

# NHS Ayrshire & Arran



<b>Meeting:</b>	<b>Ayrshire and Arran NHS Board</b>
<b>Meeting date:</b>	<b>Monday 3 February 2025</b>
<b>Title:</b>	<b>Capital Investment Plan: Five Year FY2025-2030</b>
<b>Responsible Director:</b>	<b>Nicola Graham – Director of Infrastructure &amp; Support Services</b>
<b>Report Author:</b>	<b>Fraser Bell – Assistant Director Programmes</b>

## 1. Purpose

This is presented to the Board for:

- Decision

This paper relates to:

- Annual Operational Plan
- NHS Board/Integration Joint Board Strategy or Direction

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 Capital Investment Plan had been prepared for a five-year period from Financial Year (FY) 2025-2026 through to FY2029-2030. The five year plan supports strategic decision making around investment.

The five-year Capital Investment Plan FY2025-2030 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. This funding is usually provided under three primary headings; (a) on a "Core Capital Formula" basis set nationally, (b) earmarked for specific programmes / projects and (c) additionally in year for

programmes / projects selected by the Board that meet the specific funding criteria. Programmes and projects includes capital expenditure in equipment, digital infrastructure, certain obligations and built infrastructure works.

### 2.2.2 Scottish Government Budget

The CIP has been amended to reflect an increase of 5% in Formula Funding from the Directorate for Health and Social Care Finance, Digital and Governance for FY2024-25 as confirmed on 10<sup>th</sup> December 2024. This equates to an additional £436k to NHSAA over FY24-25 but due to the late notification of increase, this funding has been added to the contingency line with expenditure subject to approval by Infrastructure Programme Board Advisory Group / Infrastructure Programme Board in accordance with existing governance arrangements. It is noted that regular informal discussions are held with the Health Finance and Infrastructure Team and NHSAA Finance and Programmes which informs the preparation of financial plans. It has been assumed that this additional 5% of funding will apply to FY26-27 to FY29-30 inclusive.

This paper reflects content of Scottish Government Budget letter 2025-26 [4<sup>th</sup> December 2024], Scottish Government Budget letter 2024-25 [19<sup>th</sup> December 2023] and regular monthly discussions between NHSAA and SG, of which the following are considered to continue to impact upon the CIP as follows:-

1. Core Capital Formula allocation is recommended to be focussed upon maintaining our current estate and essential equipment and digital replacement.
2. No funding will be provided for development costs for any new projects (that would be taken through the SCIM process), it is not anticipated that construction of any new projects will commence for a period of at least two years.
3. SG stated that their ability to fund any relatively small-scale investments is extremely limited and Boards should not anticipate receiving additional funding.
4. Additional national in year funding for equipment is unlikely.
5. Funding previously returned by the Board to SG (Building for Better Care (BfBC), Electric Vehicle Infrastructure (EV) and National Labs Information Management System (LIMS)) will be re-provided.
6. Ongoing essential operational costs related to the retention of Carrick Glen Hospital (CGH) are anticipated to be supported.

### 2.2.3 Do Minimum Business Continuity Option (Business Continuity Plan)

SG issued DL (2024) 02; "NHS SCOTLAND: Whole System Infrastructure Planning" on 12 February 2024 requiring Boards to submit a Do Minimum Business Continuity Option (Business Continuity Plan) by 31<sup>st</sup> January 2025.

SG indicated that for “planning purposes” Boards should prepare their Business Continuity Plans (BCP) assuming that additional funding would be provided equivalent to 133% of their Formula Allocation. For NHSAA, this would equate to £12,177k, based upon a formula allocation of £9,156k, however the amount of funding to be provided may be less than this “planning purposes” figure. The CIP has a line indicating BCP funding of £12,177k and a line for BCP Expenditure of £12,177k with the detail of the BCP outlined in the separate BCP document.

Once the amount of BCP funding has been confirmed by SG, the CIP will be updated to reflect the detail of the activities which will be progressed.

SG requested detailed BCP plans for FY25-26 and an indication of draft plans for a total of 5 years. The BCP has assumed that the same level of funding will continue for the forecast period.

#### 2.2.4 CIP Total Funding

The CIP has been developed to reflect expected funding of;

- (a) Core Capital Allocation of £9,156k,
- (b) Return of funding from previous years of £2,307k,
- (c) Programme specific funding for Foxgrove and NTC of £700k and
- (d) BCP funding of £12,177k.

The total funding is expected to be **£24,340k** for FY2025-26.

#### 2.2.5 Available Funding v Demand

The demand for funding exceeds what is expected to be available over the planning period and therefore very difficult decisions are required to prioritise what can be supported to deliver an affordable CIP. Certain investment requests have been rescheduled later to ensure that expenditure matches funding. Should additional funding become available over the period, the timing of specific projects could be brought forward. Prioritisation has considered potential risks to the Board.

#### 2.2.6 Methodology

The CIP has been prepared incorporating key tools and considerations that have been developed under the supervision of Infrastructure Programme Board, to inform decision making in an objective data-based and risk based methodology:

##### **Equipment Lifecycle Plan:**

A detailed ten-year lifecycle plan has been developed to plan equipment replacement through to FY2033-34. This incorporates equipment assets across all areas of the organisation including;

- Clinical Support Services (Catering, Central Decontamination Unit, Portering & waste, Domestic),
- Digital Services,

- Estates,
- Laboratories,
- Medical Physics,
- Pharmacy.

Data captured for each asset item includes age, risk and reliability in addition to a wide range of detailed asset details. This allows equipment to be replaced in a strategic approach over multiple years and can quickly identify equipment that can be brought forward should additional funding become available in year.

### **Prioritisation Process:**

A prioritised pipeline of projects has been collated for implementation when funding allows and the information incorporated into the asset and property strategy being developed under the Caring for Ayrshire workstreams. This pipeline includes proposals from across the whole organisation such as:

- Elements unsupported from the lifecycle 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.

Requests for capital funding are assessed and considered against a prioritisation process that scores requests against a number of criteria to “rank” requests to identify which provide would deliver the greatest benefits to the organisation. The assessment criteria include:

- Improving patient experience, delivering a more effective service and improved patient outcomes.
- Improving staff working environment and staff effectiveness.
- Increase efficiency, flexibility and utilisation of accommodation.
- Operational improvements.
- Supporting organisational change / strategic initiatives / national priorities.
- Supporting NHSAA’s sustainability and net zero obligations.
- Financial improvements including a reduction in operational costs.
- Delivering a sustainable and affordable health and well-being service.
- Reduces risk and makes what we do safer.
- Improve sub optimal facilities and equipment.
- Supports Community Wealth Building and Ayrshire Regeneration.
- Supports caring for Ayrshire strategy.

Projects are then ranked based upon their score with projects progressed theoretically on the basis of their ranking (highest scoring first). However, the proposed timing of progression will also be determined by affordability and potential interface with other projects / programmes. It is noted that where projects exceed the Board’s delegated limit, the programme will be impacted by key external factors including the approval of a Full Business Case.

## **Digital Reform Plan**

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. These DRP requirements have been included within the lifecycle plan for digital equipment within the combined equipment lifecycle plan.

## **National Programmes / Initiatives**

Consideration how proposals align with and support national programmes and initiatives such as the National Treatment Centre and Foxgrove etc.

## **Caring for Ayrshire Strategy**

Consideration how proposals align with and support Caring for Ayrshire is fundamental to maximise the benefits from our limited funding, particularly over several years.

### **2.2.7 Expenditure Reviews**

A detailed review of actual expenditure on approved projects/programmes is undertaken quarterly (June, September, December<sup>1</sup>, March-end of year). Where these reviews identify that slippage is likely to occur and expenditure on specific approved 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 (build and equipment) included within the five year CIP. Decisions around the reallocation of funding outlined in the CIP will be made by the Infrastructure Programme Board Advisory Group and/or Infrastructure Programme Board.

### **2.2.8 Contingency**

A central contingency allowance (balancing figure) of the Core Capital Formula allocation has been included with expenditure to be approved by the Infrastructure Programme Board Advisory Group and/or Infrastructure Programme Board. It has been typical that the contingency line will increase in year to reflect slippage due to delays in approved programmes and is then fully expended by year end through acquisition of equipment or digital investment in the last quarter.

## **2.3 Assessment**

- 2.3.1 The Proposed Capital Investment Plan (CIP), is recommended for approval by Board following scrutiny by members of; Infrastructure Programme Board Advisory Group, Infrastructure Programme Board, Corporate Management Team and Performance Governance Committee.

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<sup>1</sup> Review at December 2024 was brought forward to end November 2024 to allow reporting to Performance Governance Committee at its meeting in January 2025.

The CIP has been prepared for a five year period from FY2025-26 to FY2029-30 and includes estimated funding to be confirmed by SG. The plan will be updated as appropriate to reflect actual funding when confirmed in year and will be updated annually to provide a continuous five year strategic planning horizon.

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 Structure

The CIP is structured as follows:

- **A Funding Allocations**
- **B Expenditure Allocations**
  - B1 Formula
  - B2 Earmarked
  - B3 Rolling Programmes.
  - B4 Prioritisation Programmes
  - B5 Equipment
  - B6 Contingency
- **C Summary**

The CIP for FY 2025-26 is highlighted in yellow (and has a high level of certainty) and FY 2026-27 to FY2029-30 in grey (with some degree of estimation).

Projects with a value higher than the Board's delegated limit are subject to a Scottish Capital Investment Manual (SCIM) process being completed, including the approval of a project Full Business Case by Health Finance and Infrastructure Capital Investment Group (CIG). These have been listed (in blue) with a budget allocation of nil pending SG confirmation that funding of projects can be re-started.

Cost estimates reflect current prices at December 2024 and exclude inflation.

### 2.3.3 A Funding Allocations

It is anticipated that **£24,340k** of funding will be provided for FY2024-25 as outlined in the table below. Final figures are to be confirmed by Health Finance and Infrastructure.

**Table A1: Funding Allocation**

A	Funding Allocations (subject to S.G. confirmation)	Expected Allocation		Estimated Allocation	Estimated Allocation	Estimated Allocation	Estimated Allocation	TOTAL
		FY25-26	% of Total	FY26-27	FY27-28	FY28-29	FY29-30	5 YEARS
A.1	<b>Scottish Government Allocations</b>	£k	%	£k	£k	£k	£k	£k
A.1.1	<b>Core Capital Allocation</b>	9,156	37.6%	9,156	9,156	9,156	9,156	45,780
A.1.2	<b>Foxgrove: National Secure Adolescent Inpatient Service (NSAIS)</b>	500	2.1%	0	0	0	0	500
A.1.3	<b>Whole System Estates Plan (Building for Better Care)</b>	1,600	6.6%	0	0	0	0	1,600
A.1.4	<b>National Labs Information Management System (LIMS)</b>	441	1.8%	0	0	0	0	441
A.1.5	<b>National Treatment Centre Ayrshire &amp; Arran (NTC)</b>	200	0.8%	0	0	0	0	200
A.1.6	<b>Fleet Decarbonisation Slippage (EV Chargers)</b>	266	1.1%	0	0	0	0	266
A.1.7	<b>DMBCO "Business Continuity Plan" Funding (Subject to confirmation by S.G.)</b>	12,177	50.0%	12,177	12,177	12,177	12,177	60,886
A.1.8	-	0	0.0%	0	0	0	0	0
A.1.9	-	0	0.0%	0	0	0	0	0
A.1.10	-	0	0.0%	0	0	0	0	0
A.1.11	<b>TOTAL CIP FUNDING</b>	24,340	100.0%	21,333	21,333	21,333	21,333	109,673

**2.3.4 B Expenditure Allocations**

Expenditure has been allocated under six headings; B1 Formula, B2 Earmarked, B3 Rolling Programmes, B4 Prioritisation Programmes, B5 Equipment, B6 Contingency.

These are as outlined in the following tables.

**2.3.5 Table B1: Formula Allocation & Earmarked Allocation**

B	Expenditure Allocations	Proposed	% of	Proposed	Proposed	Proposed	Proposed	TOTAL
		FY25-26	Formula	FY26-27	FY27-28	FY28-29	FY29-30	5 YEARS
B.1	<b>Formula</b>	£k	%	£k	£k	£k	£k	£k
B.1.1	<b>Furniture &amp; Equipment (Broken replacement cycle)</b>	75	0.8%	75	75	75	75	375
B.1.2	<b>Theatre Instrument Sets (Annual replacement cycle)</b>	150	1.6%	150	150	150	150	750
B.1.3	<b>West of Scotland Laundry (Asset Replacement - regional agreement)</b>	300	3.3%	150	150	150	150	900
B.1.4	<b>Capital Planning Support (Cap to Rev)</b>	230	2.5%	230	230	230	230	1,150
B.1.4.a	<b>Clerks of Work Support (Project quality assurance)</b>	100	1.1%	100	100	100	100	500
B.1.5	<b>Value Adding Elements from Capital (Backlog Maintenance Capitalisation)</b>	750	8.2%	750	750	750	750	3,750
B.1.6	<b>TOTAL FORMULA</b>	1,605	18%	1,455	1,455	1,455	1,455	7,425
B.2	<b>Earmarked</b>							0
B.2.1	<b>National Secure Adolescent Inpatient Service (Foxgrove)</b>	500		0	0	0	0	500
B.2.2	<b>National Treatment Centre (NTC Carrick Glen)</b>	200		0	0	0	0	200
B.2.3	<b>National Labs Information Management System (LIMS)</b>	441		0	0	0	0	441
B.2.4	<b>DMBCO "Business Continuity Plan" Funding (Subject to confirmation by S.G.)</b>	12,177		12,177	12,177	12,177	12,177	60,885
B.2.5	-	0		0	0	0	0	0
B.2.6	<b>TOTAL EARMARKED</b>	13,318		12,177	12,177	12,177	12,177	62,026

## 2.3.6 Table B2: Rolling Programmes & Prioritisation Programmes

B.3		Rolling Programmes						
B.3.1	Feasibility Design Works (budget for feasibility works to develop proposals)	50	0.5%	50	50	50	50	250
B.3.2	Boardwide Estates Rationalisation / Distributed Working Programme	300	3.3%	300	0	0	0	600
B.3.3	Boardwide Access Control Programme	300	3.3%	300	300	300	200	1,400
B.3.4	Boardwide CCTV Programme	100	1.1%	100	100	100	100	500
B.3.5	Net Zero & Sustainability Initiatives	300	3.3%	300	300	300	300	1,500
B.3.6	<b>TOTAL ROLLING PROGRAMMES</b>	<b>1,050</b>	<b>11%</b>	<b>1,050</b>	<b>750</b>	<b>750</b>	<b>650</b>	<b>4,250</b>
B.4		Prioritisation Projects (listed in ranked order of scoring.)						
B.4.1	Boardwide Critical Care UHC Upgrade	3,000	32.8%	0	0	0	0	3,000
B.4.2	Boardwide Critical Care UHA Upgrade (scope increased to replace AHU etc)	800	8.7%	500	0	0	0	1,300
B.4.3	Demolition Ailsa Campus (Eglington, Greenan, Stair / Lochranza / Afton)	300		200	200	0	0	700
B.4.4	Hydrotherapy Pool UHC	0		65	1,000	0	0	1,065
B.4.5	ACH CT & MRI Building Extension (CT Pod end of life replacement & additional MRI)	0		0	0	0	100	100
B.4.6	Paediatric CAU & Ward 1A/C Refurbishment	0		0	0	500	0	500
B.4.7	Changes to Pathology Lab UHC	0		0	0	100	0	100
B.4.8	Prioritisation Project (TBC)	0		0	0	0	0	0
B.4.9	Prioritisation Project (TBC)	0		0	0	0	0	0
B.4.10	NA HSCP Three Towns Locality Health Centre (SCIM Approval required)	0		0	0	0	0	0
B.4.11	NA HSCP Beith Health Centre (SCIM Approval required)	0		0	0	0	0	0
B.4.12	Arran Whole System Plan (SCIM Approval required)	0		0	0	0	0	0
B.4.13	NA HSCP Oxenward Health Centre (SCIM Approval required)	0		0	0	0	0	0
B.4.14	NA HSCP Frew Terrace Health Centre (SCIM Approval required)	0		0	0	0	0	0
B.4.15	NAHSCP Skelmorlie (SCIM Approval required)	0		0	0	0	0	0
B.4.20	<b>TOTAL PRIORITISATION</b>	<b>4,100</b>		<b>765</b>	<b>1,200</b>	<b>600</b>	<b>100</b>	<b>6,765</b>

## 2.3.7 Table B3: Equipment & Contingency & Summary

B.5		Equipment						
B.5.1	Electro Medical Equipment	1,000	10.9%	3,100	2,100	3,500	3,500	13,200
B.5.2	Digital Services Equipment Network	250	2.7%	100	775	250	945	2,320
B.5.3	Digital Services Equipment Devices	1,000	10.9%	1,000	1,000	1,000	1,000	5,000
B.5.4	CSS Catering	300	3.3%	300	300	300	50	1,250
B.5.5	CSS CDU	0	0.0%	50	50	0	750	850
B.5.6	CSS Portering	40	0.4%	40	40	40	0	160
B.5.7	CSS Domestic	25	0.3%	25	25	25	0	100
B.5.8	Estates Equipment	0	0.0%	0	0	0	0	0
B.5.9	Laboratories - Biochemistry	0	0.0%	0	0	180	0	180
B.5.10	Laboratories - Microbiology	100	1.1%	100	100	100	0	400
B.5.11	Pharmacy	0	0.0%	100	350	0	50	500
B.5.12	Electric Vehicles Infrastructure	266	2.9%	0	0	0	0	266
B.5.13	Equipment Emergency Replacement Fund	100	1.1%	100	100	100	0	400
B.5.14	<b>TOTAL EQUIPMENT LIFECYCLE</b>	<b>3,081</b>	<b>0</b>	<b>4,915</b>	<b>4,840</b>	<b>5,495</b>	<b>6,295</b>	<b>24,626</b>
B.6		CIP Programme Contingency						
B.6.1	Contingency Allowance (Balance figure) as % of core formula	1,186	13%	971	911	856	656	4,580
B.6.3	<b>TOTAL UNALLOCATED CONTINGENCY</b>	<b>1,186</b>		<b>971</b>	<b>911</b>	<b>856</b>	<b>656</b>	<b>4,580</b>



C	Summary Plan	Proposed		Proposed	Proposed	Proposed	Proposed	TOTAL
		FY25-26		FY26-27	FY27-28	FY28-29	FY29-30	5 YEARS
B.1.6	TOTAL FORMULA	1,605		1,455	1,455	1,455	1,455	7,425
B.2.6	TOTAL EARMARKED	13,318		12,177	12,177	12,177	12,177	62,026
B.3.6	TOTAL ROLLING PROGRAMMES	1,050		1,050	750	750	650	4,250
B.4.20	TOTAL PRIORITISATION	4,100		765	1,200	600	100	6,765
B.5.14	TOTAL EQUIPMENT LIFECYCLE	3,081		4,915	4,840	5,495	6,295	24,626
B.6.3	TOTAL UNALLOCATED CONTINGENCY	1,186		971	911	856	656	4,580
B.7.1	TOTAL EXPENDITURE	24,340		21,333	21,333	21,333	21,333	109,672
B.7.2	TOTAL FUNDING ALLOCATION	24,340		21,333	21,333	21,333	21,333	109,672
C.1.3	Proposed Expenditure v Funding allocations (zero indicates t	0		0	0	0	0	0

### 2.3.8 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.

### 2.3.9 Workforce

The Proposed Capital Investment Plan projects supports a number of workforce improvements within specific projects. For example, larger 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.

### 2.3.10 Financial

The Proposed Capital Investment Plan has a total funding and expenditure figure of **£24,340k** for FY2025-26.

### 2.3.11 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 within the ten year lifecycle plan.

### 2.3.12 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.

### 2.3.13 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 have specific Social Impact Action Plans.

### 2.3.14 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.

### 2.3.15 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.

- |                                                 |                                |
|-------------------------------------------------|--------------------------------|
| • DMBCO SLWG                                    | Several                        |
| • Infrastructure Programme Board Advisory Group | 16 <sup>th</sup> December 2024 |
| • Infrastructure Programme Board                | 7 <sup>th</sup> January 2025   |
| • Corporate Management Team                     | 14 <sup>th</sup> January 2025  |
| • Performance Governance Committee              | 16 <sup>th</sup> January 2025  |
| • Board                                         | 3 <sup>rd</sup> February 2025  |

## 2.4 Recommendation

Members are asked to

- **Decision** – Reaching a conclusion after the consideration of options.
  - **Consider and approve the Five-Year Capital Investment Plan for financial years 2025-2030.**
  - 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.