

# NHS Ayrshire & Arran



**Meeting:** Ayrshire and Arran NHS Board

**Meeting date:** Tuesday 23 May 2023

**Title:** Capital Investment Plan for year 2023-2024

**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):

- Safe
- Effective

## 2. Report summary

### 2.1 Situation

NHS Ayrshire & Arran Board approve the proposed Capital Investment Plan following scrutiny and recommendation from Infrastructure Programme Board Advisory Group, Infrastructure Programme Board, Corporate Management Team and Performance Governance Committee.

A draft Capital Investment Plan was discussed at the Infrastructure Programme Board meeting in March and it was agreed that some discussions would take place between the Director of Infrastructure & Support Services and the Directors of the North, South and East Health and Social Care Partnerships, to further consider some points related to the proposed plan, prior to recommendation for approval by IPB.

Following these discussions, the proposed Capital Investment Plan for financial year 2023-2024 is attached for scrutiny and approval by NHS Ayrshire & Arran Board.

## **2.2 Background**

2.2.1 NHS Ayrshire & Arran's Capital Investment Plan (CIP) is dependent upon funding provided annually from Scottish Government. The CIP provides funding for areas of capital expenditure including; medical equipment, clinical support services and estates equipment, digital infrastructure equipment and built infrastructure works.

### **2.2.2 Core Capital Allocation**

Scottish Government provide an annual "Core Capital Allocation" to the Board for expenditure based upon its priorities. Formal confirmation has still to be received for Financial Year 2023-2024, however we been informally advised that this is expected to be unchanged from the previous year's allocation of £8,720k.

It is highlighted that there have been significant inflationary pressures across many areas of expenditure and an allocation unchanged from the previous year will make it challenging in satisfying the requests for funding for the various workstreams.

### **2.2.3 Programme Specific Funding**

In addition to the core capital allocation, programme specific funding is expected to be provided for the following initiatives (subject to full business case approval for the NTC);

- Foxgrove / National Secure Adolescent Inpatient Service (NSAIS)
- National Treatment Centre Ayrshire & Arran (NTC)
- Caring for Ayrshire (CfA)

Funding for these programmes will be based upon actual expenditure incurred by the Board.

### **2.2.4 Returned Funding FY2022-2023**

In financial year 2022-2023, NHSAA returned previously earmarked funding to Scottish Government for projects that were deferred because system pressures prevented being able to carry out construction work. These projects were:

- Boardwide Critical Care
- University Hospital Crosshouse Ward 4A refurbishment

The CIP assumes that this funding of £2,535k will be re-provided in Financial Year 2023-2024 however it has yet to be confirmed by SG. If this funding is not provided, the projects to be delivered in the coming year would have to be adjusted to reflect available funding accordingly.

### **2.2.5 Returned Maintenance Funding FY2022-2023**

NHSAA returned maintenance funding provided "in year" at Scottish Government's request, for projects that had not yet been committed. These maintenance projects had been selected as being on the estates risk plan that were expected to be deliverable within the financial year that the funding was provided. There is a low expectation that this funding will be re-provided in the current year and therefore whilst they have been included in the CIP, without a budget allocation, they will not proceed

unless funding is provided. These projects will revert to the estates management plan for delivery at a later date. These projects were:

- Generators at Biggart and Lady Margaret Hospitals
- Access Control (Boardwide)
- CCTV (Boardwide)
- UHA Conservatory roof

## 2.2.6 Available Funding v Requests for Funding

The demand for funding significantly exceeds what is expected to be available over the financial year and therefore very difficult decisions are required to prioritise what can be supported. Priority has been given to rolling programmes and Five Year Plans in the attached CIP and for expenditure for specific active projects. Prioritisation has considered potential risks to the Board.

## 2.2.7 Five Year Plans

Five year plans have been produced for proposed expenditure across Digital Services, Electro Medical, Estates and Clinical Support Services Equipment. Where it has not been possible in the current year to support the full requests of these plans, the unsupported activities shall be included within a “pipeline projects” schedule. This will allow them to be considered for support “in year”, should the available funding change and otherwise the plans will be adjusted to reflect delivery over subsequent years.

Allocations in the CIP have been made based upon risk based data available at the assessment date, ongoing previously approved multi-year programmes and considering workstream interdependences.

NHS Ayrshire & Arran Board had approved the Digital Reform Plan (DRP) and Corporate Management Team had confirmed that it should be funded from the CIP. The use of slippage funds in FY2022-2023, together with additional funding provided from Scottish Government, allowed £2,750k of planned digital expenditure from the DRP to be brought forward from FY2023-2024 for delivery in FY2022-2023. This has reduced the digital funding request in this year's CIP, from the original five year plan, to £4,551k.

## 2.2.8 Pipeline Projects

A prioritised pipeline of projects is being collated for future consideration and implementation when funding allows and the information will be incorporated into the asset and property strategy being developed under the Caring for Ayrshire workstreams. This pipeline will include proposals from across the whole organisation such as:

- Elements unsupported from the five year plans for Digital Services, Electro Medical, Estates and Clinical Support Services Equipment.
- Refurbishment and new facilities within HSCP sites and primary care.
- Refurbishment and new facilities within acute sites.
- Refurbishment and equipment requests from pharmacy, laboratories etc.

Not all projects would be deliverable within the coming financial year (due to design, procurement and delivery timescales) however the pipeline will form the basis of a wider long term investment plan.

A detailed review of actual expenditure and programmes of approved projects will be undertaken quarterly (June, September, December, March-end of year). Where these reviews identify that slippage has or is likely to occur and expenditure on specific projects will be less than planned, the quantum of “released” expenditure will be established and reported to Infrastructure Programme Board Advisory Group and Infrastructure Programme Board.

This “released” expenditure will then be considered for deployment against other alternative proposals included within the schedule of pipeline projects, allowing such proposals to be brought forward earlier than planned. Whilst it is expected that the ranking of the pipeline projects will inform the order of prioritisation, it is noted that delivery timelines are likely to be a significant factor when decisions are taken in-year. Where funding becomes available later in year, experience has shown that equipment purchases are more likely to meet the end of year deadline rather than build projects.

Decisions around the reallocation of funding outlined in the CIP will be made by the Infrastructure Programme Board Advisory Group and Infrastructure Programme Board.

## **2.3 Assessment**

2.3.1 The Proposed Capital Investment Plan (CIP), scrutinised and approved by members of; Infrastructure Programme Board Advisory Group, Infrastructure Programme Board, Corporate Management Team and Performance Governance Committee for the financial year 2023 to 2024 is outlined below.

The CIP has been prepared on a pragmatic basis to deliver an affordable programme, reflecting the funding constraints and taking cognisance of the prioritisation factors described in this paper.

2.3.2 For the purpose of the proposed CIP, it has been assumed that **£36,555k** of total funding will be available for FY2023-2024.

It is highlighted that £25,300k of this funding is earmarked for; Foxgrove / National Secure Adolescent Inpatient Service (NSAIS), National Treatment Centre Ayrshire & Arran (NTC) and Caring for Ayrshire (CfA) and will be reimbursed on an expenditure basis.

Therefore, the CIP funding of which the Board has discretion in prioritisation of expenditure is the balance of £11,255k.

### 2.3.3 Table 1: Expected Funding Allocations:

<b>A</b>	<b>Funding Allocations (Confirmation awaited from SG)</b>	Expected Allocation
		FY23-24
A.1	<b>Scottish Government Allocations: Certain</b>	£k
A.1.1	<b>Core Capital Allocation</b>	8,720
A.1.2	<b>Foxgrove: National Secure Adolescent Inpatient Service (NSAIS)</b>	6,900
A.1.3	<b>National Treatment Centre Ayrshire &amp; Arran (NTC)</b>	16,000
A.2.1	<b>Caring for Ayrshire Whole System Strategy (CfA)</b>	2,400
A.2.2	<b>Whole System Estates Plan: Critical Care</b>	1,600
A.2.3	<b>University Hospital Crosshouse Ward 4A (Capital plus backlog)</b>	935
A.5	<b>TOTAL CIP FUNDING</b>	<b>36,555</b>

For the purpose of the draft CIP, it has been assumed that **£36,555k** of total funding will be available for FY2023-2024. Should this be less, proposed expenditure allocations shall be adjusted accordingly in line with any constraints placed upon funding such as for earmarked projects.

### 2.3.4 Table 2: Proposed Expenditure Allocations:

<b>B</b>	<b>Expenditure Allocations</b>	Proposed
		FY23-24
B.1	<b>Formula Allocations (from draft 5 Year Plan)</b>	£k
B.1.1	<b>Electro Medical Equipment</b>	750
B.1.2	<b>Digital Services Equipment</b>	4551
B.1.3	<b>Estates Equipment</b>	0
B.1.4	<b>Clinical Support Services Equipment</b>	0
B.1.5	<b>WOSL Asset Replacement NHS Lanarkshire</b>	130
B.1.6	<b>Furniture &amp; Equipment</b>	72
B.1.7	<b>Theatre Instrument Replacement Programme</b>	150
B.1.8	<b>Value Adding Elements from Capital (Maintenance)</b>	750
B.1.9	<b>CIP Workforce support</b>	100
B.1.10	<b>TOTAL FORMULA</b>	<b>6,503</b>
B.2	<b>Approved Earmarked Allocations</b>	
B.2.1	<b>Boardwide ITU Review (improvements at UHC ICU)</b>	2,500
B.2.2	<b>UHC Ward 4A (refurbishment part capital part maintenance)</b>	935
B.2.3	<b>Caring for Ayrshire</b>	2,400
B.2.4	<b>National Secure Adolescent Inpatient Service (NSAIS)</b>	6,900
B.2.5	<b>National Treatment Centre (NTC)</b>	16,000
B.2.6	<b>Catering waste disposal (rescheduled from FY22/23)</b>	150
B.2.8	<b>Slippage / rescheduled Ailsa Distributed Working</b>	350
B.2.9	<b>TOTAL EARMARKED</b>	<b>29,235</b>

<b>B.3</b>	<b>Proposed Rolling Programmes</b>	
B.3.1	ACH Central Decontamination Unit	200
B.3.2	GP Premises Contingency: Stewarton Practice	200
B.3.3	GP Premises Contingency: North Ayrshire TBC	0
B.3.4	GP Premises Contingency: South Ayrshire TBC	0
B.3.5	Net Zero & Sustainability Initiatives	150
B.3.6	<b>TOTAL ROLLING PROGRAMMES</b>	<b>550</b>
<b>B.4</b>	<b>Deferred Maintenance Projects, subject to funding being re-provided</b>	
B.4.1	Generators at Biggart & Lady Margaret	0
B.4.2	Access Control Boardwide	0
B.4.3	CCTV Boardwide	0
B.4.4	UHA Conservatory Roof	0
B.4.5	<b>TOTAL DEFERRED MAINTENANCE PLAN</b>	<b>0</b>
<b>B.5</b>	<b>CIP Programme Contingency</b>	
B.5.1	Allowance for core contingency	267
B.5.2	<b>TOTAL UNALLOCATED CONTINGENCY</b>	<b>267</b>

2.3.5 Allocations in the CIP have been made based upon risk based data available at the assessment date, confirmed programmes or ongoing contractual commitments. It is proposed that any contingency and prioritisation funding shall be allocated following a detailed assessment process to deliver investment against programmes and activities which will deliver the best outcomes and manage identified risks.

2.3.6 It is noted that the allocation outlined for the National Treatment Centre is predicated upon the Full Business Case being approved by CIG. This is currently scheduled for May 2023, with works commencing on site in summer 2023. If the FBC is either delayed or not approved, the funding allocation and expenditure profile will be adjusted accordingly. The NTC project has been developed to meet the commitment outlined within the government's 2021 manifesto.

2.3.7 The two largest areas of expenditure requested within the five-year plan are Electro medical Equipment (£2,563k) and Digital Services Equipment (£4,551) and the available funding (together with essential and earmarked expenditure) makes it impossible to satisfy both requests in full. It is recognised that both these areas, in common with other programmes are essential to manage the risk to the Board. These areas also require cyclical expenditure, reflecting the operational lifespan of equipment and therefore plan for eventual obsolescence and replacement. As a rough guide, most equipment will have a functional lifespan of between 5 and 15 years, depending upon the type of equipment. Exceeding the functional lifespan may see increased frequency of breakdowns or withdrawal of manufacturer support.

To consider potential risks through adjustment of funding in the current year, a review was completed to consider historical expenditure for both these critical areas of electro medical and digital services equipment over the previous 10 year period. This is set out in the following tables for information.

**Table 3: Electro medical Equipment 2013-2023**

Electromedical Equipment - ACAP10								
Year	Original Allocation	Actual Expenditure	Delta	Cumulative Actual Expenditure	Core Capital Allocation	Original Allocation as % of Core Capital Allocation	Actual Expenditure as % of Core Capital Allocation	
	£k	£k	£k	£k	£k	%	%	
1 2022-23	1,926	4,169	2,243	40,021	8,720	22%	48%	
2 2021-22	2,002	10,888	8,886	35,852	8,305	24%	131%	
3 2020-21	2,267	5,140	2,873	24,964	8,305	27%	62%	
4 2019-20	2,483	3,584	1,101	19,824	8,305	30%	43%	
5 2018-19	2,615	3,838	1,223	16,240	8,305	31%	46%	
6 2017-18	2,563	3,226	663	12,402	8,305	31%	39%	
7 2016-17	3,187	3,514	327	9,176	8,305	38%	42%	
8 2015-16	2,630	2,005	- 625	5,662	9,179	29%	22%	
9 2014-15	1,736	1,800	64	3,657	8,451	21%	21%	
10 2013-14	1,131	1,857	726	1,857	7,400	15%	25%	
<b>Total 2017-2023</b>	<b>22,540</b>	<b>40,021</b>	<b>17,481</b>	Total Asset value	34,969	10 yr Invest. as % of AV	5 yr Invest. as % of AV	
Average per year	2,254	4,002	1,748			114%	79%	

**Table 4: Digital Services Equipment 2013-2023**

Digital Services - ACAP11								
Year	Original Allocation	Actual Expenditure	Delta	Cumulative Actual Expenditure	Core Capital Allocation	Original Allocation as % of Core Capital Allocation	Actual Expenditure as % of Core Capital Allocation	
	£k	£k	£k	£k	£k	%	%	
1 2022-23	1,696	4,446	2,750	15,959	8,720	19%	51%	
2 2021-22	1,337	1,388	51	11,513	8,305	16%	17%	
3 2020-21	2,071	2,562	491	10,125	8,305	25%	31%	
4 2019-20	998	1,601	603	7,563	8,305	12%	19%	
5 2018-19	716	1,255	539	5,962	8,305	9%	15%	
6 2017-18	727	1,308	581	4,707	8,305	9%	16%	
7 2016-17	540	1,132	592	3,399	8,305	7%	14%	
8 2015-16	440	426	- 14	2,267	9,179	5%	5%	
9 2014-15	1,330	1,386	56	1,841	8,451	16%	16%	
10 2013-14	440	455	15	455	7,400	6%	6%	
<b>Total 2017-2023</b>	<b>10,295</b>	<b>15,959</b>	<b>5,664</b>	Total Asset value	19,082	10 yr Invest. as % of AV	5 yr Invest. as % of AV	
Average per year	1,030	1,596	566			84%	59%	
<b>CIP 2023-2024 Proposed Plan</b>								
EME	750	750	-		8,720	9%	9%	
Digital	4,551	4,551	-		8,720	52%	52%	

2.3.8 This review has indicated the following:-

- Both areas have seen significant in-year additional funding provided in addition to the respective original CIP allocations. In EME this has tended to be related to additional funding being provided by Scottish Government whereas in Digital, this has tended to be late purchases to utilise slippage in the CIP.
- Both workstream leads note that whilst additional in-year funding is welcome, it can mean purchases of equipment that can be procured within the

timescale rather than equipment which are priorities. Greater certainty around total funding would be preferred.

- Both expenditure workstreams have equipment that can have significant lead times from order to delivery and can be impacted by limited suppliers.
- The average annual investment in EME has typically been double that of digital over the 10 year period.
- EME noted that additional funding provided from Scottish Government was in response to sector wide recognition that historic funding resulted in ageing equipment with greater risk of failures in use.
- It is noted that the figures do not reflect the impact of inflation on expenditure and are the funding figures made in that particular year.
- There is work being undertaken on a national basis to collate individual NHS Board's equipment strategies, to identify opportunities for joint procurement and therefore potentially obtain lower unit costs for equipment. NHS Ayrshire & Arran are fully engaged in this programme.

2.3.9 Contingency remaining within the CIP is below normal recommended levels, however this is mitigated by historic slippage in programmes that have impacted upon actual expenditure being lower than against planned expenditure, thus creating additional contingency.

It is noted that the capital plan funding must be fully expended by the end of the financial year and therefore expenditure requires to be monitored on an ongoing basis. Potential slippage will be identified at the quarterly reviews of the CIP with adjustments made to project expenditure and CIP contingency as necessary. Released expenditure allocations and unallocated contingency will be utilised for pipeline projects as appropriate subject to Infrastructure Programme Board approval.

Should unexpected demands arise during the year, there is the potential to delay or slow down certain areas of work to reduce expenditure in year. This will become more difficult as the year progresses.

2.3.10 The balance of the Boardwide ITU review budget remains unchanged at £3,000k with the allocation in the current year of £2,500k with the balance of £500k moved to FY2024-2025. This has been considered against likely cash-flow and the expected phasing of construction works.

### 2.3.11 **Quality/patient care**

The Proposed Capital Investment Plan implements a prioritisation process that includes criteria that focusses investment on areas that deliver the best outcomes for patient care and manages risk.

### 2.3.12 **Workforce**

The Proposed Capital Investment Plan projects supports a number of workforce improvements within specific projects. For example, the National Treatment Centre Ayrshire & Arran and Foxgrove projects will create opportunities for the recruitment of new staff. Other projects will provide improvements in the working environment to enable services to be delivered and for staff to work more effectively.



### 2.3.13 Financial

The Proposed Capital Investment Plan has a total funding and expenditure figure of **£36,555k** for FY2023-2024.

### 2.3.14 Risk assessment/management

The prioritisation for the allocation of funding within the CIP has included consideration of risk within each operational area, in particular prioritisation of expenditure for capital equipment over 5 year plans.

### 2.3.15 Equality and diversity, including health inequalities

Equalities impact assessments are completed for significant high cost projects. The prioritisation process utilised for the allocation of funding includes scoring criteria for improving health inequalities and improving outcomes for patients.

### 2.3.16 Other impacts

The Capital Investment Plan provides a tool to support NHS Ayrshire and Arran's Community Wealth Building aspirations, across key social, economic and environmental impact themes. This is captured through the procurement of goods, services and works and is actively managed to maximise opportunities for the Ayrshire communities. Larger projects such as the National Treatment Centre Ayrshire & Arran and Foxgrove have specific Social Impact Action Plans.

### 2.3.17 Communication, involvement, engagement and consultation

The Board has carried out its duties to involve and engage stakeholders throughout the development of the Capital Investment Plan.

### 2.3.18 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 8 March 2023
- Infrastructure Programme Board 20 March 2023
- Infrastructure Programme Board 4 May 2023
- Corporate Management Team 5 May 2023
- Performance Governance Committee 9 May 2023

## 2.4 Recommendation

For decision. Members are asked to:

- Consider and approve the Proposed Capital Investment Plan for financial year 2023-2024 in the sum of £36,555k
- Note that further prioritisation work and quarterly reviews will be undertaken throughout the year to reflect any in-year changes in expenditure and ensure that funding is aligned to the Board's priorities.