

## University Hospital Wales 2 Programme

### Programme Business Case Scope – FINAL

#### 1 Introduction

- 1.1** In 2020, the Cardiff and Vale University Health Board (the Board) set out its initial vision for delivery of improved patient outcomes in 'Shaping Our Clinical Services 2020-2030'.
- 1.2** Delivery of clinical care across the UHB is considered in need of radical redesign and investment to ensure it is able to meet the requirements of the new clinical strategy and the demands of the wider system. It also needs to be supported by appropriate physical infrastructure to ensure it remains fit for the future.
- 1.3** The Board is in the initial stages of developing a Programme Business Case (PBC) for the University Hospital Wales 2 (UHW2) programme, which will include the development of a Health Science Quarter in partnership with Cardiff University and other stakeholders. This will enhance its role as a teaching hospital and stimulate the post-Covid economy in South Wales.
- 1.4** The PBC is proposed to include the following constituent projects (subject to change):
- 1.4.1 Delivery of a clinical strategy for a new service delivery model centred around the university hospital of the future, including associated infrastructure changes across other sites.
  - 1.4.2 Necessary service reconfigurations in community care and other pathways to support the clinical strategy
  - 1.4.3 Development of a Health Sciences Quarter
  - 1.4.4 IT and digital transformation to support the above
- 1.5** Given the scale, size and strategic importance of the programme, as well as the poor condition of the existing estate, the Board acknowledges the importance of driving the programme forward at considerable pace. The Board's ambition would be for the new UHW2 to be partially open by 2026.
- 1.6** To enable this, it is the Board's priority to work with all the commissioners of services currently provided from UHW and other key stakeholders, including the Welsh Government, to develop the programme.
- 1.7** Notwithstanding these ambitious plans, the Board also acknowledges the complexity of the programme and each individual project. It therefore anticipates that each individual capital project within the programme will follow the Strategic Outline Case (SOC) to Outline Business Case (OBC) to Full Business Case (FBC) process.
- 1.8** During previously held meetings with the Welsh Government, it has been recognised that a PBC is a document, which will be revisited and updated, rather than 'set in stone'. Accordingly, it has been discussed that for the purposes of the PBC, the Financial and Commercial cases may be at a much higher level than what is required by the HM Treasury Green Book guidance, to reflect the early stage of programme development.
- 1.9** The Board has considered the structure and content of the PBC and discussed it with representatives at the Welsh Government.
- 1.10** The PBC will set out the direction of travel for the overall programme. It will be used as a 'living document' for the programme and will be updated as material new information becomes available and submitted alongside each project business case. The first version of the PBC is planned to be produced by the end of February 2021 – this will be referred to as PBC version 1.
- 1.11** This paper sets out the proposed purpose and scope of the PBC in comparison to a fully compliant HM Treasury Green Book PBC, its purpose and objectives and the benefits of our proposed approach.

#### 2 Purpose of the PBC

- 2.1** The Board envisages that PBC version 1 will provide a clear articulation of the strategic case for the programme. It will set out the Board's vision for providing acute services to its local population in Cardiff and Vale of Glamorgan, explore options to allow for delivery of the Board's clinical strategy, discuss the role of the redeveloped UHW2 as an anchor institution in South Wales, as well as its broader strategic fit within the Welsh NHS: how it will work with its University hospital counterpart in Swansea for delivering tertiary services and its alignment with the other Health Boards.
- 2.2** The PBC development process will involve considerable consultation with commissioners and other stakeholders and the Board's aim is that it satisfies the following purpose:
- 2.1.2 Convincingly articulating the case for change for the overall programme, going beyond just noting the poor quality of the existing estate
  - 2.1.3 Articulating the clinical services strategy and the IT and digital strategies which underpin this, developed in line with emerging science and best practice from elsewhere, both for the local population and within the wider NHS
  - 2.1.4 Articulating an ambitious vision for the Board as a whole and the redeveloped UHW2 as an anchor institution for the wider programme
  - 2.1.5 Securing buy-in for the case for change and for the vision from a wide range of internal and external stakeholders, including NHS, Community Health Councils, other public sector, private and third sector
  - 2.1.6 Setting out a programme scope, with a defined set of constituent projects that have been agreed with all key UHB stakeholders
  - 2.1.7 Using the options framework to develop a longlist and a shortlist of options that would enable delivery the critical success factors including the clinical services strategy, focussing on service change that needs to take place
  - 2.1.8 Undertake an indicative economic appraisal of the shortlist based on its strategic alignment and the socio-economic benefits it is expected to deliver
  - 2.1.9 Considering, at a very high-level, capital implications of the programme options shortlist setting out a range of costs which will indicate the scale of the programme being considered.
  - 2.1.10 Considering possible commercialisation opportunities within the programme, such as the Health Sciences Quarter and potential private hospital
  - 2.1.11 Setting out the programme governance arrangements and outlining the next steps in moving from the PBC to individual project business cases
- 3 Scope of the PBC**
- 3.1** Given the evolving nature of the PBC, version 1 will focus on developing three chapters in a considerable level of detail - the strategic case, economic case and management case. This will allow the Board, approving bodies and stakeholders to understand:
- the reason for the programme
  - the expected scope and scale of the programme
  - the socio-economic implications including benefits and risks
  - the governance arrangement for the programme, in particular in the early stages
- 3.2** In the table overleaf, we have set out the proposed scope of the PBC in comparison to the HM Treasury Green Book requirements, clearly stating where we plan to deviate from the guidance and why:

Case	HMT Green Book scope	Proposed scope	Rationale
<b>Strategic</b>	<ul style="list-style-type: none"> <li>-Organisational overview</li> <li>-Business strategy and aims</li> <li>-Other relevant strategies</li> <li>-Spending objectives</li> <li>-Existing arrangements</li> <li>-Current and future business needs</li> <li>-Scope and service requirements</li> <li>-Benefits, risks, dependencies and constraints</li> </ul>	<ul style="list-style-type: none"> <li>-No change in scope from HMT Green Book requirements but noting that more detail will emerge as subsequent business cases are developed and the strategy is refined.</li> </ul>	<ul style="list-style-type: none"> <li>-Important section for setting the scope of the programme, objectives and case for change.</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>-Critical Success Factors</li> <li>-Options longlist and preferred way forward</li> <li>-Short-listed options</li> <li>-NPSC/NPSV findings</li> <li>-Benefits appraisal</li> <li>-Risk assessment</li> <li>-Sensitivity analysis</li> <li>-Preferred option</li> </ul>	<ul style="list-style-type: none"> <li>-Critical Success Factors</li> <li>-A site-agnostic programme options longlist based on service-level options driven by the clinical strategy</li> <li>-Short-listed programme options</li> <li>-High-level quantification of costs and benefits, where possible, based on the data available (including NPSC/NPSV calculations). This would focus explicitly on programme-wide benefits, rather than specific benefits attributable to individual projects</li> <li>-Full list of assumptions underpinning quantification of costs and benefits</li> <li>-Where quantification is not possible, the case will set out a approach for these benefits to be quantified at SOC and OBC stages</li> <li>-Risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>-Initial stages of programme development would not allow for robust quantification of benefits and costs at this stage.</li> <li>-All assumptions would be caveated and all outputs would therefore be indicative and subject to significant change as the Board moves through the SOC-OBC-FBC process</li> </ul>

Case	HMT Green Book scope	Proposed scope	Rationale
<b>Commercial</b>	<ul style="list-style-type: none"> <li>-Procurement strategy and route</li> <li>-Service requirements and outputs</li> <li>-Charging mechanism</li> <li>-Contractual arrangements</li> <li>-Personnel implications</li> <li>-Accountancy treatment</li> </ul>	<ul style="list-style-type: none"> <li>-High-level consideration of possible procurement strategies for each project, which will be subject to change</li> <li>-High-level consideration of commercialisation opportunities within the programme</li> </ul>	<ul style="list-style-type: none"> <li>-At PBC stage, commercial arrangements for delivery of the projects will be considered, but not finalised.</li> <li>-Therefore, we expect that any consideration of charging mechanisms, contractual arrangements, personnel implications and accountancy treatments would likely be incorrect and subject to significant change at SOC/OBC stages</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>-Capital and revenue requirements</li> <li>-Net effect on prices (if any)</li> <li>-Impact on the statement of financial position (balance sheet) and on the income and expenditure account</li> <li>-Overall affordability and funding</li> <li>-Confirmation of stakeholder/customer support (if applicable).</li> </ul>	<ul style="list-style-type: none"> <li>-High-level capacity and demand modelling of the shortlist</li> <li>-Ranges of capital costs for the shortlisted options, to set out potential capital affordability position and the possible scale of the programme</li> <li>- Full list of assumptions underpinning ranges of capital costs</li> <li>-Description of the approach to be taken to fully and robustly quantify capital and revenue implications of the programme overall and each individual project at SOC and OBC stages</li> </ul>	<ul style="list-style-type: none"> <li>-The Board will not have agreed the detailed design of the proposed infrastructure requirements at PBC stage. Therefore, any costings performed would be at an extremely high-level (sqm/activity, £/sqm), and likely subject to significant refinement as the project business cases are developed</li> <li>-As such, a detailed financial case and/or the accompanying financial model will not be representative of the true cost of the projects</li> <li>-Similarly, due to lack of certainty around facility size and design, any affordability gap identified would be highly indicative</li> </ul>

Case	HMT Green Book scope	Proposed scope	Rationale
<b>Management</b>	<ul style="list-style-type: none"> <li>-Programme management governance arrangements (roles, responsibilities, plans etc.)</li> <li>-Project management governance arrangements</li> <li>-Use of specialist advisers</li> <li>-Change and contract management arrangements</li> <li>-Benefits realisation arrangements (including plans and register)</li> <li>-Risk management arrangements (including plans and register)</li> <li>-Post implementation and evaluation arrangements</li> <li>-Contingency arrangements and plans</li> </ul>	<ul style="list-style-type: none"> <li>-Stakeholder engagement strategy</li> <li>-Programme management governance arrangements (roles, responsibilities, plans etc.)</li> <li>-Use of specialist advisers</li> <li>-Risk management arrangements (including plans and register)</li> <li>-Next steps in relation to developing robust change management plans, benefits realisation plan and post implementation arrangements</li> <li>-Indicative critical path of how individual projects will be taken forward and likely sequencing, noting that this may be indicative at this stage</li> <li>How equalities impact statement will be tackled subsequently.</li> </ul>	<p>-Lack of certainty around certain aspects of individual projects, as discussed above (financial envelope, specific benefits that will be achieved, commercial arrangements) would limit our ability to consider individual project management, benefits realisation, post-implementation arrangements and contingency plans in a way that would add value</p>

#### 4 Benefits of the proposed approach

- 4.1 The Board sees the following benefits in the proposed approach, if agreed with the Welsh Government:
- 4.1.2 It should reflect the position of a number of different stakeholders, including commissioners
  - 4.1.3 It enables early endorsement of the PBC by the Welsh Government, which will be key in getting the programme off the ground
  - 4.1.4 It adopts a proportionality approach appropriate to a PBC that will be supplemented by a SOC, an OBC and an FBC for each individual project
  - 4.1.5 It maintains clear alignment to the requirements of the Green Book and evidences that consideration has been given to all five cases
  - 4.1.6 It allows the Board to focus on the aspects of the PBC that will be crucial to its success and the ability to achieve stakeholder buy-in – such as the case for change and Value for Money

- 4.1.7 It does not consider in detail those aspects of the programme that are likely to change significantly between the PBC stage and preparation of individual project business cases - such as the affordability position or procurement strategy – reserving this for SOC/OBC stages as well as future iterations of the PBC

## **5 Desired outcome from the PBC**

- 5.1 The desired outcome from the PBC is that it will allow the Board to secure endorsement:
- 5.1.2 to begin working on the Strategic Outline Case (SOC) for the first project(s);
  - 5.1.3 for funding to allow the development of the SOC; and