FY21-22, with the ITU Review earmarked allocation of £1,650k rescheduled from FY21-22 to FY22-23. The allocations balance each other off.

Contingency allowances may also be required for unforeseen events arising through works with the existing estate.

Expenditure under the “contingency and prioritisation projects” allowance will follow the established prioritisation scoring process, scrutinised and approved by IPBAG and IPB.

A schedule of proposed pipeline projects is being developed and these will inform future capital investment, subject to scrutiny and approval by IPBAG and IPB. The value of pipeline projects that are being developed are estimated to be c.£15,000k, which is significantly higher than the unallocated funding within the CIP. These projects will be developed in line with the Caring for Ayrshire Strategy, considered for inclusion in future CIPs and will be subject to additional funding requests from Scottish Government where appropriate.

Over the last couple of years, the CIP has required to have greater levels of flexibility due to the impact of COVID-19 which has affected the timing of works being amended to align with clinical pressures and priorities.

Key impacts have included;-

- The endoscopy decontamination project at UHA was brought forward to be completed within FY21-22 with funding moving from FY22-23.
- The Boardwide ITU review has been deferred from FY21-22 to FY22-23 with funding utilised for the endoscopy decontamination project.
- Ward 4A refurbishment has been delayed to FY2022-23.

### 2.3.3 Medical, Digital, Estates & Clinical Equipment

Significant additional funding (£8,000k+) was provided by SGHSCD for medical equipment during the previous year which has supported total investment in EME of £10,000k+ in FY21-22. It is proposed that the formula allocation for electro medical equipment be reduced by £534k by bring forward expenditure planned for FY22-23 to FY21-22 to utilise slippage and a further nominal reduction of £102k<sup>2</sup> for FY2022-23, with a similar allocation of £700k being provided for a newly established refresh programme for digital devices, reflecting increasing digital demands.

Digital Services had requested £2,920k for digital equipment refresh for two years, dropping to £1,170k per year thereafter but this cannot be accommodated with the current funding. The balance of £2,220k has been placed within pipeline projects for future approval subject to additional funding being identified.

- **Digital Services Radiology PACS** implementation was delayed due to sector procurement issues, requiring £50k spend moving from FY21-22 to FY22-23.
- **West of Scotland Laundry** have advised that the Board’s contribution to asset replacement requires to be increased from £110k to £200k this year due to equipment replacement requirements.

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<sup>2</sup> £534k of EME expenditure for FY22/23 has been brought forward to FY21/22 to make use of slippage. The net reduction within this budget line is therefore £102k for FY22/23 against an additional £8,000k of EME funding in the previous year.

- **Theatre Light Replacement and Ward 5D** allowances have been moved to the contingency and project prioritisation funding in the absence of defined requirements or programmes at this time.

The “Spend to Save” allowance has been redefined as **Net Zero / Sustainability** to reflect greater significance in government policy and the allowance increased by £50k to £300k.

A bid of £1,860k has been submitted for grant funding for infrastructure and chargers for electric vehicles to support the Board’s obligation to move to an electric fleet for cars and LCVs by 2025. This bid will require £270k of funding for a vat element which is proposed to be funded from this line.

Resources funding of £82k<sup>3</sup> has been included within the CIP to support its delivery.

#### 2.3.4 **Property Transactions**

- **Former Kirklandside Site**

NHSA&A have advised East Ayrshire Council that due to a lack of progress on the proposed property transfer, it is intended to take the disposal of the site to open market. Because of the delay, it is likely that an updated valuation of the site will be required to ensure that the Board comply with the property transactions handbook guidance. Valuation of the site will reflect any potential growth in property prices and a potential burden that has been identified related to a water supply that crosses the site serving a third party. It is intended that disposal would be completed in FY2022-2023. In the interim, risk to the Board is limited as it is a cleared site with building previously been demolished.

- **Ochiltree and Tarbolton Clinics (Former)**

These two premises were previously declared surplus and approved for disposal. Sale is proposed via auction and this has been rescheduled from November 2021 to spring 2022 to allow Finance to depreciate their values further.

#### 2.3.5 **Distributed Working**

A distributed working programme is being progressed with the aim to better align property needs with service delivery under the Caring for Ayrshire strategy. It is anticipated that this will deliver a corporate landlord approach to premises, provide more flexible facilities which better reflect new ways of working and offer the opportunity to consolidate non clinical accommodation to deliver property related savings. This will support a future proofed and financially sustainable estate. External space strategy consultants have been appointed and a pilot / prototype environment is proposed to be created at Ailsa and this will inform the future non clinical accommodation requirements.

#### 2.3.6 **Demolition Plan**

The draft demolition plan is currently being reviewed and updated to reflect changes in demand for accommodation that have arisen over the last year. Progression of demolition work will follow the strategy of “right sizing” the estate, to achieve a financially sustainable property portfolio with facilities in the right location to meet the service needs. Whilst activities undertaken by the demolition plan are aligned to the property

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<sup>3</sup> This includes salary, employer national insurance and pension contribution for grade 8A member of staff.

strategy, they are not funded by the CIP but via Finance through Annually Managed Expenditure (AME).

### 2.3.7 **Quality/patient care**

The projects planned for delivery within the CIP are prioritised to improve the quality of facilities, equipment and service, to improve patient care. Outcomes intend to deliver increased safety with reduced risk, improved quality of accommodation, upgraded equipment and support a more efficient and effective service.

### 2.3.8 **Workforce**

Work within the CIP aims to provide a better working environment for staff, improved equipment and support organisational changes to improve effectiveness.

Where there is an impact upon the workforce these will be incorporated within the business cases for the respective initiatives.

### 2.3.9 **Financial**

All capital and revenue resource implications and all directly relevant impacts have been taken into account and will be assessed in individual project business cases.

This plan has been prepared in consultation with Finance Directorate.

### 2.3.10 **Risk assessment/management**

A risk-based approach had been used in prioritising spend on Electro Medical Equipment and Property Backlog Maintenance.

A risk assessment methodology will be utilised on projects to ensure that residual risks are minimised, and ownership of the residual risks are scrutinised by an appropriate level of seniority and aligned with the corporate governance risk appetite.

### 2.3.11 **Equality and diversity, including health inequalities**

Impact assessments will be carried out as part of the business case process (for the large scale projects) to inform what action is required to align with the policies.

### 2.3.12 **Other impacts**

- **Best Value**

The CIP will be delivered to ensure best value and effective use of resources and following best value principles of governance and accountability.

Normally this will encompass procuring design, construction and supply services through competitive tender and the selection of bidders through a Most Economically Advantageous Tender process. The use of national or local frameworks will be utilised where appropriate.

- **Community Benefits / Community Wealth Building**

NHSA&A is an anchor organisation within North, South and East Ayrshire and is central to the economic development of the region. We recognise that our commercial activity offers significant opportunities for our citizens to improve their life chances, health and well-being. Procurement activities shall encourage the participation of local suppliers, consultants and contractors and selection process shall include community benefit criteria where appropriate.



NHSA&A are an anchor institution with the Ayrshire Community Wealth Building strategy and are engaged in the land and assets workstream to align property assets across participants and consider community transfer where practicable for disposals.

### 2.3.13 **Communication, involvement, engagement and consultation**

The CIP is developed in consultation with stakeholders across NHSA&A including acute, HSCPs, mental health and with SGHSCD for specific projects. Detailed requirements are developed by teams digital, clinical support services, estates, medical physics, PMO and programmes.

This paper has been prepared in consultation with the Finance Directorate.

Scrutiny and management of the CIP is undertaken by IPBAG and IPB.

### 2.3.14 **Route to the meeting**

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- Infrastructure Programme Board Advisory Group, 08 March 2022
- Infrastructure Programme Board, virtually
- Corporate Management Team, 22 March 2022
- Performance Governance Committee, virtually

## 2.4 **Recommendation**

**For Decision.** Members are asked to approve the strategy outlined in the Capital Investment Plan for year 2022-2023 and approve the delivery of the programme under the scrutiny of the Infrastructure Programme Board.