

NHS Wales Infrastructure Investment Guidance



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Foreword

Infrastructure is a key enabler for service development and delivery. With ever increasing pressures on the NHS, the need to have a modern estate that supports the delivery of safe sustainable services and also can accommodate service change is essential. This guidance has been developed to support investment in delivering the priorities of the Welsh Government in respect of the NHS Estate.

The guidance has been updated to reflect A Healthier Wales, our Plan for Health and Social Care which in turn is informed by both Prosperity for All and the Well-being of Future Generations Act. These are key strategies that will continue to influence investment decisions across Wales, not just within the NHS, but across all areas of Welsh Government.

Building on the key messages within our longer term plan, places increased emphasis on working across health and social care boundaries so that services are designed and delivered around the needs and preferences of individuals. This places a much greater emphasis on keeping people healthy and well, as well as the need for organisations to think regionally and not just within their respective boundaries. Such wider thinking will enable us to deliver a seamless whole system approach to health and social care.

For each organisation, having a clear understanding of its estate and considering how this is most effectively configured and managed to meet service requirements, is an essential part of organisation's strategic investment planning. Prioritising investment against a backdrop of safe, sustainable services together with the need to transform health care is a known challenge. As a result, the need to promote efficiency of use and sharing of assets and need to work with delivery partners including local authorities and third sector is increasingly important.

Any investment proposal has to clearly demonstrate it represents an economic, efficient and effective use of resources.

This updated guidance also reflects additional funding mechanisms which have been introduced by the Welsh Government. These include both the Mutual Investment Model and the Integrated Care Fund. With pressures on traditional capital, the need to consider alternative and complementary innovative sources of funding is increasingly important.

I would encourage individuals to familiarise themselves with this guidance and the documents referenced therein to ensure that schemes help deliver better investment outcomes for NHS Wales.



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Purpose

This document outlines the Welsh Government's requirements in terms of the planning, management and delivery of NHS infrastructure investment, and in particular:

- provides the strategic context and guiding principles for NHS infrastructure investment planning;
- confirms the requirements and process for business case submissions to Welsh Government;
- confirms the assurance, monitoring, reporting and evaluation requirements;
- clarifies expectations around NHS internal capital management and governance arrangements; and
- signposts to related guidance.

This document supersedes the guidance published in March 2015 – Welsh Health Circular (2015)012 and will be subject to further periodic reviews. The updated guidance looks to strengthen a number of key areas including the prioritisation of investment across the NHS, design requirements and assurance processes.

What do we mean by Infrastructure Investment?

Infrastructure investment comprises strategic schemes delivered through the All Wales Infrastructure Programme. The investment includes land and buildings, but also other significant physical assets including vehicles, medical and Information Management Technology equipment. The infrastructure investment covers all healthcare settings including acute, primary and community care.

The document is structured into two sections:

Section 1 – Planning, Business Case Requirements, Assurance, Governance and Evaluation

Section 2 – Funding, Procurement and Technical Matters

Links are provided throughout the document to relevant pro formas, templates and related guidance. Whilst we will endeavour to advise if these documents are revised, organisations are responsible for ensuring the use of the most up to date versions. If there is any doubt, organisations should contact their respective Capital Development Manager.

Whilst the Guidance has been developed with a primary focus on capital investment using traditional funding arrangements, reference is made, where appropriate, to alternative funding models such as the *Mutual Investment Model (MIM)*¹. Further guidance and best practice on these alternative funding models is available from the above link or can be made available from the Welsh Government's Health Capital, Estates and Facilities Division.

¹ gov.wales/funding/wales-infrastructure-investment-plan/mutual-investment-model/?lang=en

Section 1 – Planning, Business Case Requirements, Assurance, Governance and Evaluation

1. Strategic Context and Planning

1.1 Wales Infrastructure Investment Plan

The *Wales Infrastructure Investment Plan*² (WIIP) is a 10-year plan published in 2012 as part of the Welsh Government’s response to austerity. It provides a strategic investment framework to maximise the use of capital funding to deliver benefits for Wales in line with Welsh Government priorities. This includes delivering more efficient and economical public services.

Despite the challenging financial climate, the Welsh Government has been able to continue to invest in the NHS infrastructure through a combination of traditional and innovative financing which has delivered an ambitious programme. Since 2012 the Welsh Government has invested £1.6bn in the All Wales Capital Health Programme for investment in the health estate and assets including medical equipment, ICT and vehicles. It has also committed to funding public infrastructure with a capital value of around £1bn using the Mutual Investment Model for large scale strategic investments, such as the new Velindre Cancer Centre.

The Welsh Government published a mid-point review of the WIIP in May 2018. There have been significant changes in the economic, financial and political landscape since 2012 including the decision to leave the EU, the publication of the Welsh Government’s *Taking Wales Forward* and *National Strategy: Prosperity for All* and the commencement of the Well-being and Future Generations Act 2015. In light of this and against a backdrop of ongoing financial constraints and the long term delivery plan “*Healthier Wales: Our Plan for Health and Social Care*”, Welsh Government is taking stock of the health estate in order to be clear on its priorities and the direction of travel going forward and what the opportunities might be to maximise the impact of its infrastructure investment.

1.2 NHS Wales Planning Framework

The *NHS Wales Planning Framework*³ sets out the Welsh Government’s requirement for NHS bodies in Wales to produce Integrated Medium Term Plans which demonstrate how resources are planned to be used over a three year period to:

- deliver quality health and care services fit for the future;
- promote good health and well-being for everyone;
- build healthier communities and better environments.

The 2018-21 Planning Framework describes the focus of the next planning period on:

- the delivery of wellbeing objectives linked to Healthy and Active as set out in “Prosperity for All”;
- the need to work collaboratively across boundaries to deliver real improvements in health and wellbeing to the population of Wales – through the development and strengthening of relationships with key partners;

² gov.wales/funding/wales-infrastructure-investment-plan/?lang=en

³ gov.wales/docs/dhss/publications/171013nhswales-planning-frameworken.PDF

- The development of clinical strategies which will clearly influence the plans developed and;
- A continued concentration on prudent healthcare to develop and deliver efficient and effective healthcare.

1.3 Guiding Principles

1.3.1 A Healthier Wales : our plan for Health and Social Care/Prosperity for All

A Healthier Wales : our plan for Health and Social Care sets out a long term future vision of a “whole system approach to health and social care” which is focused on health and wellbeing and on preventing illness. This builds on the messages in Prosperity for All which set out a long-term aim is to build a Wales that is prosperous and secure, healthy and active, ambitious and learning, and united and connected. Our Programme for Government, *Taking Wales Forward*, sets out the headline commitments we will deliver between now and 2021.

The *Prosperity for All strategy*⁴ takes those key commitments, places them in a long-term context, and sets out how they fit with the work of the wider Welsh public service to lay the foundations for achieving prosperity for all. It acknowledges that how we deliver is just as important as what we deliver, and in order to make a real difference to people’s lives, we need to do things differently and involve people in shaping the services they use every day. The strategy document aims to better direct the energy and resources of the whole public service.

1.3.2 Well-being of Future Generations (Wales) Act 2015

Robust well-being and population needs assessments are a requirement of the *Well-being of Future Generations Act*⁵ and are an essential basis for planning. Each NHS organisation must work closely with its Public Services Boards, Regional Partnership Board and the communities they serve, as they further develop their needs assessments and gap analyses to inform their strategic plans.

Key to delivering on the expectations of the Well-being of Future Generations Act are the sustainable development principles and five ways of working linked to the seven Well-being Goals. The five ways of working describe how individuals and organisations need to work together and provide a further opportunity to expand approaches to delivering ambitious and transformational changes that cannot be achieved by individual organisations alone. To develop integrated plans in the context of the Well-being of Future Generations Act, it is crucial that we take the next steps to adopt the five ways of working. Applying them to service, corporate, financial and workforce planning will focus on long term planning rather than just short term responses or process.

Infrastructure developments within the NHS need to clearly consider the Well-being of Future Generations Act. There are seven well-being goals and business cases must clearly articulate how investment proposals align with these.

⁴ gov.wales/docs/strategies/170919-prosperity-for-all-en.pdf

⁵ gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en

1.3.3 Health Inequalities

Health Boards have responsibility for the health of their whole resident population. Organisations should place health inequalities (and seeking to reduce these) at the heart of their planning and delivery systems. Infrastructure development and investment plans should evidence how schemes will assist in delivering this objective.

Organisations will be required to evidence a health needs impact assessment under the mandatory Business Case requirements set out in Section 3.7 and within the Checklist at [Annex 1](#).

1.4 Primary Care Planning

The period covered by the Primary Care Plan has passed however, the principles of providing the right care at the right time by the right person at or as close to home as possible still apply. We continue to seek access in more flexible ways delivered in more flexible facilities. This means making better use of modern technology and all available community facilities, not just those of the NHS.

Organisations need to demonstrate how investment priorities will deliver a move away from traditional models of hospital based care towards primary and community care settings.

2. NHS Infrastructure Planning

Whilst Infrastructure is a key enabler for service development and delivery it should not be seen as an end in itself, but as one of the components of service provision. In considering the delivery of safe and sustainable services, it is therefore expected that NHS organisations will have an Infrastructure Plan (to include both estate and asset management strategies). These will demonstrate the synergy and holistic fit with other plans in particular the service strategy. The Infrastructure Plan should be forward looking and demonstrate how the asset base across all healthcare settings will be developed to facilitate service transformation and the delivery of high standards of care. The plan needs to be clearly linked to the direction of travel set out within organisations Integrated Medium Term Plans (IMTPs).

2.1 NHS Infrastructure Investment Objectives

Within the overall planning context, the investment objectives for the NHS Infrastructure Investment Programme (including the All Wales Infrastructure Programme (AWIP) including capital and revenue funding delivery models) are:

- support the delivery of safe, sustainable and accessible services, and facilitate high standards of patient care;
- support changes to streamlining and transforming healthcare provision, with a focus on prevention and supported self management, the provision of care closer to home, and the integration and coordination of service delivery with partners;
- promote the maximum efficient utilisation of assets and to improve asset condition and performance; and
- promote the use of innovation to improve the quality of care, to reduce costs and to deliver the necessary service change.

2.2 NHS Infrastructure Investment Criteria

In order to deliver these objectives, the following investment criteria have been agreed.

All infrastructure investment proposals from NHS bodies (and other organisations seeking infrastructure funding linked to health projects) will be assessed and prioritised against the following investment criteria.

In developing infrastructure investment proposals to deliver service plans, NHS bodies should ensure that schemes demonstrate alignment with the NHS Infrastructure Investment objectives and that the investment criteria are explicitly and robustly evidenced.

- **Health gain** – improving patient outcomes and meeting forecast changes in demand;
- **Affordability** – given the long term revenue assumptions, there should be an explicit reference to reducing revenue costs;
- **Clinical and skills sustainability** – reducing service and workforce vulnerabilities, and demonstrating solutions that are flexible and robust to a range of future scenarios;
- **Equity** – where people of highest health need are targeted first; and
- **Value for money** – optimising public value by making the most economic, efficient and effective use of resources – including the delivery of efficiency savings.

3. Business Case Development

3.1 Better Business Cases

Optimising public value is the primary aim of public sector spending. The Better Business Case approach, using the Five Case Model, is the Welsh Government's best practice for planning and cost justifying infrastructure investment proposals and enabling effective funding allocation decisions.

In terms of requests for NHS infrastructure investment funding, the Welsh Government requires proposals to:

- be prioritised as part of the Integrated Medium Term Plan process;
- be supported by business cases compliant with the Better Business Case approach;
- work on the principle of 'right first time' and 'once only' – relevant to both NHS bodies and the Welsh Government – regarding scheme development, assurance and approval to ensure a proportionate and timely process;
- take as a starting point that there should be no preconceived ideas as to the preferred option and this should be selected on the basis of a robustly conducted process to determine best fit with the service objectives and investment criteria;
- be grounded in the best available evidence, by drawing on lessons from other similar schemes undertaken by the organisation itself or other public bodies whether in Wales or beyond; and
- have explicit support and buy in from the appropriate sponsors and delivery partners.

The Better Business Case approach is mandated for all schemes seeking investment from the NHS Infrastructure Investment Programme and based on best practice set out in the *HMT Green Book*⁶ and *NHS Estate Code*⁷.

Detailed guidance and templates are available within the Green Book with the estate content of the business case requirements available at the *NHS Shared Service website publications page*⁸.

3.2 Prioritisation

In the context of funding pressures going forwards and increasing service delivery challenges, we need to target investments that deliver the greatest impact against our five investment criteria.

The Welsh Government therefore requires all NHS infrastructure investment proposals to be prioritised at a local level and be included in the Integrated Medium Term Plans. Where proposals operate across organisational boundaries and form part of regional or national services, then these should be clearly identified and supported in all relevant organisations plans.

3.3 Scoping

Before embarking on the preparation of any business case, it is a requirement that organisations hold a scoping discussion with Welsh Government to agree the most appropriate way to progress with developing the business case. It is important for each organisation to be able to demonstrate links with its own Integrated Medium Term Plan and associated prioritisation within the organisation.

The Business Case Scoping Document is set out at [Annex 2](#).

The scoping document can be completed (in draft) in advance of the scoping meeting but will be revised **by the organisation** following the meeting for each new proposal. The document will set out the purpose of the scheme, emerging investment objectives, outline of patient and service benefits, and alignment and fit with the guiding principles. The document will agree the business case process, including type of business case and expected timeframe for development and approval. This is to ensure that the process is used proportionately and nugatory effort avoided.

It is important that organisations understand that the holding of a scoping meeting is not part of the approval process and does not equate to entry onto the All Wales Infrastructure Programme.

3.4 Type of Business Case

Programmes should be developed along with indicative budget figures, set out within a Programme Business Case (PBC) (formerly known as the Strategic Outline Programme) in order to:

- set the direction of travel of a programme of work;
- outline the funding envelope for the programme;
- outline the interdependencies with other capital (and revenue) projects and workstreams;


⁶ www.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

⁷ www.nwssp.wales.nhs.uk/sitesplus/documents/1178/Welsh%20Health%20Building%20Note%202000-08%20Estatecode%20v3.pdf

⁸ www.nwssp.wales.nhs.uk/publications-and-information

- identify the projects within the programme, which will require business cases to be developed, and their critical path;
- set out the programme delivery and governance arrangements.

Major, novel or contentious projects should be developed and cost justified through three key iterations of the Business Case – Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) – consideration should also be given to the development of a Programme Business Case (PBC) where there are a number of inter-related projects.



A PBC provides an initial stage strategic context for progression of a programme; from which subsequent cases for developed components can be presented (OBC/FBC/BJC). Route to be confirmed with Welsh Government.

The SOC needs to confirm the strategic context of the proposal, present a robust case for change and outline the preferred way forward demonstrating strategic fit with Welsh Government objectives.

The OBC revisits earlier SOC assumptions, identifies “preferred option” which demonstrably optimises value for money and puts in place the procurement and delivery plans.

The FBC is the procurement stage which should recommend “the most economically advantageous offer”, the document the contractual arrangements and confirms the arrangements for successful delivery including post evaluation arrangements.

Minor, straightforward projects (such as replacement equipment) **may** be supported by Business Justification Cases (BJCs). The use of the BJC needs to be agreed with the Welsh Government following a scoping meeting. BJCs will typically be used for schemes under £4 million works costs for which firm (pre-competed) prices are available, including the purchase of replacement and new equipment. It is **not** the intention to use a BJC for new builds, where there will be a series of options for delivery.

Minor projects can often be inter-dependent and/or share the same critical delivery path. In such cases, consideration should be given to producing an overarching PBC in order to demonstrate strategic fit, combined risks and benefits, and overall programme management.

3.5 Use of Health Impact Assessments

Welsh Government requires Health Impact Assessments (HIA) to form part of the evidence to support and justify infrastructure investment proposals.

HIA is a model or set of tools which allows organisations to assess the impact of infrastructure developments on the health of its population, and can be used to predict improved health outcomes and potential health benefits, as well as identify potential unintended consequences which may need to be mitigated against.

The type of HIA – rapid or in depth – will be discussed and confirmed as part of the Scoping Document. The HIA will then need to be submitted as part of the business case process (as a requirement of the business case submission checklist).

The Wales Health Impact Assessment Support Unit offers support and *guidance*⁹ in terms of the development and uses of HIAs.

3.6 Engagement

NHS bodies should seek to involve people and local communities at the earliest possible opportunity as well as through the on-going process for developing more detailed plans. They should develop a communication plan setting out how the engagement process will work and ensuring that potentially affected people and communities are provided with the information and support they need to play a full part.

It is important that the development and assessment options, costs, benefits and risks are carried out in an open, transparent and accessible way. Providing evidence that people and communities have been proactively engaged in the process should be included in any business case. Further details are provided at **Annex 3**.

3.7 Submission Process

Business Case documentation is to be submitted in hard copy (x3) to the Deputy Director of Capital, Estates & Facilities, with an e-mail copy to the relevant Capital Development Manager, as well as the Capital Estates & Facilities Mailbox – See **Section 14** – Contacts.

A mandatory Business Case Checklist is attached at **Annex 1**, which will need to be submitted with the business case documentation confirming the following requirements:

- scoping document (see Section 3.3);
- a schedule confirming Business Case review and approval by the organisation's Board or relevant Sub Committee;
- where proposals stretch between Health Boards or are joint schemes with other partners, there will need to be collaborative sign off;
- wet ink signatures from the Chief Executive and Director of Finance;
- Health Impact Assessment (HIA);
- Integrated Assurance Approval Plan (IAAP);
- Risk Potential Assessment form(s) (RPA);
- letters of support from third parties, where appropriate;
- where appropriate, the necessary planning permission(s) have been obtained;
- most recent Gateway Review Report (if undertaken); and
- for Full Business Cases (FBC) a signed statement from the Supply Chain Partner confirming the scope and quantum of agreed works costs.

3.8 Appraisal and Approval

NHS bodies should have their own internal processes, including review by the organisation's Board and/ or relevant Sub Committee, to appraise and approve business cases prior to submission to the Welsh Government. The Business Case should record the process and reviewers involved. Further details and requirements are set out in **Section 4**.

⁹ www.nwssp.wales.nhs.uk/publications-and-information

The indicative timescale for the initial review and feedback by the Welsh Government of business cases is a minimum of 30 working days (it should be noted, however, that in most cases business cases take several months to go through the scrutiny and feedback process).

The aim is to develop a streamlined process for scrutiny and approval for all business cases. However, it is recognised that where schemes are complex and raise multiple issues for consideration, then an iterative process will be followed which will increase the time taken for scrutiny.

Business cases are scrutinised by a multidisciplinary team of Welsh Government staff and external advisors, including clinical, workforce, policy, planning, finance, economists and estates professionals.

Written feedback will be provided to organisations, which will focus on the key issues to be addressed. Where it is helpful, organisations may ask to meet the Scrutiny Panel to clarify queries and provide further supporting evidence. However, organisations will also be required to submit any additional information in writing.

Once business cases are considered to be sufficiently robust by the Scrutiny Panel, where appropriate they are formally considered by the Health & Social Services Department's Infrastructure Investment Board (IIB). As part of IIB's assessment and consideration of business cases, organisations can be required to attend and present their case for investment. The IIB's Terms of Reference are attached at [Annex 4](#), and its remit includes ensuring that all investments fit with the strategic direction of the NHS and infrastructure investment objectives and meet the investment criteria.

Subject to the IIB's support, formal advice and recommendations are presented to the Cabinet Secretary for Health and Social Services. The appraisal and approval process is set out in the flow chart at [Annex 5](#).

It is important for organisations to be aware that Welsh Government officials have no approval authority. All business case approvals and funding decisions are taken by the Cabinet Secretary for Health and Social Services.

3.9 Discretionary Capital

Discretionary capital is that allocated directly to NHS organisations for the following priority obligations:

- meeting statutory obligations, such as health and safety and firecode;
- maintaining the fabric of the estate; and
- the timely replacement of equipment.

An analysis of how the previous year's discretionary funding was expended is also required. This should be submitted to the Welsh Government by a timescale to be confirmed.

There is no de-minimis amount for schemes progressed via discretionary allocations. However, organisations will need to ensure that there are appropriate mechanisms in place to ensure works are aligned with strategic priorities and guiding principles, with a particular focus on quality and safety, and that there are robust internal processes for scrutiny and sign off (see also **Section 5** – NHS Governance and Assurance).

NHS bodies are reminded of the requirements for contract approvals for any contracts over £1m (**Section 10 – Contracts**).

3.10 Joint Proposals with Others

Organisations are encouraged to work in partnership with others (including Local Authorities and the third sector for example) to develop service and infrastructure proposals. In doing so, a business case will be required to be jointly developed and submitted to Welsh Government. The type of business case will be subject to a scoping meeting (see Section 3.3) to agree the nature, type and content of the business case with the Welsh Government.

There will be a requirement that any proposal would be supported by the relevant NHS organisation and that the financial and service delivery model is also supported. The proposal would also need to be linked to priorities in terms of service change and transformation linked to Integrated Medium Term Plans.

In terms of capital funding, guidance in respect of grants to third sector bodies states the following:

- funding of up to 50% of total costs; and
- subject to a threshold of £1.5 million.

Any departure from this guidance would be subject to separate Ministerial consent, in addition to Ministerial approval for the business case.

4. Report Monitoring and Assurance

4.1 Integrated Assurance and Approval Plan (IAAP)

The IAAP template at **Annex 6** sets out the assurance points for each stage of the business case approval and delivery process. Initially, this should be completed with the Scoping Document and then used as a tracker to monitor assurance against key milestones and updated as part of each business case submission. It is recognised that certain elements can take place consecutively.

4.2 Scheme Reporting and Monitoring

To inform the Welsh Government of progress on NHS infrastructure investment projects, all schemes receiving funding are required to report on a monthly basis using the revised project progress status report templates issued in association with this guidance. The need to provide these reports will be clarified within the relevant approval letter provided.

Project reports are required to be submitted electronically by 5.00pm on the 12th working day of each month to the respective Capital Development Manager and the Deputy Head of Capital, Estates and Facilities. It is important for organisations to ensure that these reconcile to the schedules included within the monthly Financial Monitoring Returns. If there are reasons for this not to be the case (such as timing of receipt of more up to date reports), these need to be raised and agreed with the Deputy Head of Capital, Estates & Facilities.

Organisations who persistently fail to submit project progress reports by the 12th working day of each month will need to explain the reasons for non submission in the monthly capital review meetings. If an organisation continues to submit returns late, this will be escalated to the NHS Wales Chief Executive.

It is essential that these reports include up to date financial information and expenditure detail (including overspends and underspends) and sufficient explanatory narrative relating to risks surrounding the successful outcomes from the scheme. An up to date Project Manager's report should be embedded in the Project Progress report. The narrative should be consistent with the information included within the monthly monitoring return narrative provided to the NHS Financial Management Team.

Scheme information will be used by the Welsh Government to monitor, review and manage its investment, and provide the basis of reports to the Health & Social Services Group Executive Director Team and Cabinet Secretary.

4.3 Scheme Risk Registers

Risk registers for each individual project/programme must be completed, shared and monitored, with reference not only to time, cost and quality but also operational/service impacts, functionality and benefits realisation. It is therefore important that NHS bodies not only consider construction risks, but wider operational/implementation risks which have to be managed and mitigated over the lifespan of a scheme. Where necessary, scheme risk registers should also be submitted to Welsh Government in addition to the reports referenced at **Section 4.2** above.

4.4 NHS Quality Delivery Framework

Progress on delivery of schemes will be discussed, recorded and reviewed at the scheduled Capital Review Meetings – and the reports referenced at **Section 4.2** will help inform these discussions.

These monitoring arrangements sit within the NHS Quality Delivery Framework and are covered with the IMTP guidance. Any issues and concerns will be reported to the Welsh Government Quality and Delivery meeting which meet on a monthly basis and taken forward via this route and Joint Executive Team meetings where appropriate. We confirm that the escalation process as set out within the NHS Quality Delivery Framework will apply to the management and delivery of infrastructure investment schemes.

4.5 Delivery Assurance

4.5.1 Programme and Project Management

Organisations should ensure that it has established robust programme and project management (PPM) techniques and ensure that best practice guidelines achieve value for money and deliver real benefits.

To ensure that organisations do the right things in the right way we expect everyone working in these areas to:

- build a strong, evidence-based 'case for change' by applying best practice approaches;
- engage with stakeholders from the outset to generate ideas and options;

- communicate openly and honestly, articulating clear reasons for the need for change; and
- use recognised PPM techniques throughout the project lifecycle to effectively deliver the benefits and provide valuable assurance.

Annex 7 details the ten guiding principles to be considered.

4.5.2 Assurance Reviews

Gateway review assessments are mandatory for all major, novel or contentious Welsh Government funded NHS infrastructure investment programmes and projects. There are occasions where other assurance products may be recommended as more appropriate, such as health checks, Project Assessment Reviews (PAR), peer reviews or desk top reviews. The determination of appropriate external assurance will be made by Capital, Estates & Facilities in conjunction with the Welsh Government's Integrated Assurance and PPM Team.

Gateway Reviews are peer reviews of programmes and projects that provide independent assurance and delivery confidence to the Senior Responsible Owner (SRO) at specific points in their development lifecycles. An assurance review is not an audit, but a critical friend for the programme or project. It is designed to provide the SRO with real time information so that action can be taken to address live issues and direct the programme or project towards successful delivery.

To initiate the Gateway Review process, programmes and projects must submit and completed Risk Potential Assessment forms (RPA 1 & 2) as part of the Business Case Checklist procedure **Annex 1** in order to determine if and what type of external assurance is appropriate.

All Welsh Government funded Infrastructure Investment programmes and projects are required upon completion of the review, to share the final reports with the Capital, Estates & Facilities team along with details of any action plans arising.

The latest RPA templates are available from your respective Capital Development Manager.

5. NHS Governance and Assurance

It is essential that NHS Boards are aware of their responsibilities in respect of the receipt of Welsh Government infrastructure investment funding and the associated development, management and delivery of schemes.

The following is intended to be read alongside requirements set out in Standing Orders and Standing Financial Instructions.

It is expected that organisations will have robust internal reporting arrangements and have local escalation arrangements in place to deal with any project, contract or financial issues linked to infrastructure schemes. In terms of infrastructure planning, approval and delivery, Local Health Boards and Trusts should:

- ensure that schemes are prioritised as part of the Integrated Medium Term Plan process, and are clearly aligned to organisational delivery goals and generate patient and service benefits;

- determine the appropriate processes and mechanisms, using multi professional and technical support where required, to consider and sign off business cases prior to submission to Welsh Government;
- fully consider the risks and benefits associated with scheme development, and have processes in place to provide assurance regarding appropriate risk management arrangements;
- ensure that Board members are supported and well prepared to consider business case proposals, including offering Reviewer Training where appropriate;
- ensure that the Board or relevant Sub Committee regularly monitor progress on individual schemes and the overall local infrastructure programme;
- have mechanisms in place to consider and review post project evaluations, in particular, delivery against project objectives and benefits realisation;
- make use of NHS Audit and Assurance services to assess the risk profile of schemes and provide appropriate levels of review;
- consider use of Gateway Reviews or alternative assurance mechanism at key milestones, if not already recommended through the RPA assessment;
- be assured that there are appropriate programme and project support arrangements to effectively manage the development and delivery of infrastructure schemes. These will need to be proportionate to the complexity and value of service and construction. In doing so, Boards may wish to consider Executive Sponsors for major projects and will need to identify a Senior Responsible Owner for each project with the capacity and expertise to lead and challenge.

As noted above, NHS Boards and Trusts are also reminded that NHS Shared Services Audit and Assurance Services also are a key source of independent internal assurance to Boards and Chief Executives (as Accountable Officers) of individual NHS bodies. A strong, independent internal audit function is also important in assuring the Chief Executive of NHS Wales of his ability to place reliance on the information provided by individual NHS bodies.

6. Evaluation and Feedback

6.1 Benefits Realisation

All infrastructure schemes receiving Welsh Government funding must be evaluated to demonstrate the benefits delivered and sustained improvements achieved in comparison to the pre-scheme situation (baseline costs and outcomes). The timing and resources to undertake the benefits exercise should be described in individual business cases, as well as the IAAP. These reviews should focus on the evidence to confirm the delivery of the scheme's investment objectives and benefit metrics over time to track benefits and improvements.

The benefits realisation exercise is a key output in terms of assurance around investment delivery and performance, and should be shared with the organisation's Board and Welsh Government to facilitate shared learning. To this end, where there are likely to be appropriate lessons for on-going or future schemes the use of a Gateway 5 review may be appropriate. The Welsh Government Integrated Assurance Hub will provide support in developing and undertaking these service evaluations.

6.2 Design and Construction Post Project Evaluation

All appropriate programmes and project will be subject to Design and Construction Post-Project Evaluation in accordance with recognised best practice.

A Design and Construction Post-Project Evaluation should be carried out within three months of completion and handover of the project. This will be facilitated by NHS Wales Shared Services Partnership – Specialist Estates Services (NWSSP-SES) in order to record lessons learnt from the procurement and commissioning of a project. Evaluation is conducted in accordance with the accepted NWSSP-SES process which incorporates, amongst other metrics, scores achieved at AEDET workshops undertaken at prescribed periods during the project lifecycle.

N.B. The Service Post-Project Evaluation, completed in accordance with the Benefits Realisation timeframe, will be initiated separately by the Health Board or Trust ideally within fifteen months of completion and hand over.

6.3 Evaluation Reporting

Evaluation reports should be sent to the Deputy Director of Capital, Estates & Facilities within the timescales agreed in the relevant approval letter. These will be reviewed by the Welsh Government to ensure that, where appropriate, the relevant learning is captured and shared.

Section 2 – Funding, Procurement and Technical Matters

7. Capital Funding

Capital funding to NHS bodies is managed through the Capital Resource Limit – CRL (Local Health Boards) and the Capital Expenditure Limit – CEL (NHS Trusts). Each comprises three groups of resource funding:

Capital Resource Limit/Capital Expenditure Limit

Group 1 Discretionary Funding

Group 2 Approved Funding

Group 3 Funding To Be Approved

Schemes which have received Cabinet Secretary approval and awaiting signed approval letters to be returned to WG.

Organisations will be notified of Group 1 and 2 funding in March preceding the financial year. Funding for Group 2 schemes will only be allocated upon receipt of a signed approval letter.

Wet ink signatures are required.

7.1 Business Case Fees

The Welsh Government does not provide funding in advance for the preparation of PBCs, SOC or stand alone BJC. However, these fees can be recovered post business case approval.

Funding in advance will only be considered to assist with the development of OBCs, FBCs and BJC linked to an approved PBC, SOC or Ministerial priority.

Funding will be released following confirmation by NHS Shared Services – Specialist Estates Services, and expenditure against this will need to be monitored via project progress reports:

At commencement of OBC

After selection of the appropriate Advisors, Designers and Contractor (if applicable), the LHB or Trust should submit a schedule of their funding requirement to submission of OBC. It should include the priced activity schedules submitted by each successful organisation when they bid supplemented with any funding requirements for surveys, site investigations, planning submissions, etc.

At commencement of FBC

The funding requirement for this stage to take the project to submission of FBC should be identified by the LHB or Trust in the OBC submission. Supporting priced activity schedules should be available for inspection during the scrutiny process if requested.

At commencement of design completion and construction to project closure

The funding requirements for these stages should be individually identified by the LHB or Trust in the FBC submission. Supporting costs should be available for inspection during the scrutiny process if requested.

In terms of financial support to organisations in the development of business cases, the following should be noted:

- approval at SOC stage by the Cabinet Secretary for Health and Social Services will be for fees in respect of the development of the OBC;
- approval at OBC stage will be for fees associated with the development of the FBC.

7.2 Setting Each Scheme's Budget

Whilst no budget is set at PBC or SOC stage indicative budget figures should be provided to the best degree of certainty at the time of writing, by a suitably qualified professional.

A Project Allowance is set at OBC stages under NHS Building for Wales National and Regional frameworks. The Conceptual Proposal established during the Outline Business Case Stage will enable a Project Allowance to be set and agreed with Welsh Government. This will be the maximum amount of funding Welsh Government is prepared to allocate to the project or programme and becomes the approved funding ceiling.

For BJC's a tendered cost is required as part of the submission.

The use of the NHS Building for Wales frameworks is mandatory for all projects with a construction value of in excess of £4m excluding value added tax. A letter confirming the Supply Chain Partner's FBC stage Price must be completed prior to any formal contract award [Annex 8](#).

7.3 Works in Advance of FBC Approval (enabling works)

These are unlikely to be supported unless there are clear benefits for doing so, and the works do not limit the use of the site to the preferred option. Further information on the type of works that may be considered for funding are set out in [Annex 9](#).

7.4 Funding Equipment

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

7.5 Internal Project Sponsorship Costs

These will be supported up to a value of 1% of the works cost, subject to Welsh Government agreement of a detailed resource schedule.

7.6 Award of Funding and Payments

When Welsh Government funding is awarded to an external body it is important that public funding is protected and used for the purposes for which it was allocated. All NHS infrastructure funding, both capital and revenue, irrespective of value, must have legal documentation in place. The funding award letter contains the terms and conditions for the use of funding, including the timescale for drawdown and imposes legally enforceable obligations on both parties.

7.7 Underspends

NHS bodies should declare any underspends at the earliest opportunity to allow the redistribution towards priority schemes across NHS Wales.

7.8 Gain Share

NHS organisations need to formally declare to Welsh Government the indicative gain share at the earliest opportunity. Welsh Minister's will then agree how this gain share is re-directed.

As soon as organisations are aware of potential gain share this should be reported within the relevant monthly project progress report.

7.9 Overspends

The Welsh Government position is that scheme overspends will be funded by the NHS organisation through discretionary sources.

The escalation procedures for capital projects are outlined within the NHS Wales Quality Delivery and Escalation Framework as referenced in **Section 4.4**. Should an organisation consider there is the likelihood of an overspend against the scheme (either in year or in totality) this needs to be raised as soon as practicable with the Deputy Director of Capital, Estates & Facilities Division. The reasons for the projected overspend need to be clearly articulated as well as the likely financial quantum assessed. Welsh Government will then consider this under the Quality Delivery Framework process.

7.10 Virements

The Welsh Government will consider applications to vire funding between schemes in recognition of the inherent difficulties in managing large-scale, multi-year complex capital projects. NHS bodies should apply to the Deputy Director of Capital, Estates & Facilities Division and note that any virement will require Ministerial approval.

7.11 Slippage

The importance of gaining accurate information on spend cannot be emphasised enough. It is essential that organisations ensure that the information from Supply Chain Partners is up to date and contains realistic forecasts in terms of completed works and valuations. Early warning of any issues needs to be identified to the Deputy Director of Capital, Estates & Facilities Division. Careful attention needs to be given to underspend at all times through out the project timeline.

As implemented in 2017-18, the Welsh Government position remains that from the end of month 7 (October) the funding allocations shown on the respective CRL/CEL schedules will be considered fixed.

Should schemes encounter slippage, organisations have two choices – the first will be to manage the funding allocated by bringing forward discretionary from the next financial year to utilise approved scheme slippage and reversing this in the following year. Should this approach be adopted, Welsh Government requires organisations to formally set this out to the Deputy Director of Capital, Estates and Facilities to ensure transparency before the adjustment is actioned. The second option would be for organisations to simply return funding if it cannot be spent in the

current financial year. Although, it is important to note that this will **not** automatically be re-provided by Welsh Government in future financial years and organisations would be expected to cover this from discretionary allocations.

7.12 Reclamation of VAT

Where organisations are in receipt of a VAT reclaim, there is potential for this to be recycled. Organisations need to notify the Deputy Director of NHS Capital, Estates and Facilities Division so that appropriate consideration can be given to the treatment of any VAT refund and whether the resource can be added to the CRL/CEL subject to Ministerial approval.

7.13 Capital Accounting

Organisations should note the requirements set out in Chapter 7 of the E-manual in respect of the IFRS *NHS Manual for Capital Accounting*¹⁰.

7.14 Project Bank Accounts (PBAs)

Welsh Government Policy – From 1st of January 2018,

All Welsh Government construction and infrastructure contracts valued at £2m or more which are delivered directly on behalf of Welsh Government Departments are required to apply a PBA unless there are compelling reasons not to do so.

NHS Wales intends to pilot Project Bank Accounts on the New Generation Frameworks. The pilot projects will be chosen in conjunction with NHS Organisations. Following completion of the Pilot Projects a lessons learned paper will be produced and the process for utilising Project Bank Accounts more widely will be developed.

The New Generation Frameworks have been designed to allow Project Bank Accounts to be utilised where required.

NHS Organisations should liaise with Welsh Government Officials and NWSSP-SES Framework Managers to determine whether individual projects are required to utilise Project Bank Accounts. See **Annex 10**.

Detailed information and guidance on these considerations can be found in the *Guidelines for deploying Welsh Government Project Bank Account Policy*¹¹ document.

7.15 Alternative sources of funding

In addition to the more traditional capital funding route, there are a number of alternative Welsh Government sources of funding. These include, amongst others, capital grants such as the Integrated Care Fund, Invest to Save scheme and Green Growth. **Annex 11** explains in more details the nature and purpose together with relevant links.

¹⁰ www.wales.nhs.uk/governance-emanual/documentmap/

¹¹ prp.gov.wales/docs/prp/toolkit/guidelinesfordeployingwelshgovernmentpbapolicydecember2017final.doc

7.16 Mutual Investment Model (MIM)

The Welsh Mutual Investment Model (MIM) has been developed by the Welsh Government in order to assist in the successful development and procuring of infrastructure schemes on a revenue funded basis. There is a pipeline of indicative schemes across several sectors, including health, transport and education. This model provides additional options for the public sector given the scarcity of capital and could be referred to as a type of private public partnership (PPP) scheme. Further detail is set out in [Annex 12](#) and links to the Central Treasury Guidance are referenced previously in this document.

8. Procurement

NWSSP-SES has established National and Regional frameworks for Supply Chain Partners and Support consultants for use by the NHS in Wales.

The National frameworks are for utilisation on projects in excess of £12 million (construction cost excluding VAT). The Regional frameworks are for utilisation on projects between £4 million and £12 million (construction cost excluding VAT).

For further information on these frameworks please contact the Head of Designed for Life building for Wales within the NHSWSSP-SES.

In terms of procurement outside of the above frameworks organisations may have their own local framework for works up to £4 million, or procure via a competitive tender. Organisations as part of any business case will need to evidence the procurement method used, confirm details and validity of tenders and ensure that appropriate assurance and advice has been taken in terms of OJEU requirements dependent upon thresholds in force at the time. It will be for individual organisations to satisfy themselves that they have the requisite approvals in place to ensure that any contract entered is on the appropriate terms.

8.1 Community Benefits and Procurement

The Welsh public sector is the largest user of services and goods from the private and voluntary sectors in Wales. The Welsh Government actively seeks to derive benefits for the local community from procurement activity through the application of Community Benefits policy approach. This approach is further endorsed by Principle 4 of the Wales Procurement Policy Statement, which makes delivery of social, economic and environmental benefit through effective application of Community Benefits policy must be an integral consideration in procurement.

The approach covers:

- Apprenticeship opportunities – creating new opportunities or providing hands on training weeks for current apprentices
- Job opportunities for economically inactive people
- Training opportunities for economically inactive people
- Retention and training opportunities for the existing workforce
- Promotion of open and accessible supply chains that provide opportunities for SMEs to bid for work; and promote social enterprises and supported businesses
- Code of Practice Ethical employment in supply chains

- Fair payment
- Contribution to education in Wales through engagement with school, college and university curriculums
- Contributions to community initiatives that support tackling poverty across Wales and leave a lasting legacy within the community
- Opportunities to minimise the environmental impact of the contract and to promote environmental benefits.

All NHS projects financed through Welsh Government Capital are required to apply Community benefits to 'all' procurement irrespective of value, reporting using the Community Benefits Measurement Toolkit on contracts over £2 million 'where such benefits can be realised'. Use of the toolkit enables the capture of the full range of Community Benefits outcomes, including jobs, educational support initiatives and training, and provides a consistent way of measuring such benefits.

When tendering or bidding for projects, it is essential that the client takes the lead and sets out clearly the Community Benefit objectives. While the main contractor or supply chain partner should be encouraged to contribute to the planning of how the Community Benefit objectives will be delivered, it should not be left to the contractor to determine these objectives.

The Welsh Government has laid out expectations of what type of community benefits should be targeted and have also included benchmarks for these targets. Some of the data is required for information only and is not set as a hard target.

At the tender/bid stage the client should include in the invitation to tender/bid the community benefits targets that the project will be aiming for. This information will be evaluated as part of the bid; any other benefits offered by an individual contractor/SCP should be included in the contract if that contractor/SCP is successful in being awarded the project.

The targets that form part of the contract should be included in the Full Business Case/Business Justification Case and will also be included in the grant letter when the business case is approved by the Cabinet Secretary for Health and Social Services. **Annex 13** provides a template Consequences table to record the contractual implications of non delivery.

Actions

- Procurement of all construction frameworks and construction contracts must include a Community Benefits proposal as part of the selection criteria for selection.
- All Business Cases submitted to Welsh Government must include a Community Benefits proposal together with a method statement demonstrating how the benefits will be achieved **Annex 14**.
- All Welsh Government funded projects over £2 million in construction cost must submit a Community Benefits Measurement Toolkit return annually or at the end of the project if less than 1 year in duration.
- All Welsh Government funded projects must submit a Community Benefits return quarterly to Capital Estates and Facilities Department at Welsh Government.

- All Welsh Government funded projects must include a record of Community Benefits achieved on the Project Progress reports submitted monthly to Welsh Government.
- The Community Benefits proposed within each Business Case will be a condition of the approval letter issued by the Cabinet Secretary for Health and Social Services.

9. Design Requirements

9.1 Design principles

The Welsh Assembly Government is committed to the modernisation of the NHS Estate in Wales, and views it as a key enabler to deliver its strategy to improve the provision of healthcare services for the people of Wales.

The modernisation of the NHS Estate will require the procurement of high quality facilities, appropriate to the current and future needs of the service.

In order to re-enforce this commitment the WG has set the following evidence based design principles which have proved to have a positive effect on patient outcomes:

- **Principle Number 1 – Accessibility**
- **Principle Number 2 – Functionality**
- **Principle Number 3 – Visually well organised**
- **Principle Number 4 – Natural Light**
- **Principle Number 5 – Natural ventilation**
- **Principle Number 6 – Access to external landscaped areas**
- **Principle Number 7 – Environmental controls**
- **Principle Number 8 – Art as a distraction**
- **Principle Number 9 – Interior Design**
- **Principle Number 10 – Sustainability**

As the population ages and the demands on the NHS change, there is a need to ensure that the NHS estate responds and in particular ensures an older person friendly environment in clinical setting. Specific guidance has been developed in this area and is included at **Annex 15** with respect to developing all clinical areas and environment that puts patient safety and dignity at the heart of care. Estates considerations including the importance of maintenance are very important to a positive patient experience a message learnt from *The Trusted to Care Report*¹².

The guidance and principles set out in **Annex 15** need to be considered for all new infrastructure developments, although specifically referencing ward refurbishments. There is a good and well developed evidence for this approach and as noted, Kings Fund and Stirling University have supported tools to assist with this work.

¹² gov.wales/topics/health/publications/health/reports/care/?lang=en

9.2 Planning including the Design Commission for Wales

Design and Placemaking

The Welsh Government's national planning policy document, *Planning Policy Wales (PPW)*¹³, recognises the importance of good design in the built environment. This goes beyond the aesthetics of the building and includes the social, environmental and economic aspects of the development, including its construction, operation and management, and its relationship to its surroundings. Developers should have regard to the policy in PPW and supplementary guidance, *Technical Advice Note 12: Design*¹⁴, in preparing their schemes.

Placemaking is the holistic consideration of many aspects of good design and is it at the heart of *a new version of PPW*¹⁵ which has recently been published for consultation. Developers should embrace the concept of Placemaking in their schemes, considering the wider environment and how a development fits in with the surrounding urban fabric and community. Placemaking can be usefully seen as applying the ethos of the Well-being of Future Generations Act to the built environment.

The Design Commission for Wales (DCFW) offers a design review service for development proposals and consideration should be given to early consultation during the early stages of the development process. This would ensure that their advice on placemaking can be incorporated in good time and with minimal additional cost. Advice can also be given on development strategies/ master plans as well as individual schemes. To assist in the achievement of good design DCFW have produced three Practice Guidance documents on design: *Planning for Sustainable Buildings*¹⁶, *a Site Analysis Guide*¹⁷ and *Design and Access Statements*¹⁸ which provide useful information on incorporating good design principles into schemes.

It will be important for developers to demonstrate how they have incorporated both national planning policy and the advice of DCFW when submitting their planning applications to local planning authorities, who will also have their own local policies on design and Placemaking.

The Welsh Government encourages early consultation with Local Authority Planning Departments and the Design Commission for Wales. This will normally take place prior to OBC submission as this stage requires Outline Planning to have been received.

9.3 Achieving Excellence Design Evaluation Toolkit (AEDET)

The Welsh Assembly Government has introduced a number of key initiatives to ensure that design quality is a priority whenever there is public capital expenditure and that NHS property holding bodies have procedures in place to ensure that design quality and sustainable buildings are delivered. One of these initiatives is the *Achieving Excellence Design Evaluation Toolkit*¹⁹ (AEDET)

¹³ gov.wales/topics/planning/policy/ppw/?lang=en

¹⁴ gov.wales/topics/planning/policy/tans/tan12/?lang=en

¹⁵ beta.gov.wales/planning-policy-wales-edition-10

¹⁶ gov.wales/topics/planning/policy/guidanceandleaflets/practice-guidance-planning-for-sustainable-buildings/?lang=en

¹⁷ gov.wales/topics/planning/policy/guidanceandleaflets/site-and-context-analysis-guide/?lang=en

¹⁸ gov.wales/topics/planning/policy/guidanceandleaflets/design-and-access-statements-in-wales/?lang=en

¹⁹ howis.wales.nhs.uk/sites3/page.cfm?orgid=254&pid=8461

AEDET is a tool for evaluating the quality of design in healthcare buildings. It delivers a profile that indicates the strengths and weaknesses of a design or an existing building. The AEDET evaluation must be carried out at the following stages:

- prior to OBC for inclusion within the estates annex of the OBC submission
- prior to FBC for inclusion within the estates annex of the FBC submission
- at Post Project Evaluation Stage
- if a BJC submission is to be used the AEDET should be carried out prior to submission.

In addition to these mandatory stages the Health Boards should utilise the toolkit throughout the design process especially during the early stages of design.

The AEDET workshop should be facilitated by an experienced professional independent to the project. This service is provided by NWSSP-SES.

The AEDET should be integrated into the business case process as follows:

Programme Business Case/Strategic Outline Case – To include a review of the AEDET criteria, refined and prioritised to suite the specific requirements of the project. The AEDET criteria should set the design brief for the project moving forward.

Outline Business Case – To include the results of a workshop with Users of the service both staff and patients. The workshop(s) should be held as early as possible within the design process to allow the results to influence the design. It may be that more than one workshop is required throughout the process.

Full Business Case/Business Justification Case – To include the results of a workshop with Users of the service both staff and patients. The workshop(s) should be held as early as possible within the design process to allow the results to influence the design. It may be that more than one workshop is required throughout the process.

Project Closure – Six months after project handover the organisation should ensure the completion of a post-construction review to demonstrate that the constructed new-build project has attained the requirements of the design brief. The post-construction AEDET scores should be compared with the scores at FBC and OBC stages.

9.4 Project Design Peer Review

It is well accepted that the early stages of a project are the most critical in establishing scope, specification, cost and programme. The Designed for Life: Building for Wales Frameworks introduced a Conceptual Proposal milestone which endeavours to identify and document the client's requirements through the production of an agreed sketch plan, an agreed site layout, agreed elevations, a high level specification of building and engineering requirements, a cost plan, a programme and preliminary risk register.

The Project Design Peer Review is an additional requirement to the AEDET and will be carried out on high risk, high value, complex projects which will be determined by Welsh Government.

9.5 Building Information Modelling (BIM)

All Welsh Government funded projects are required to be Building Information Modelling (BIM) Level 2 enabled. Any derogation from this requirement will need to be justified in a Business Case submission to Welsh Government by a Health Board or Trust. Furthermore, recognition is also required of the UK Government's programme: *Digital Built Britain* to enable Level 3 BIM adoption by the mid-2020s.

9.6 Building Research Establishment Environmental Assessment Method (BREEAM)

All Welsh Government funded projects with a capital cost over £2 million (i.e. comprising works, fees, non-works, contingency etc. and VAT) and over 1,000m² in floor area are required to commit to the appropriate standard as defined below from scheme commencement.

- New Build Schemes – EXCELLENT rating (assessed against BREEAM New Construction)
- Major Refurbishment Schemes – VERY GOOD rating (assessed against BREEAM Non-Domestic refurbishment and fit-out)

It is accepted that there may be some exceptional circumstances where due to the nature and complexity of the works it is not realistic to achieve the required target level. In these circumstances it should be identified at the earliest opportunity and the issue highlighted to NWSSP-SES who will review the evidence and work with the Health Board/Trust to identify an appropriate target level which ensures that the best possible outcome is achieved.

The following table shows the integration of BREEAM Healthcare into the programme/project delivery process:

Stage	Requirement
<p>Programme/Strategic Outline Case (SOC)</p>	<p>To include a commitment by the LHB or Trust to attain the relevant BREEAM Healthcare rating for new-build or refurbishment projects. This should enable the LHB/Trust project team to consider major estate implications arising from this aspiration and make appropriate cost provision in their SOC.</p>
<p>Outline Business Case (OBC) and Business Justification Case (BJC)</p>	<p>To include a completed 'Pre-assessment estimator' demonstrating that the relevant rating is attainable for the project. Attainment of this rating will be a pre-condition for approval of the OBC. The Pre-assessment estimator can be self-assessed; however, the utilisation of an independent licensed BREEAM Healthcare assessor is recommended.</p>

Stage	Requirement
Full Business Case (FBC)/ and Business Justification Case (BJC)	To include a copy of the formal design and procurement assessment prepared by an independent licensed BREEAM Healthcare assessor demonstrating that the designed new-build project will achieve the required rating.
Project Closure – All	Six months after project handover the Trust should ensure the completion of a post-construction review to demonstrate that the constructed project has attained the required rating. This review should be undertaken by an independent licensed BREEAM Healthcare assessor and a copy of the confirmation certificate should be passed to The Head of Estate Development at NHS Shared Services – Specialist Estates Services.

9.7 Sustainability

As part of the Government of Wales Act, Wales has long had a commitment in law to follow the principles of sustainable development in all the activities of government. The planning, management and delivery of NHS infrastructure investment, needs to be aware of and to follow these principles and relevant legislation to ensure that developments are compliant with any legal requirements, and are sustainable for current and future needs. Key new legal requirements include:

The Environment (Wales) Act came into law in 2016 and puts in place legislation to plan and manage Wales' natural resources. It is intended that the act should help deliver significant economic, social and environmental benefits for Wales and it has been designed to help secure Wales' long-term well-being, so that current and future generations benefit from a prosperous economy, a healthy and resilient environment and vibrant, cohesive communities.

Key parts of the act include climate change powers to put in place statutory emission reduction targets and carbon budgeting. Additionally, waste management powers to achieve higher levels of business waste recycling, better food waste treatment and increased energy recovery. It is anticipated that regulations in these areas will be developed during 2018 and 2019.

The Environment (Wales) Act requires a minimum reduction of Welsh greenhouse gas emissions of 80% by 2050. As part of meeting this legislative requirement, there is an expectation that the Welsh public sector will become carbon neutral by 2030.

The Welsh Government Energy Service provides practical support to the public sector to enable them to identify, scope and deliver energy efficiency and renewable energy projects that will deliver emissions savings.

One delivery mechanism is the *Re:fit Cymru*²⁰ framework and support service, which can deliver guaranteed energy savings across estate wide work programmes. The Re:fit Cymru team will support project development, and assist with the procurement of a framework contractor to deliver the works. Robust measurement and verification plans are developed to ensure that the cash and carbon savings promised are achieved.

Funding of these programmes is possible through zero interest investment funding, available to NHS bodies through the Welsh Government Invest to Save Green Growth finance vehicle. This mechanism can fund projects that reduce carbon emissions and payback within 8 years (finance can be repaid over periods up to 10 years, so cash savings can be realised immediately).

9.8 Branding

Any infrastructure development supported by Welsh Government capital or revenue funding will need to be recognised in communications relating to the project, including site signage.

Signage including *Welsh Government branding*²¹ must be included on site hoardings. The signage must be easy to view, in a prominent position, with the Welsh Government branding given equal importance to any co-branding.

Once the development is complete, Welsh Government also requires that organisations acknowledge Welsh Government funding with a permanent plaque in a suitably prominent position.

10. Contracts

10.1 Local Health Boards

Paragraph 13 (3) of Schedule 2 to the National Health Service (Wales) Act 2006 requires LHBs to obtain Welsh Ministers' consent to acquire and dispose of property and enter into contracts.

Contract approvals over £1m for individual schemes will be sought as part of the normal business case submission process where funding from the NHS Capital Programme is required. For schemes funded via discretionary allocations, a request for approval will need to be submitted to Chief Executive NHS Wales, copying in the Deputy Director of Capital, Estates & Facilities Division.

Detailed arrangements in respect of approval process linked to the acquisition and disposal of leases, where consent does not form part of the business case process will be included in a Welsh Health Circular *WHC(2015)031*²². Organisations should ensure that the monitoring arrangements and the requisite forms and returns are included as part of their own assurance arrangements.

10.2 Trusts

Whilst formal Cabinet Secretary consent is not required for Trusts as detailed above, general consent arrangements are still applicable in terms of relevant transactions. Detailed requirements in terms of appropriate notifications were sent in the Welsh Health Circular referenced above.

²⁰ gov.wales/topics/environmentcountryside/energy/efficiency/re-fit-cymru/?lang=en

²¹ gov.wales/contact_us/wglogoguide1/?lang=en

²² wg.wales.nhs.uk/uniqueid31510284af2ec6dcb998c39315f7a88ce2223c1263895620e9f9605280fdf2/uniqueid0/doclib/WHC-2015-031.pdf

11. Disposals and Property Protocols

11.1 Disposal Approvals

As per Section 10 above, Welsh Ministers will need to approve or note all NHS estate disposals. The Cabinet Secretary for Health and Social Services now has delegated authority in this regard to the Chief Executive NHS Wales.

11.2 Disposal Receipts

Trusts and LHBs are able to retain proceeds from disposals of up to £0.500m. Where a surplus site is sold in more than one lot, (or one or more surplus sites is sold if part of a capital consolidation scheme) the proceeds should be aggregated to calculate the £0.500m retention sum.

Organisations are able to deduct costs directly associated with disposal from the sale proceeds prior to remitting any excess receipts over £0.500m to the Welsh Government.

Applications to retain proceeds in excess of £0.500m to use against named schemes should be made to the Deputy Director of Capital, Estates & Facilities Division, and these will require Ministerial approval. Organisations will be expected to confirm how the funds would be utilised to progress key priorities identified through the Integrated Medium Term Plans.

11.3 Profit and Losses on Disposal

When seeking approval to retain the receipt over £0.500m, in line with Consolidated Budgeting Guidance, the organisation will be required to confirm what the current Net Book Value is along with any profit or loss on disposal.

11.4 NHS Affordable Housing Protocol

Under this protocol – *WHC (2007) 088*²³ – NHS bodies are required to consider the suitability of land/property for affordable housing prior to marketing more widely.

11.5 Electronic Property Information Management Service (e-PIMS and the Land Transfer Protocol

Organisations are required to consider, where possible, the use of available public sector estate when looking for alternative sites through the *e-PIMS system*²⁴ administered by the Office of Government Property” (OGP) part of the UK Government’s Cabinet Office.

Where suitable public sector sites are identified, the Estate Co-ordination and Land Transfer Protocol is expected to be used. The Protocol has been developed to assist in reducing cost and time associated with the transfer, use and disposal of the public estate between public bodies in Wales.

When disposing of land and property, NHS organisations should identify surplus assets at an early stage and utilise e-PIMS to assist co-ordinating with other public bodies. Available NHS assets should be flagged on e-PIMS for 40 days prior to marketing on the open market.

²³ [wg.wales.nhs.uk/uniqueisigf31510284af2ec6dcfb998c39315f7a88ce2223c1263895620e9f9605280fdf2/uniqueisig0/doclib/WHC\(2007\)088.pdf](http://wg.wales.nhs.uk/uniqueisigf31510284af2ec6dcfb998c39315f7a88ce2223c1263895620e9f9605280fdf2/uniqueisig0/doclib/WHC(2007)088.pdf)
²⁴ gov.wales/topics/improvingervices/assets-cymru/resources/estate-coordination-land-transfer-protocol/?lang=en

12. Skills, Capacity & Training

The Welsh Government recognises Managing Successful Programmes (MSP) and PRINCE 2 as the best practice methodologies for managing programmes and projects respectively.

NHS organisations should ensure that programme and project managers are appropriately skilled construction professionals and hold current qualifications. They should ensure that suitably qualified and experienced consultants are appointed to support their planned development, acquisition or disposal plans.

NHS organisations should also ensure that suitable resources are available for the delivery of construction projects. This will depend on scale and project complexity.

Training and support is available for business case writers and reviewers, including Executive leads, and accredited training packages can be arranged through the Welsh Government Capital, Estates & Facilities Division. Training is available to develop Gateway Reviewers and again this can be organised through the Capital Team. Details of the training courses available and information in respect of the Welsh Better Business Case network are detailed in **Annex 16** together with the relevant links.

13. Publication of Business Cases

Local Health Boards and NHS Trusts are required, under the Freedom of Information Act 2000, to maintain a publication scheme, which relates to the authority's publication of information. The Information Commissioner's model publication scheme, as read with the associated guidance to health bodies in Wales ("the Definition Document for Health Bodies in Wales"), provides that health bodies should look to provide as much information as possible on a routine basis on matters including their strategies, plans, policies and proposals.

It is considered good practice to publish key project documentation at each stage of approval to ensure a full and final record of the decisions taken by LHBs and NHS Trusts. This may include, where appropriate, the BJC, OBC or FBC. However, LHBs and NHS Trusts will be required to determine in each case how to treat potentially commercially sensitive or confidential information, and to take separate legal advice if necessary.

14. Contact Details

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