

Business Case

Development of Three Theatres, support space & Ambulatory Gynaecology Suite at Singleton Hospital, Swansea



Document control sheet

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1	Purpose.....	2
1.1	Introduction.....	2
1.2	Background.....	2
2	Strategic Context.....	4
2.1	Introduction.....	4
2.2	Local and National Context.....	4
2.3	Local Health Board Context.....	5
3	Case for Change.....	6
3.1	Business Needs.....	6
3.2	Problems with Status Quo.....	7
3.3	Modelling.....	8
3.4	Workforce.....	11
3.5	Spend Objectives.....	13
3.6	Potential Scope.....	15
3.7	Main Benefits.....	15
3.8	Main Risks.....	16
3.9	Constraints and Dependencies.....	16
4	The Economic Case.....	17
4.1	Introduction.....	17
4.2	Critical Success Factors.....	17
4.3	Framework Option Appraisal.....	17
4.4	Economic Appraisal of the Shortlisted Options.....	19
4.5	Cost Benefit Appraisal Findings.....	20
4.6	Risk Appraisal.....	21
4.7	Carbon Based Evaluation.....	21
4.8	The Preferred Option.....	21
5	The Preferred Option.....	22
6	The Commercial Case.....	24
6.1	Introduction.....	24
6.2	Procurement Strategy and Route.....	24
6.3	Required Services.....	24
6.4	Key Appointments & Contract Arrangements (Capital Solution).....	24
6.5	Required Facilities and Compliance.....	24
6.6	Potential for Risk Management.....	24
6.7	Agreed Charging Mechanism (Capital Solution).....	24
6.8	Agreed Contract Length.....	25
6.9	Personnel Implications.....	25
6.10	Equipment Procurement.....	25
6.11	Accountancy Treatment.....	25
6.12	Indicative Timescales.....	25
7	Funding and Affordability.....	26
7.1	Introduction.....	26
7.2	Capital.....	26
7.3	Revenue.....	27
7.4	Income and Expenditure Analysis (Non-Cash).....	27
7.5	Overall Affordability.....	28
8	Management Arrangements.....	29

8.1	Introduction.....	29
8.2	Project Management Arrangements	29
8.3	Use of Special Advisors	29
8.4	Arrangements for Risk Management	29
8.5	Benefits Realisation.....	29
8.6	Community Benefits	29
8.7	Audit & Assurance.....	29
8.8	Post Evaluation Arrangements / Lessons Learned.....	29
8.9	NHS Wales Gateway Review (Stage 3 – Investment Decision)	29
8.10	Planning Permission.....	30
8.11	Contingency Plans	30

Figures:

Figure 1 – Singleton Hospital Site Development Control Plan	6
Figure 2 – Waiting Lists (from March 2020 to May 2022).....	7
Figure 3 – Waiting List Position as of March 2023.....	Error! Bookmark not defined.
Figure 5 – Projected Activity	10
Figure 9 – Average Waiting Time Impact: General Surgery	11
Figure 10 – Average Waiting Time Impact: ENT	Error! Bookmark not defined.
Figure 11 – Average Waiting Time Impact: Gynaecology	Error! Bookmark not defined.
Figure 13 – Workforce Requirements	12
Figure 14 – Spend Objectives.....	13
Figure 15 - Potential Service Scope Framework Options	15
Figure 16 – Main Risks	16
Figure 17 – Critical Success Factors (CSFs).....	17
Figure 18 – Service Scope Options	18
Figure 19 – Technical Solutions Options	18
Figure 20 – Implementation Options.....	18
Figure 21 – Delivery Options.....	18
Figure 22 – Funding Options	18
Figure 23 – Short Listed Options	18
Figure 24 – Capital Costs (excl VAT £000s).....	19
Figure 25 – Indicative Phasing of Capital Costs	20
Figure 26 – Revenue Implications (£000 above baseline excl VAT)	20
Figure 27 – Net Present Costs.....	20
Figure 28 – Key indicative milestones	25
Figure 29 – Capital Requirements (£000 incl. VAT)	26
Figure 30 – Preferred Option 3 - Total Capital Funding Profile £000's.....	26
Figure 31 – Revenue Impact £000's above baseline.....	27
Figure 32 – Impact on the Balance Sheet and Impairment £000s.....	27

Appendices:

Appendix A – Estates Annexe	31
Appendix B – Benefits Plan & Register.....	32
Appendix C – RPA	33
Appendix D – C.I.A. Model summary.....	34
Appendix E – Staffing Model (Wards & Theatres)	35

1 Purpose

1.1 Introduction

Following on from the Scoping meeting held with Welsh Government (WGov) on 1st September 2022, this Business Justification Case (BJC) seeks approval from the Welsh Government for Swansea Bay University Health Board (SBUHB) to develop three additional theatres with support space and an Ambulatory Gynaecology Suite at Singleton Hospital, Swansea.

To demonstrate value for money this case has identified two procurement options for provision of the theatre suite: a capital investment solution and a revenue-based lease solution. Using the Treasury CIA Model, the capital purchase option is identified as providing the best VFM to the public sector. On this basis the Health Board would require capital investment of £22.834m (or £9.127m lease option) and a recurring revenue investment of £13.132m (or £15.249m lease option). Either investment solution will:

- Expand the Health Board's theatre capacity at Singleton Hospital with three further theatres, supporting the major theatre infrastructure plans to deliver our three Centres of Excellence model and plans for urgent and planned care services, as set out in our strategic plan, '*Changing for the Future.*'
- Provide an operating suite for minor gynaecology operations and procedures, to increase capacity (approx. 2,500 cases a year) for outpatient hysteroscopic procedures (diagnostic and treatment) and relocate some activity from main theatres to enable more activity to take place there. This will be co-located with other ambulatory gynaecology services such as outpatients and the early pregnancy unit.
- Provide additional capacity to allow increased planned care activity at Singleton, facilitating reduced waiting lists and improved access times by increasing the number of patients the Health Board can treat by an estimated 3,155 cases a year.
- Allow the Health Board to meet Welsh Government's new planned care recovery targets 2024 and 2025.
- Provide a more equitable and acceptable service for our population which is sustainable long term

The plan is to have the additional theatres commissioned and available to treat patients in Quarter 2 2024/25.

This investment is a key part of the Health Board's Clinical Services Plan, which was presented as part of the overall Strategic Portfolio Case presentation to the WGov Infrastructure Investment Board in November 2022.

1.2 Background

Significant service pressures in recent years across the United Kingdom have impacted the ability of health care systems to run sustainable surgical models. Prior to the pandemic, these pressures were driven by the availability of beds arising from unscheduled care pressures; by an aging co-morbid population with increasing chronic conditions, and by health and social care needs that are more complex. This has created a 'mismatch' between referral demand and theatre capacity for the demand across the Health Board. Most recently, the impact of the pandemic has reduced surgical activity that the Health Board can provide, escalating waiting times for access to surgery to an unacceptable level.

The Health Board's strategic response to access pressures is set out in '*Changing for the Future,*' which references Singleton Hospital's role as a centre of excellence for planned care, cancer care, maternity, neonates, and diagnostics. The response will not only reconfigure surgical services in line with this strategy, but it will also increase core capacity to help to reduce the backlog of patients waiting for treatment and create flexibility for surgical moves prior to achieving service sustainability. Aligning with this strategy is a programme that was developed to ensure the Health Board's surgical estate and workforce can meet the needs of current and future demands.

During 2021/22 significant work was undertaken to ensure the health board was making best use of theatre capacity, using existing resources by increasing efficiency. This work will continue as part of a long-term theatre transformation programme; however, it will not deliver the step change in activity level required to ensure timely access to treatment. During 2022/23 the Health Board successfully increased theatre estate in Singleton via the Ophthalmology Day-Case Unit, and in 2023/24, three new theatres will be commissioned at Neath Port Talbot for elective Orthopaedics, Spinal and Urology services.

The overarching vision for the work programme in line with the Health Board's Clinical Services Plan is the relocation of surgery by complexity across sites, however, this work will not be done in isolation. The Health Board will also progress other initiatives to manage demand and capacity including demand management

schemes in Primary Care, Enhanced Recovery after surgery, Therapeutic assessment and non-surgical management of patients, and improved discharge planning.

This next phase will enable Singleton to increase capacity for the remainder of specialties who urgently require it. All developments will become surgical hubs, centres that are ring-fenced for elective work that cannot be affected by the pressures of urgent and emergency care which, from a surgical perspective, will be concentrated at Morriston hospital.

Morriston hospital will also continue to be a tertiary and specialist provider and complex surgery will remain there, including for the specialties that will be utilising the new Singleton Theatres for lower complexity elective surgery.

The development of the new theatre complex and minor operations suite at Singleton hospital will provide additional capacity to that currently available at Morriston, Singleton and Neath Port Talbot. Therefore, significant investment in additional staff, equipment and resources will be required to ensure the benefits are realised for the patients of Swansea Bay and the South West Wales area.

We recommend that WGov Welsh Government supports this investment proposal so the Health Board can increase theatre capacity at Singleton Hospital to meet inpatient and day case planned care demand, reduce waiting list volumes, and improve access times for local and regional work.

..... Mrs Ceri Gimblett, Interim Service Director, Singleton
& Neath Port Talbot Hospitals Service Delivery Group,
SBUHB

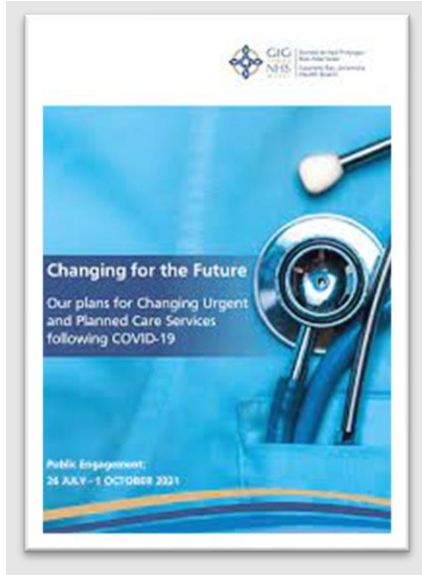
2 Strategic Context

2.1 Introduction

This section outlines the strategic context for this investment.

2.2 Local and National Context

The Health Board’s strategic response to access pressures is outlined in ‘*Changing for the Future*,’ which references the Health Board’s strategic vision for its three acute sites is as follows:



Morrison Hospital as the centre of excellence for emergency and complex care for medical and surgical patients for our population along with delivering sustainable tertiary services for a broader population base.

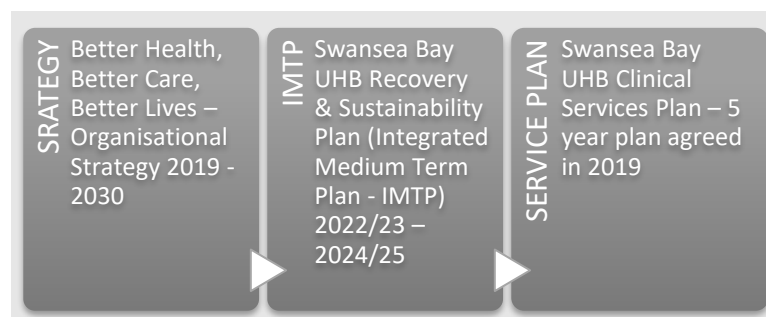
Neath Port Talbot Hospital (NPTH) as a centre for excellence elective care centre, primarily focusing on orthopaedic, spinal and urology care.

Singleton Hospital as a centre of excellence cancer centre and elective surgical centre for all other surgery that does not require the high-level clinical infrastructure provided at Morrison Hospital – planned care (eyes and cold elective), cancer care, maternity (births and neonates) and diagnostics.

This investment supports the following national guidance and best practice mandatory requirements:



This investment supports the following regional and local strategies, plans and drivers for change and delivery of the main benefits:



In addition, the programme aligns with *Getting It Right First Time (GIRFT)*, a national programme designed to improve the treatment and care of patients through in-depth review of services, benchmarking, and presenting a data-driven evidence base to support change.

GIRFT sets the standard for Surgical Hubs in the UK and the implementation of processes to ensure High Volume, Low Complexity procedures can be carried out at pace to reduce backlogs.¹ SBUHB will be working towards getting the Singleton site GIRFT Accreditation as an Elective Surgical Hub.

2.3 Local Health Board Context

Swansea Bay University Health Board plans, secures, and delivers healthcare services for the people of Neath Port Talbot and Swansea, and works to improve their health and wellbeing. We serve a population of approximately 390,000, have a budget of around £1.1 billion and employ almost 12,500 WTE staff.

The Health Board have three major hospitals providing a range of services: Morriston and Singleton hospitals in Swansea and Neath Port Talbot Hospital in Baglan, Port Talbot. We also have a community hospital at Gorseinon and Primary Care Resource Centres providing clinical services outside of the main hospitals.

We provide Adult Mental Health assessment and treatment in-patient services, Older Persons assessment and Adult Rehabilitation and Step-Down services. Low Secure and Medium Secure mental health units are sited at Glanryhd Hospital, Bridgend, and we commission Psychiatric Intensive Care (PICU) services from the Princess of Wales Hospital, Bridgend. We also provide regional forensic mental health services and community based mental health and learning disability assessment and continuing care services.

We provide more than 70 specialised services to the populations of South West Wales, South Wales, and for certain services, on a national basis. Primary care independent contractors play an essential role in the care of our population, and the Health Board commissions services from 49 GP practices, 31 optometry practices, 72 dental practices and 92 community pharmacies across our region.

Changing for the Future

'*Changing for the Future*' was a substantial engagement programme that took place in 2021. It sought public and staff views on outline proposals to make a series of permanent changes to the way in which urgent and planned care services are delivered across the Swansea Bay area.

Central to the proposals outlined in the public engagement document was the evolution of hospital services towards three centres of excellence at Singleton, Morriston and Neath Port Talbot hospitals for different types of care.

The consultation showed overwhelming support for Singleton Hospital to be a centre of excellence for planned care, cancer care, maternity and diagnostics and is now a key element of the health board's clinical service strategy. This programme will ensure that Singleton Hospital provide high quality and timely surgical intervention for the people of Swansea Bay and South West Wales.

¹ More information can be found at HVLC programme - Getting It Right First Time - GIRFT

3 Case for Change

In outlining the case for investment this section will highlight the importance of increasing net theatre capacity across the Health Board.

3.1 Business Needs

The Health Board plans to increase capacity and maximise surgical capacity across the Health Board to address the significant backlog in elective care and provide a sustainable solution for the future. This will allow Morriston to concentrate on emergency and acute pathways, increase productivity, access, and improve patient experience.

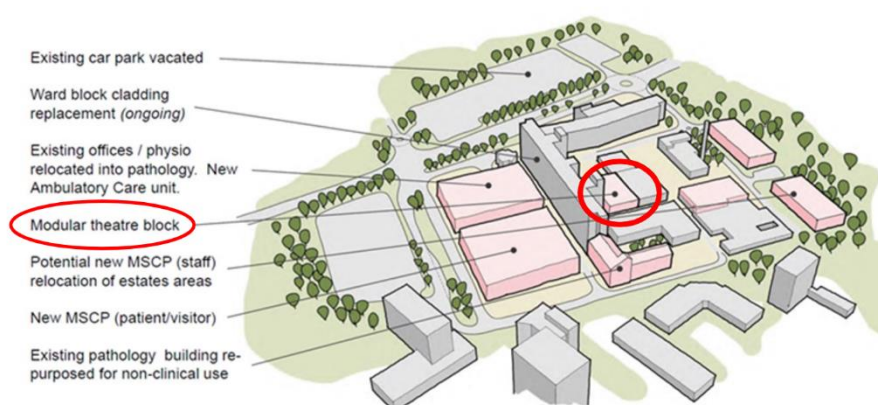
The planned expansion of theatres at Singleton Hospital will complete the major infrastructure plans to deliver our three centres of excellence model outlined in the strategic plan for the patients of Swansea Bay. The investment will be used for the benefit of SBUHB communities, providing efficient state of the art facilities, delivering surgery currently unavailable at SBUHB due to capacity issues, reducing waiting times and attracting experienced and qualified staff.

Specialties have been allocated theatre sessions based on the number of patients on the waiting lists and the length of wait. If left untreated, it is likely their clinical condition and their general health will deteriorate and increase the burden on already over stretched GP services, delay in treatment may also lead to emergency admissions. Plus, there will be a social impact with the potential of people unable to remain in work or need to take longer time of work if their clinical condition does deteriorate as they are waiting.

The development provides job opportunities for the local population including entry level positions and opportunities for training and career advancement for those in work. It reduces travel costs, both monetary and environmentally, for those that may work elsewhere within the health board. Recruitment and purchases will be locally sourced where possible. The investment will provide a facility and workforce to service the communities of Swansea Bay for generations to come

The proposed investment will provide three new theatres, a five-bed recovery area and accommodation for staff changing, rest rooms and surgeon's office. The case also includes the establishment of an ambulatory gynaecology unit. Please see the figure below for the proposed location for the theatre expansion (see **Appendix A1**):

Figure 1 – Singleton Hospital Site Development Control Plan



Source: SBUHB Estates Strategy (draft)

Complementary redesign in the provision of acute medical care across the Health Board has allow us to realign services to create a single medical take and an optimised medical model. To achieve this objective, we have centralised our acute medical take at Morriston Hospital which has freed-up ward space at Singleton Hospital for surgical care; are currently developing Orthopaedic and spinal modular theatres at Neath Port Talbot Hospital due to open June 2023, and; an additional Ophthalmology theatre at Singleton Hospital which opened July 2022.

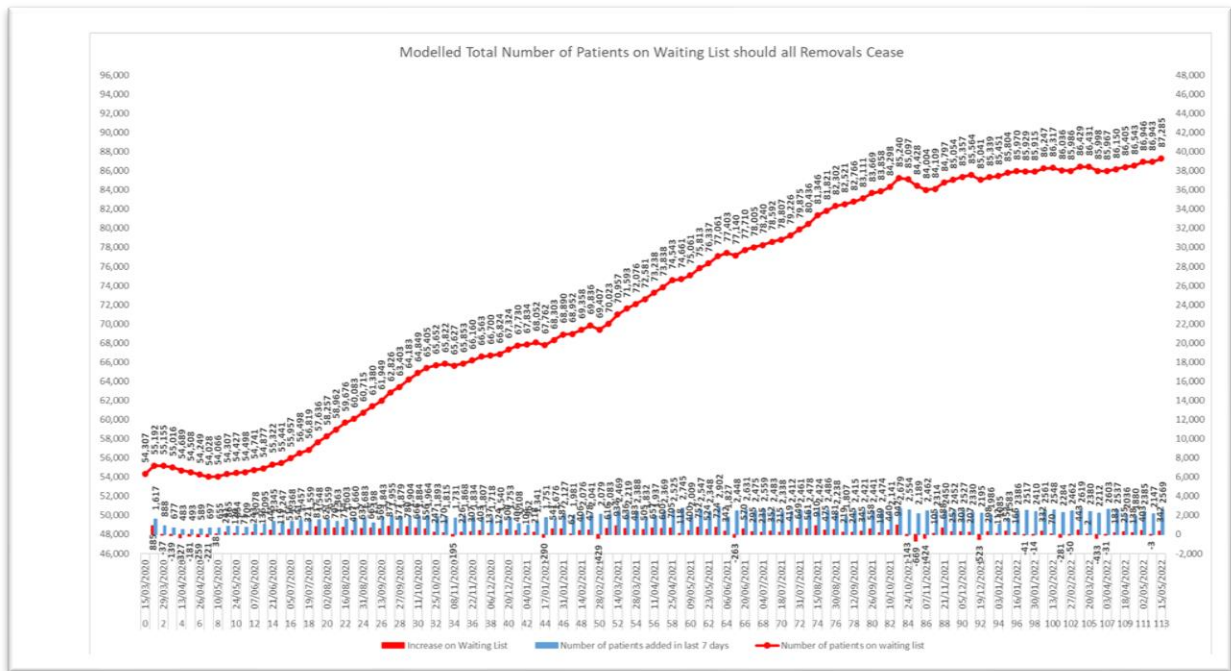
At Singleton Hospital, Swansea Bay provides Cancer Surgery, General Surgery, Colorectal, Ear, Nose and Throat (ENT), Oral and Maxillofacial Surgery (OMFS), Ophthalmology, Gynaecology, Breast Surgery,

Endocrine, Bariatric and Plastic Surgery to residents of Swansea and Neath Port Talbot, as well as residents of the Hywel Dda University Health Board footprint.

Over the course of the pandemic, waiting list volumes and times have increased, and whilst the total waiting list volume has stabilised, there is a pressing need to add to the strategic solutions already agreed for Ophthalmology and Orthopaedic theatres to increase theatre capacity. The programme is essential to help treat this backlog of patients, provide a sustainable service going forward and meet Welsh Government targets.

The chart below shows how the total waiting list size for those awaiting surgery has increased from March 2020 to May 2022:

Figure 2 – Waiting Lists (from March 2020 to May 2022)



Most recently, the pandemic has escalated the pre-existing, unacceptable, waiting times for surgical specialties. This is detrimental for patients who are facing significant delays for treatment and worsening of their condition and is damaging to the morale of staff. It is important to note that these waiting times would include a proportion of non-SBU residents and so would support a regional benefit for patients waiting for surgery.

The Swansea Bay population is forecast to increase by 4.48% by 2035 with the most substantial rise in 65–84-year-olds followed by the over 85-year-olds. Living longer increases age-related and long-term conditions, with increased pressure on our planned care and elective services. Swansea Bay has more deprived communities than average for Wales with over one quarter of our communities falling into most deprived category, resulting in more challenging pathways.

The developments outlined in this business case will ensure the demand from backlog and current referrals are addressed. It supports the long-term vision to bring equilibrium to our demand and offers options dependant on growth to relocate more capacity from Morrison site and become a regional centre.

3.2 Problems with Status Quo

Elective access times for patients have increased during the pandemic and the Health Board is aware that waiting times for the population we serve are unacceptable. Surgical services at Morrison lost wards due to an increase in emergency demand for medicine. There has been an increase in specialist and tertiary activity without the corresponding increase in bed base. Discharge of clinically optimised patients remains an issue for all specialties, as does repatriation of patients from other areas.

Due to the pressures of urgent and emergency care at Morriston, high bed occupancy is leading to cancellation of elective surgery at this site. Patients and staff are frustrated that long awaited procedures are cancelled sometimes at the last minute and the uncertainty of patient throughput means waiting list backlog planning is difficult. The Health Board recognises the over reliance on Morriston Hospital, with most of the theatre infrastructure historically built on Morriston site. This case addresses this by increasing our expansion of theatres outside Morriston which allows several specialties, to deliver high volume, lower complexity surgical services for patients in an environment that does not impact on our highly complex specialist work needing to be delivered on the Morriston site.

In addition, this case also allows us the opportunity to support the ability to have decant space. This will allow the existing theatres to be refurbished with a focus on upgrading the ageing ventilation systems to maintain compliance and decarbonisation objectives. These works will need to be funded separately which will be planned when the new theatres are installed.

3.3 Modelling

Singleton Hospital's current six theatres undertake procedures for General Surgery, Colorectal, Ear, Nose, and Throat (ENT), Gynaecology, Breast Surgery, Oral and Maxillofacial Surgery (OMFS), Ophthalmology, Endocrine, Bariatric and Plastic Surgery. Some elective caesarean sections also take place in the main theatre suite, as well as some vascular and radiological day procedures. Singleton will become an elective surgery centre for the SBUHB, while Neath Port Talbot hospital concentrates on elective orthopaedic, spinal and urology surgery in line with the health board's strategic vision in '*Changing for the Future.*'

In January 2023, the Health Board opened a six-bedded Enhanced Recovery Unit (ERU) to support the treatment of clinically complex patients thereby supporting the move towards more complex patients being able to be safely treated in Singleton, increasing the volume of suitable patients being able to be treated in these additional theatres and indeed in our existing theatres on Singleton site.

Modelling undertaken in 2022 supports the need for additional theatre capacity across a range of Health Board specialities to reduce waiting times. This modelling was based on plans for Singleton Hospital to increase its theatre capacity. When benchmarked against National Performance, SBHB is in the upper quartile of the NHS Benchmarking dataset, and this will be a key performance requirement to underpin the modelling of the additional capacity.

The health Board reviewed the waiting time data and considered specialties suitable for Singleton theatres. It was concluded that the programme would focus on General Surgery, Gynaecology, Breast and ENT as this aligned with the planned centre of excellence vision and that the specialties already have a presence at Singleton and therefore a relationship with the system and infrastructure is in place to enable seamless expansion. This also fit with the strategy of specialties focusing on no more than two sites for delivery of their services.

➤ Specialty Summary

- **General Surgery**

Despite significant work undertaken to reduce demand through amended pathways and reducing the volume of patients listed for surgery through alternative treatment options, there is no capacity for benign general surgery in the Health Board. General surgery can currently only service Royal College Surgeons (RCS) category 2 patients, cancers, and very urgent cases, within the allocated theatre capacity. This limited theatre capacity in Morriston and Singleton for General Surgery has led to an increasing backlog of patients waiting up to 6 years for surgery and contributing to higher volumes of readmissions to SDMU with acute pathology and an increase in complications. Without additional operating capacity the backlog of benign cases will continue to grow, including but not exclusively the >940 gall bladders and >640 hernias.

The introduction of additional theatre capacity in Singleton would provide capacity to reduce the backlog of benign general surgical cases including, but not exclusively, gall bladder, hernia, stoma, fistula, and other health concerns.

- **Ear Nose and Throat**

Despite significant developments in referral pathways as well as dedicated support of alternative clinical models of care to reduce secondary care demand, this service is a very high volume one with a small capacity to provide treatments. ENT can currently only meet the needs of RCS category 2 patients and cancers within

its current allocated capacity. This limited capacity to dedicate to treating patients waiting almost 5 years for surgery, is leading to a marked increase in complications and increased pressure on unscheduled care.

Additional theatre capacity at Singleton would provide the service with a way of meeting the needs of patients who have been waiting for up to 5 years for surgery to treat health concerns with significant impact on patients' quality of life. The service has a high number of paediatric patients, which can only be treated at Morriston. Additional Singleton capacity will allow Morriston capacity to be maximised for paediatric throughput as well as creating additional adult capacity. Theatre capacity at Singleton alongside the provision of the required equipment and a day case unit would enable around 2500 people to receive vital treatment.

- **Gynaecology**

Gynaecology is already based in Singleton Hospital and has traditionally carried out most of its operating there, with only the most complex cases being carried out in Morriston. For gynaecology, the reduction in theatre capacity since the start of the pandemic has led to a marked increase in the waiting times, with a significant number of patients waiting over 3 years for surgery. Patient concerns have increased, and the quality of life for the women is affected. There is also evidence of increasing complexity when the patients do get their surgery. The development of the new theatres will reinstate a considerable proportion of this lost capacity.

We recognise some of the gynaecology activity traditionally undertaken in theatres can be done in other settings and therefore the case includes the development of a minor operations suite which will carry out hysteroscopy cases and other procedures in a dedicated area, the development of the minor operations suite as part of the Ambulatory Gynaecology Unit will ensure that women who can have their procedures under local anaesthetic or with other non-GA pain relief have this opportunity. This will enable the Health Board to tackle the large waiting list of women requiring surgery and diagnostic procedures for benign gynaecological conditions. This modernises gynaecology services and provides benefits in terms of length of stay, faster recovery, better productivity, and is in line with the key recommendations from the GIRFT review into gynaecology undertaken in 2022. The development will also support the earlier diagnosis of endometrial cancer cases, thus improving performance against the Single Cancer Pathway.

- **Breast**

Breast services for SBU (Swansea Bay University) population are currently delivered in NPTH and Singleton Hospitals, under the regional plans we are planning on disaggregation with CTM (Cwm Taf Morgannwg) for Breast services and so over the final quarter of 2023/24 Breast NPTH activity will come across to SBU. Then as part of over longer-term plans and to support NPTH becoming centre of excellence for Orthopaedics, Spines, and Urology we plan to move the NPTH Breast activity into these additional theatres allowing us to centralise our Breast services onto to the Singleton site again aligning with the direction of travel of Singleton becoming a centre of excellence for Cancer Services.

This case therefore includes additional capacity to support the planned changes from Neath Port Talbot Hospital across to Singleton

The social and economic impact of waiting years for surgery are significant and numerous:

1. Problems worsen and cause other secondary health issues the longer patients stay on waiting lists.
2. The longer they wait, the more complex the surgery becomes, leading to longer operations, longer inpatient stays, and further complications.
3. Patients with these conditions are frequently admitted as emergencies at Morriston and Singleton Hospital, placing more stress on an already stretched emergency system. Patients have complex emergency vs simple elective surgery, increasing cost, ITU and hospital stay, with poorer outcomes.
4. Many patients on long-term waiting lists are unable to work or look after family members, placing a burden on the economy and care system.

By tackling the long waiters and providing a sustainable service for patients who are referred in the future, the service will ensure that patients no longer suffer for a prolonged period while they wait, the majority will have less complex surgery and a shorter hospital stay providing more cost-effective care with a better patient experience.

The Health Board has exhausted all private sector options, and support from other Health Boards has not realised any benefits. So, options are limited to increase capacity and, consequently, without this additional capacity Health Board will be unable to deliver the ministerial targets in 24/25.

➤ **Modelling for sustainability**

The aim of the project is to expand theatre capacity, clear the backlog and provide sustainable services. This will enable the health board to reach ministerial targets and ensure the people of Swansea and the region receive high quality timely care.

The Health Board ambition is to improve cross-health board working, establishing a regional approach to tackle waiting lists and reduce inequity of access across the South West Wales area. This has been demonstrated with an agreement for endocrine patients from Aneurin Bevan (AB) to receive surgical treatment in Singleton through a service level agreement, generating income for the health board and tackling long waiting times in AB as well as a collaborative approach to waiting list management across Swansea Bay and Hywel Dda in General Surgery.

➤ **Three Theatres**

The following data outlines the projected activity and how it can begin to tackle the backlog in General Surgery, ENT, and Gynaecology.

Figure 5 – Projected Activity

Specialty	Cases per Session	Sessions	Cases per Annum
General Surgery	2	12	1,080
Breast Surgery	3	6	810
Gynae	2.5	6	675
ENT	3	6	810
Total		30	3375

The capacity figures show that approximately 3,375 procedures can be carried out per year in the three new theatres. This is based on the assumptions of:

- The 30 sessions per week are fully staffed for 50 weeks a year from both a theatre and surgical perspective.
- An average theatre time calculated per procedure which includes anaesthesia based on existing theatre data which has been verified by clinical leads.
- A 20% turnaround time from the last patient leaving theatre to next patient arriving into the theatre;

➤ **Ambulatory Gynae Suite**

In addition to the additional 8 sessions per week available in the main theatres, which will deliver over 800 additional surgical cases per annum, the implementation of a gynae ambulatory unit will take procedures such as hysteroscopy, ablation, and gynaecological minor ops such as cystoscopy and botox injections out of the theatres entirely and thus release capacity for more complex procedures. Recent pilots of outpatient ablation services and hysteroscopy using handheld devices can be embedded into practice and delivered by a combination of medical and specialist nursing staff. Currently there are approximately 500 non-USC patients awaiting hysteroscopy, with a waiting time for the routine patients of 3 years.

This would provide an additional 2,500 procedures a year once fully operational. This is based on an assumption of 10 cases per day on average, Monday to Friday, across 50 weeks of the year. As the service develops, it is likely that the range of procedures which can be delivered in this setting will increase, and there is potential to expand the throughput through either longer working days or weekend working. This would require additional investment at the appropriate time.

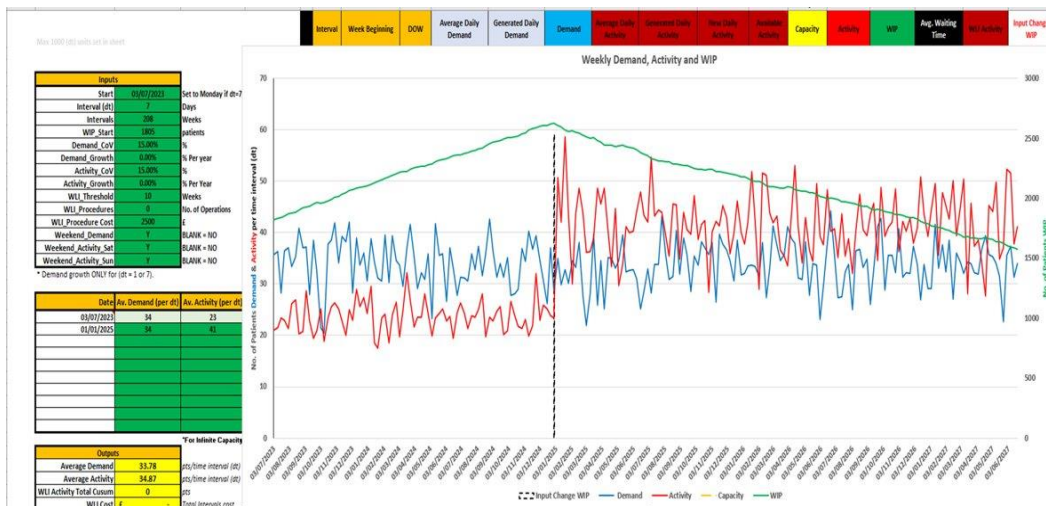
The increase in theatre capacity provided by three new theatres and 2 additional sessions from ambulatory gynaecology will improve waiting times.

The development of the ambulatory gynaecology unit provides a modern, prudent approach to the delivery of gynaecology services in a co-located area.

➤ **Impact**

The figure below provides an example on the overall impact of the waiting list queue. The actual impact will clearly be dependent on when the additional capacity actual comes online.

Figure 9 – Example of Waiting Time Impact: ENT



The additional activity both in the gynae ambulatory suite and across the three new theatres will provide additional capacity to support delivery of the plan to accommodate changes in Breast linked to creating centre of excellence in NPTH for Orthopaedics, Spines, and Urology. It also supports the need for additional operating capacity in ENT, Gynae and General Surgery and provides the ability for us modernise our Gynaecology delivery aligned with GIRFT (Getting It Right First Time).

3.4 Workforce

This section outlines the workforce required to support the additional theatre activity and gynaecology minor ops suite at Singleton. The workforce model is based on the following assumptions:

- Theatres and minor ops suite will operate 50 weeks a year and will operate 2 sessions per day for 5 days of the week;
- There will be a 12-18 month lead time for the nurse hysteroscopist to be fully trained which will be delivered through additional consultant sessions during that period.
- Additional pre-operative capacity has been included within the workforce model to reflect the additional activity which will be undertaken through the theatres;
- Additional administrative support has been included to reflect the additional booking requirements associated with the pre-operative assessment, theatre booking and waiting list management and additional clinical correspondence in support of this;
- Additional educators have been included to support the training, education, and the retention of the theatre team;
- Alternative roles such as Associate practitioners have been included within the workforce model in recognition of the current challenges in recruiting to trained theatre staff – enrolment into the 2-year training programme has already commenced to support the theatre staffing workforce plan across the health Board, and;
- Prospective cover for annual leave, sickness, and training is included within the Workforce Model.

Figure 13 provides a summary of the additional workforce to support this programme. The addition of the 3 theatres and associated infrastructure reflects a significant investment in staffing and revenue to support this development. There have been a number of rigorous ‘check and challenge’ sessions associated with the workforce requests which has provided assurance that the investment required is associated only with this development and not linked to addressing historical deficiencies which will be picked up as part of the internal cost pressure development of the Health Board.

Figure 13 – Workforce Requirements

Work Area	Staff Type	w.t.e	£'000
Theatres	Medical	28.20	3,587
	Admin & Clerical	7.61	259
	Nursing	42.18	1,957
Subtotal		77.99	5,802
Ward	Nursing	39.80	1,841
	Admin & Clerical	1.80	50
Subtotal		41.60	1,891.57
Pre & Post Operative Care	Nursing	7.10	310
	Admin & Clerical	0.60	17
Subtotal		7.70	326.80
Ambulatory Gynae Service	Medical	1.50	227
	Nursing	7.20	354
	Admin & Clerical	1.00	31
	Support Staff	3.40	95
Subtotal		13.10	707.11
Clinical Support	Medical	1.20	182
	Admin & Clerical	2.00	56
	Other Clinical	11.73	496
	Support Staff	6.00	187
Subtotal		20.93	921.14
Booking & Pathways	Admin & Clerical	3.20	100
Subtotal		3.20	100.25
Support Staff	Admin & Clerical	1.50	42
	Support Staff	11.06	370
Subtotal		12.56	411.81
Project Infrastructure	Admin & Clerical	2.00	128
	Medical	0.20	30
Subtotal		2.20	158.53
Total		179.28	10,320

The following workforce groups were discussed, and it was agreed that there was no requirement for these additional posts:

- Radiology – no requirement from General Surgery, ENT, or Gynaecology
- Recruitment and retention strategies to support the additionality of theatre, ward and support staff are already in place to support the Health Board strategy for expansion of theatre capacity across the three sites. This includes local, national, and international campaigns to secure staff across all workforce groups and the commissioning of an external partner to support in the 'branding' and strategic recruitment campaigns to secure staff for the 'harder to recruit' teams including theatre nurses, qualified nurses and anaesthetists.

3.5 Spend Objectives

The key spend objectives have been identified as follows:

Figure 14 – Spend Objectives

Spend Objective 1: To provide additional theatre and theatre recovery capacity and reduce backlog maintenance	
Specific	Provide an additional three OR1 theatres and theatre support facilities at Singleton Hospital that comply with WHBN/WHTM standards and best practice.
Measurable	Evidenced by: <ul style="list-style-type: none"> • Providing three additional OR1 theatres and theatre support facilities at Singleton Hospital • Increased net theatre capacity across the Health Board. A 13% increase in the number of theatre sessions from 233.5 to 263.5. • Improves activity levels and reduce waiting lists (by 3,000 p.a.). • Eliminates current backlog waiting lists by 2026. • Compliant estate infrastructure and high-quality environment. • Meeting WHBN/WHTM design and technical standards
Achievable	Providing functionally suitable theatre facilities with state-of-the-art designed and equipped space.
Relevant	<p>This objective supports the Health Board's Planned Care Service Model's strategic response to decreasing surgical demand on Morriston Hospital and increasing net theatre capacity across the Health Board.</p> <p>This objective aligns with NHS Infrastructure Investment Guidance objectives and criteria. In particular, it aligns with the Health Board's strategic response to access pressures is set out in "<i>Changing for the Future</i>" which references Singleton Hospital's role as a Centre of Excellence for planned care, cancer care, maternity, and diagnostics.</p> <p>It delivers health gain by:</p> <ul style="list-style-type: none"> • Improving access to high-quality surgical services; • Improving health outcomes, and; • Providing capacity to meet demand and reducing waiting times.
Time-bound	This objective will be fully realised upon the additional facilities being operational
Spend Objective 2: To improve access to high quality, fully compliant and more sustainable theatre infrastructure	
Specific	<ul style="list-style-type: none"> • Provide high-quality clinical services' accommodation, which is fully compliant with best practice and safety standards. • Delivers strategic goals - ensure long-term local surgical specialties' sustainability by delivering a three Centres of Excellence model. • Allow the Health Board to meet Welsh Government's new planned care recovery targets 2023 and 2025. • Comply with legislation, regulations, and accreditation standards / Royal College best practice. • Clinical effectiveness – provide safe and sustainable services to patients.

	<ul style="list-style-type: none"> Provide safer and more sustainable surgical specialties' services to patients. Support training of future workforce and provides opportunities for surgical training. Apply GIRFT methodology for best practice service and efficiencies.
Measurable	<p>Evidenced by:</p> <ul style="list-style-type: none"> Access to appropriate theatre and theatre recovery environment. Ensuring local surgical specialties have additional theatre capacity. Improved performance on delivery of activity levels.
Achievable	By the development of additional and new theatre facilities.
Relevant	<p>This objective relates to the Health Board's Planned Care Service Model.</p> <p>This objective aligns with NHS Infrastructure Investment Guidance objectives and criteria. In particular, it aligns with the Health Board's strategic response to access pressures is set out in "<i>Changing for the Future</i>" which references Singleton Hospital's role as a Centre of Excellence for planned care, cancer care, maternity, and diagnostics.</p> <p>It delivers:</p> <ul style="list-style-type: none"> Clinical and skills sustainability by supporting the delivery of safe and sustainable theatre services, and; Quality - facilitates high standards of patient care.
Time-bound	This objective will be fully realised upon the facility being operational
Spend Objective 3: To improve service efficiencies	
Specific	To optimize access to theatre service capacity that will meet demand in a timely way and deliver care in an appropriate environment, and accelerate backlog removal of waiting lists,
Measurable	<p>Evidenced by:</p> <ul style="list-style-type: none"> Providing effective surgical capability to meet demand and reduce waiting lists, and; Reduction of backlog waiting lists (subject to case mix this is estimated to be an additional 300 patients).
Achievable	Providing functionally suitable theatre and support facilities to meet demand.
Relevant	<p>This objective aligns with the Health Board's Planned Care Service Model.</p> <p>This objective aligns with NHS Infrastructure Investment Guidance objectives and criteria. In particular, it aligns with the Health Board's strategic response to access pressures is set out in "<i>Changing for the Future</i>" which references Singleton Hospital's role as a centre of excellence for planned care, cancer care, maternity, and diagnostics;</p> <p>It delivers:</p> <ul style="list-style-type: none"> Clinical and skills sustainability by supporting the delivery of safe and sustainable theatre services and facilitates high standards of patient care. Health gain: Improving outcomes and providing additional capacity.
Time-bound	This objective will be fully realised upon the facility being operational
Spend Objective 4: To improve service effectiveness	
Specific	To maximise the use of available resources and provide additional capacity over current levels, relieving pressure on surgical services at Morriston Hospital and improve patient flows.
Measurable	<p>Evidenced by:</p> <ul style="list-style-type: none"> Providing compliant theatre environments that are better for patient outcomes; Improved patient flows, and; Relieving pressure on surgical services at Morriston Hospital.
Achievable	Providing functionally suitable theatre facilities appropriately configured/sized to meet demand with appropriate patient pathways.

Relevant	<p>This objective relates to the Health Board's Planned Care Service Model.</p> <p>This objective aligns with NHS Infrastructure Investment Guidance objectives and criteria. In particular, it aligns with the Health Board's strategic response to access pressures is set out in "<i>Changing for the Future</i>" which references Singleton Hospital's role as a centre of excellence for planned care, cancer care, maternity, and diagnostics.</p> <p>It delivers:</p> <ul style="list-style-type: none"> • Health gain: Improving outcomes. • Clinical and Skills Sustainability: Supporting the delivery of safe and sustainable theatre services and facilitates delivery of high standards of patient care.
Time-bound	This objective will be fully realised upon the facility being operational
Spend Objective 5: To improve economies.	
Specific	To provide a solution that will support the delivery of safe, sustainable, and accessible local surgical specialties' services.
Measurable	<p>Evidenced by:</p> <ul style="list-style-type: none"> • Providing additional theatre capacity to meet demand. • Ability to recruit to medical and nursing posts within the Health Board's three Centres of Excellence model.
Achievable	Providing functionally suitable theatre and theatre support facilities at Singleton Hospital.
Relevant	<p>This objective supports the Health Board's Planned Care Service Model.</p> <p>This objective aligns with NHS Infrastructure Investment Guidance objectives and criteria. In particular, it aligns with the Health Board's strategic response to access pressures is set out in "<i>Changing for the Future</i>" which references Singleton Hospital's role as a centre of excellence for planned care, cancer care, maternity, and diagnostics.</p> <p>It delivers:</p> <ul style="list-style-type: none"> • Health gain: Improving outcomes. • Clinical and Skills Sustainability: Supporting the delivery of safe and sustainable theatre services and facilitating high standards of patient care.
Time-bound	This objective will be fully realised within 1 to 2 years of the facility being operational

See **Appendix A1** for the estates spend objectives.

All the above to be achieved in 2025/26 and for operational benefits to be evidenced in 2026/27, subject to funding and planning approvals. There are no potential dis-benefits.

3.6 Potential Scope

This section describes the potential scope for the project in relation to the above business needs in terms of modalities and service drivers. Potential Service Scope solutions for this investment are limited to the following options:

Figure 15 - Potential Service Scope Framework Options

Business as Usual	Do Minimum
No change to current Service Model – no increase in capacity within the Health Board and an increase in waiting list backlog.	Support delivery of the Health Board's Planned Care Service Model by providing additional theatre capacity and theatre support facilities at Singleton Hospital.

3.7 Main Benefits

The main benefits of this investment include the following:

- Supports the Health board strategy to create elective centres of excellence for the local and regional population through expansion of the theatre stock for the Health board;
- Provides additional capacity to support the recovery and restoration of surgical specialties to meet the ministerial priorities;
- Improves patient experience through reducing delays to accessing surgery which is currently one of the highest complaints received by the Surgical Division;
- Releases capacity on the Morriston site to address the backlog of patients waiting to access surgery which can only be delivered on the Morriston site,
- Provides modern and high-quality theatres minimising the risk of cancellations due to theatre upgrades/maintenance;
- Provides opportunity for theatre decant facilities to upgrade existing theatres across the sites once the backlog clearance has been addressed.
- Complies with legislation, regulations, and accreditation standards / Royal College **best practice**.

3.8 Main Risks

The main risks and mitigations are outlined below:

Figure 16 – Main Risks

Risk	Risk Rating Probability x Impact	Management Action
Planning consent		Early engagement with Swansea Local Authority planning colleagues and transparent discussion.
Buildability		Build and craning plan needs careful management to avoid extended programme.
Funding		WGov approvals required
Availability of workforce		Utilisation of external agencies to support the recruitment of 'at risk' disciplines including anaesthetics and theatre nursing teams. Utilisation of agencies to bridge vacancies in the short term

See **Appendix A7** Risk Registers.

3.9 Constraints and Dependencies

The constraints and dependencies are as follows:

- The solution must be fit for purpose, make best use of the available development space, and be delivered on a timely basis.
- Develop workforce plan and ensure that workforce requirements are in place to support the new development.
- Agreement of clinical model and complexity of patients that can be treated at Singleton.
- Planning, Sustainable Drainage Approval Body (SAB) drainage and Highways planning approvals.
- Capital and revenue resources are limited, and the solution should provide value for money, support clinical needs, and be affordable.
- The availability of capital funding from WGov.
- The project must be delivered within project budget.
- Continued support for the agreed model of care.
- Consideration will be made for Ward capacity and Hospital sterilisation and decontamination unit (HSDU) capacity.
- Delivery of the modular unit to site could disrupt normal operation of the central site.

4 The Economic Case

4.1 Introduction

This section of the business case demonstrates that the most economically advantageous option has been selected.

4.2 Critical Success Factors

The following Critical Success Factors (CSFs) have been identified:

Figure 17 – Critical Success Factors (CSFs)

CSF	Description
CSF1 Strategic Fit & Business Needs	The solution must fit with national, regional, local strategies.
CSF2 Compliance	The solution must comply with best practice.
CSF3 Benefits Optimisation	The solution should optimise benefits, make effective use of scare resources, and provide value for money.
CSF4 Potential Achievability	The solution must be deliverable on a timely basis to avoid disruption of clinical services.
CSF5 Acceptability	The solution must be acceptable to users and clinicians.
CSF6 Potential Affordability	The organisation's ability to fund the required level of expenditure; viz, the capital and revenue consequences associated with the proposed investment.

4.3 Framework Option Appraisal

Long List Options

Following the Health Board's Scoping meeting with WGov on the 1st September 2022 the Singleton Additional Theatres Steering Board's members identified a limited range of options for consideration in accordance with WGov's Infrastructure Investment Board's & HMT's Treasury Green Book guidance.

Members completed a hi-level SWOT-style analysis of the long list options. An option scored 'x' if it failed to deliver on an SO or CSF, '~' if it partially delivered, and '✓' if it fully delivered as follows:

Key:	X Not Achieved	~ Partially achieved	✓ Fully achieved
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Options 'scored' multiples of '✓' if an option optimally delivered on an updated Spend Objective or CSF. The pros and cons for each long list option were recorded to provide an audit trail and the options were ranked in order of achievement, indicating the 'preferred' solution and 'do less' or 'do more ambitious' solutions as appropriate. Four options were identified and taken forward for detailed financial analysis.

In accordance with HM Treasury's Green Book and WGov business case guidance the five categories of framework options in terms of choice are as follows:

- **Potential Service Scope Options** – what is the potential coverage of the service to be delivered (the 'what');
- **Potential Service / Technical Solution Options** – potential options for delivering the preferred service scope option (the 'how');
- **Potential Service Delivery Options** – who will deliver the preferred scope & preferred service / technical solution options (the 'who');
- **Potential Service Implementation Options** – potential timescales options for delivering the preferred scope, preferred service / technical solution, and preferred delivery options (the 'when');
- **Potential Finance Options** – potential funding and affordability options for delivering the preferred scope, preferred service / technical solution, preferred delivery preferred implementation options.

The service scope options concern the potential coverage of the service to be delivered. These were agreed as follows:

Figure 18 – Service Scope Options

Business As Usual	Do Maximum
No change to current Service Model – no increase in capacity within the Health Board and an increase in waiting list backlog.	Support delivery of the Health Board’s Planned Care Service Model by providing additional theatre capacity and theatre support facilities at Singleton Hospital
Discount	Preferred

The technical solutions identified potential options for delivering the preferred service scope option. They were agreed as follows:

Figure 19 – Technical Solutions Options

Do Minimum	Do Maximum
Develop refurbished and re-modelled theatre facilities at Singleton Hospital	Develop a new build modular three theatre facility adjacent to the existing theatre block Singleton Hospital (capital solution)
Discount	Preferred

The service implementation options identified the potential timescales options for delivering the preferred scope, preferred technical solution. They were agreed as follows:

Figure 20 – Implementation Options

Do Minimum	Do Maximum
Phased	Not Phased
Discount	Preferred

The delivery options identified the means for delivering the preferred service solution, technical solution, and implementation solution. They were agreed as follows:

Figure 21 – Delivery Options

Do Minimum	Do Maximum
NHS staffed solution	Non-NHS staffed solution
Preferred	Discount

The funding options identified the funding solutions for delivering the preferred service solution, technical solution implementation solution and delivery option. They were agreed as follows:

Figure 22 – Funding Options

Do Minimum	Do Maximum
Capital funding Model	Revenue funding Model
Preferred	Possible

Short list options

Following detailed non-financial evaluation, the available options were agreed as follow:

Figure 23 – Short Listed Options

Option	Reason for Acceptance or Rejection for further consideration	Finding
Option 1 – Business as Usual: No change to current Service Model – no increase in capacity within the Health Board and an increase in waiting list backlog.	Fails to deliver required activity levels and meet access targets. Fails to reduce backlog waiting lists. No flexibility in theatre capacity to enable planned replacement of air handling plant.	Discounted
Option 2: Do Minimum: Support delivery of the Health Board’s Planned	Refurbishment / re-modelling of existing theatre stock would	Discount

Option	Reason for Acceptance or Rejection for further consideration	Finding
Care Service Model by providing additional theatre capacity and theatre support facilities at Singleton Hospital - <i>by developing refurbished and re-modelled theatre facilities at Singleton Hospital</i>	temporarily reduce theatre capacity, further increasing backlog. Does not increase theatre capacity or help reduce backlog waiting lists. Does not deliver strategic objectives.	
Option 3: Do Maximum (1): Support delivery of the Health Board's Planned Care Service Model by providing additional theatre capacity and theatre support facilities at Singleton Hospital - <i>by developing a new build modular three theatre facility adjacent to the existing theatre block Singleton Hospital (capital funded solution)</i>	Provide increased theatre capacity to meet demand and reduce backlog waiting lists. Improves sustainability of surgical specialities. Increased capacity helps manage ad hoc theatre capacity and improves management response to untoward incidents. Provides flexibility to address backlog maintenance / refurbishment of existing theatre stock and supporting infrastructure. Delivers strategic objectives.	Preferred
Option 4: Do Maximum (2): Support delivery of the Health Board's Planned Care Service Model by providing additional theatre capacity and theatre support facilities at Singleton Hospital - <i>by developing a new build modular three theatre facility adjacent to the existing theatre block Singleton Hospital (revenue funded solution)</i>	As above but involves a revenue funded option for the lease of the operating theatres.	Possible

4.4 Economic Appraisal of the Shortlisted Options

The economic appraisal evaluated the costs of the two shortlisted funding options and identified that option 3 Capital Purchase will offer the best VfM in accordance with HM Treasury Green Book and WGov business case guidance using the CIA (Comprehensive Investment Appraisal)

Capital Costs

The project's Cost Advisor, AECOM, has prepared capital costs based on a final Guaranteed Maximum Price (GMP) sum. No allowance has been made for inflation. Planning contingency was estimated by AECOM at 4.99% of works, non-works, equipment and fees, a rate that is reflective of its level of design at this stage. The capital costs for each option are as follows:

Figure 24 – Capital Costs (excl VAT £000s)

	Option 3 Do Maximum (1)	Option 4 Do Maximum (2)
Works	12,434	1,797
Fees	1,239	951
Non-Works Costs	152	152
Equipment Costs	4,495	4,495
Planning Contingency	914	369
Base Project Cost	19,234	8,036

See **Appendix A2** for the Cost Forms and **Appendix D** for the Capital Investment Appraisal (C.I.A.) Model summary.

The indicative phasing of the shortlisted options is as follows:

Figure 25 – Indicative Phasing of Capital Costs

	Option 3 Do Maximum (1)	Option 4 Do Maximum (2)
Start on site	April 2024	April 2024
Handover & Commissioning	April 2025	April 2025
Operational	May 2025	May 2025

Recurring Revenue Costs

The baseline and indicative future recurring revenue cost for each shortlisted option are as follows:

Figure 26 – Revenue Implications (£000 above baseline excl VAT)

	Option 3 Do Maximum (1)	Option 4 Do Maximum (2)
	£'000	£'000
Medical	4,026	4,026
Nursing	4,462	4,462
Other Clinical	496	496
Support	557	557
Administration & Clerical	778	778
Sub Total Pay	10,320	10,320
Non-Pay	2,519	2,519
Theatre rental	-	1,764
Sub Total Non-Pay	2,519	4,283
Total	12,838	14,602

4.5 Cost Benefit Appraisal Findings

The discounted and undiscounted C.I.A. model has been used to assess the relative value for money between the funding options 3 and 4 related to the theatres buildings (capital purchase and revenue leasing).

Net Present Costs

The costs for each shortlisted option were as follows

Figure 27 – Net Present Costs

	Undiscounted £000	Discounted £000
Option 3 – Do Maximum (1)		
Purchase theatres	19,234	18,503
Option 4 – Do Maximum (2)		
Lease theatres	25,405	21,620

Option 3 ‘Theatre Purchase’ provides a lower discounted NSPV of £18,503k

4.6 Risk Appraisal

The key risks associated with the preferred option at this stage have been assessed by an independent Cost Advisor using WGov guidance methodology for business cases. The scheme risk register reflects an assessment of the pre-construction risks and informs this project's 'knowns' & 'unknowns' at this point in time. Risks have been apportioned to either the Health Board or private sector and mitigating strategies have been identified in the Risk Register. The risk appraisal was undertaken using the WGov's risk methodology for business cases. See **Appendix A7** Risk Registers. It included the following distinct elements:

- Identifying the risks and definitions for assessing options.
- Assessing the impact and likelihood for each option against these categories.
- Calculating the risk score.

The range of scales used to quantify the risk for impact and likelihood was: Low = 2; Medium = 3; High = 5

Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Impact				

4.7 Carbon Based Evaluation

Given the mechanical and engineering solutions are only at outline planning stage a Carbon-Based Evaluations assessment has not been completed.

4.8 The Preferred Option

The financial appraisal of the funding options indicates the preferred option is Option 3 Capital Funded Purchase, as this provides a lower NSPV.

5 The Preferred Option

The preferred option supports the capital purchase of three OR1 theatres and support space additional capacity in a two-floor new build facility, with links to Singleton Hospital's main ward block. It provides adjacency with existing theatres via two connecting link corridors. It provides an Ambulatory Gynaecology Suite at Singleton Hospital.

Support space and staff changing are sited on the ground floor and theatres and recovery beds are sited on the first floor. Please see **Appendix A5's** drawings.



Operating Theatre

The new theatres and support services will be designed to the latest WHBN/WHTM specification with patients at the heart of the design to ensure an improved patient experience. The new facilities will be fully compliant with no derogations.

Modern design will reduce infection control risks by providing compliant ventilation and environment conditions, with all facilities designed as agreed by the Clinical Team

Support facilities for staff, including a Staff Changing area, provide integrated and improved functional usage for staff adjacent to theatre areas, which will ensure a safe environment for staff.



Operating Theatre



Dirty Utility Room



Anaesthetic Room

Design and Method of Construction

The new facility will provide centre of excellence facilities and will comprise less than 1,000 m² (therefore, Building Research Establishment Environmental Assessment Method environmental and built environment sustainability requirements does not apply).

The proposed method of construction is a Modern Methods of Construction (MMC) solution.



The theatres will be constructed off-site by a specialist modular supplier and added adjacent to the existing theatre block, by constructing an elevated development, linked directly to the first floor of the hospital. Enabling works will be provided by the specialist modular supplier.

This method of construction has the benefit of enabling the Health Board to increase capacity for the duration indicated by the modelling work without material disruption to activity delivered by the existing theatres at Singleton Hospital.

Net Zero and Sustainability

Adopting MMC construction solutions into the design and construction of new buildings supports NHS Wales Decarbonisation Strategic Delivery Plan and Net Zero Carbon (NZC) targets:

- Standardising the construction approach and thereby minimise construction waste and transportation of construction machinery.
- Championing incorporation of efficient low carbon heating and cooling - this facility will provide a full electric 'green energy' engineering solution with no fossil fuel being utilised.
- Off-site fabrication providing just-in-time delivery to minimise construction-related carbon emissions.

MMC provides a high-quality product, which incurs less disruption to busy hospital sites than traditional build solutions.

The new build will be fully compliant with Sustainable Drainage Approval Body (SAB) and Highways requirements.

6 The Commercial Case

6.1 Introduction

This section of the business case outlines the proposed 'deal' as outlined in the Economic Case.

6.2 Procurement Strategy and Route

The Health Board will make a direct award contract to a preferred modular supplier to provide enabling works and to design, build and install the theatre facility.

6.3 Required Services

The essential requirements to be provided as part of this contract are:

- The development of three theatres and support space
- Providing infrastructure service and connections for services and medical gasses;
- A transition process to ensure hospital services are not disrupted during main works and commissioning stages, and operational benefits of the scheme.
- The Design Team will be required to ensure compliance with clinical and IM&T requirements to ensure compatibility with other integrated systems.

6.4 Key Appointments & Contract Arrangements (Capital Solution)

The following key appointments have been made:

- The Health Board will appoint a Modular Supplier (ModuleCo).
- Project Manager Services (to be confirmed).
- Architectural & Principal Design services and Structural Engineering design services are provided by ModuleCo.
- Health Board Cost Advisor services and business case support services are provided by AECOM.
- Mechanical & Electrical design services to support feasibility stage and enabling works was provided by AECOM.
- Construction and other technical commissioning services are provided by SBUHB.

If this is a capital solution, the contract will be an NEC Engineering and Construction Contract 4 with main option clause C (gain share).

6.5 Required Facilities and Compliance

The new facility will comply with Welsh Health Building Notes /Welsh Health Technical Memorandums (WHBN/WHTM).

6.6 Potential for Risk Management

A risk register has been compiled and costed relative to risks that apply over the whole of the project. The planning contingency includes non-recoverable VAT and exclude Optimism Bias (OB). This assessment of risk and complies with NHS Wales Shared Services Partnership – Specialist Estates Services guidance at this planning stage. See **Appendix A7** Risk Registers.

6.7 Agreed Charging Mechanism (Capital Solution)

A collaborative working model is to be adopted. All charging mechanisms will be covered within the framework agreement. Under this arrangement ModuleCo will be appointed by the Health Board from an approved Framework.

AECOM, the Health Board's appointed Cost Advisor, confirms the scheme will be Based on a final Guaranteed Maximum Price (GMP). The GMP submitted by ModuleCo includes the physical construction costs, main contractor management, supervision and preliminaries, design fees and survey costs, design development and construction risks, and overheads and profit. AECOM evaluated the GMP submission which does not include for other professional fees (i.e., Health Board direct appointments for commissioning, etc.), IM&T support, and equipment costs, art, and other direct Health Board costs (e.g., cleaning) and VAT.

The Modular Supplier will invoice SBUHB in accordance with the Payment Mechanism. The agreed Payment Mechanism is 4 weekly assessments by the Health Board Cost Advisor with payment due within 14 days of the Assessment Date.

6.8 Agreed Contract Length

The contract will cover approximately 18 weeks offsite construction through to fit out and commissioning.

6.9 Personnel Implications

TUPE (Transfer of Undertaking and Protection of Employee) will not apply to this investment.

6.10 Equipment Procurement

The financial implications of this assessment have been included within the cost forms for the preferred option. See **Appendix A2**.

6.11 Accountancy Treatment

It is assumed that public funding will be allocated for this project and therefore capital will be included on the balance sheet.

6.12 Indicative Timescales

The indicative milestones are set out below:

Figure 28 – Key indicative milestones

Milestone Activity	Date
Independent Members briefing	January 2023
Project Board signs off BJC	March 2023
Management Board approves BJC	October 2023
Health Board endorses BJC	November 2023
Submit BJC to WGov for scrutiny and approval	December 2023
Agree GMP and Enter Contract	March 2023
Commence Works	April 2024
Install completed (subject to contractor's programme)	March 2025
Commissioning	April 2025
New build operational	May 2025
Technical Project Evaluation (approx. 3 months post new build handover)	August 2025
Benefits Realisation (12 months post operational)	May 2026

Please refer to **Appendix A6**.

7 Funding and Affordability

7.1 Introduction

The purpose of this section is to set out the financial implications of the preferred solution Option 3 Capital Purchase. For affordability comparison purposes, this section includes the non-discounted full costs on both funding options for the theatre buildings.

7.2 Capital

The fully tendered capital cost assessment was undertaken by AECOM, Cost Advisors. These are as follows (see **Appendix A2**):

Figure 29 – Capital Requirements (£000 incl. VAT)

	Option 3 Do Maximum (1) Preferred	Option 4 Do Maximum (2)
Works Costs	14,920	2,157
Fees	1,487	1,141
Non- Works	182	182
Equipment Costs	5,394	5,394
Planning Contingency	1,097	443
Total	23,081	9,317
Less recoverable VAT	-247	-190
Project Cost	22,834	9,127

See **Appendix A3** for VAT reclaim advice and **Appendix D** for the Capital Investment Appraisal (C.I.A.) Model summary.

Figure 30 – Preferred Option 3 - Total Capital Funding Profile £000's

000's	Prior Years	2023/24	2024/25	2025/26	Total
Capital Costs	57	150	19,401	3,226	22,384
Capital Funding		207	19,401	3,226	22,834

The key assumptions underlying the development of the capital costs are:

- Capital Cost includes works, non-works, abnormal allowances, equipment costs and risk contingency, which is assessed at 5%.
- The BIS PUBSEC indices at this stage are 296 for Q4 2022. The Business Case Reporting Index will be the standard one for Wales of 0.97
- VAT is at 20% except for the professional fee and other recoverable elements.

7.3 Revenue

The revenue analysis below details the impact on Income and Expenditure as follows:

Figure 31 – Revenue Impact £000's above baseline

	WTE	Option 3	Option 4
		Do Maximum (1) £'000	Do Maximum (2) £'000
Medical	31.10	4,026	4,026
Nursing	96.28	4,462	4,462
Other Clinical	11.73	496	496
Support	17.16	557	557
Administration & Clerical	23.01	778	778
Sub Total Pay	179.28	10,320	10,320
Non-Pay		2,813	2,813
Theatre rental		-	2,117
Sub Total Non-Pay		2,813	4,930
Total	179.28	13,132	15,249

The key revenue assumptions are as follows;

- Costed at 2023/24 prices
- All staffing costed at substantive rates with no allowance for any premium rates
- Patient retrieval service is not included, but assumed to be in place ahead of the new capacity opening
- 1 x 30 bed ward will provide sufficient bed coverage for the activity delivered through the new theatres (as per activity model)
- See **Appendix E** for the Ward & Theatres Staffing Model.

7.4 Income and Expenditure Analysis (Non-Cash)

The capital funded option for the purchase of the modular theatre will require additional non-cash funding for recurring depreciation (DEL) and non-recurring impairment (AME)

Figure 32 – Impact on the Balance Sheet and Impairment £000s

000's	2022/23	2023/24	2024/25	2025/26	2026/27
Depreciation (DEL)				1,136	1,514
Impairment Initial Valuation (AME)				4,359	

The Health Board will engage the services of the District Valuer to provide a valuation of the scheme following completion. At this stage the estimated AME Impairment on the initial valuation of the unit of £4.359m will need to be taken through the Health Board's SOCNE in 2025/26. The Health Board would require funding from WGov and this will be included in the AME impairment funding submission to WGov in 2023/24.

The Health Board will require additional recurring depreciation of £1.514m from 2026/27 with depreciation of £1.136m required in 2025/26.

7.5 Overall Affordability

To demonstrate value for money this case has identified two procurement options for the provision of the theatre complex: a capital investment solution and a revenue-based lease solution. Using the Treasury CIA Model, the capital purchase option 3 is identified as providing the best VFM to the public sector. On this basis the Health Board would require capital investment of £22.834m (or £9.127m lease option) and a recurring revenue investment of £13.132m (or £15.249m lease option).

Non-cash funding of £1.514m will be required for recurring depreciation and £4.359m for the estimated Initial Valuation Impairment.

8 Management Arrangements

8.1 Introduction

The section details the plans for the successful delivery of the scheme to cost, time and quality. The details are set out below.

8.2 Project Management Arrangements

To ensure successful project delivery, a robust project management reporting structure has been established. The structure is based on the Prince2 principles, with key members of the project team trained in Prince2 methodology.

- The Senior Responsible Owner (SRO) is Mrs Ceri Gimblett, Interim Service Director, Singleton & Neath Port Talbot Hospitals Service Delivery Group, SBUHB.
- The Project Director is (to be advised) who has the authority and responsibility to manage delivery of the project on behalf of the key stakeholders. The Project Director reports via the Project Board to the Project SRO.
- The Clinical Lead is Mr Ameeth Sanu, Consultant ENT Surgeon, SBUHB.
- The Client Project Manager is Ms Sarah Dunderdale, Principal Project Manager, NPT, and Singleton Service Group SBUHB.

8.3 Use of Special Advisors

Special Advisors will be appointed in accordance with the Treasury Guidance: Use of Special Advisors.

Role	Advisor
VAT Advisor	Ernst and Young
Cost Advisor	AECOM

8.4 Arrangements for Risk Management

A risk framework has been established which outlines the process for managing risk associated with developing this project, including a structure for identifying and mitigating operational and construction related risks. See **Appendix A7**.

8.5 Benefits Realisation

A Benefits Plan has been established during the development of this BJC that provides a framework for this aim and is overseen by the Project Board. The Benefits Plan and Benefits Realisation Register are attached at **Appendix B**.

8.6 Community Benefits

The main contractor will provide a Community Benefits Statement following agreement to proceed.

8.7 Audit & Assurance

In accordance with the NHS Wales Infrastructure Investment Guidance (2018), the Health Board has sought input from NWSSP Audit and Assurance Services (Specialist Services Unit - NWSSP: A&A (SSu) to “assess the risk profile of the scheme and provide appropriate levels of review”, as required. A copy of the proposed Audit Plan is attached at **Appendix A4**.

8.8 Post Evaluation Arrangements / Lessons Learned

Post Evaluation and lessons learned will be undertaken as appropriate to this investment and in accordance with best practice and NHS guidance.

8.9 NHS Wales Gateway Review (Stage 3 – Investment Decision)

A Risk Potential Assessments (RPA) has been carried out for this project. A copy is included in **Appendix C**. A Gateway review could be arranged WGov would carry out post submission of this BJC in accordance with WGov Investment Guidance and as proportionate to this investment. Further Gateways would be completed according to Office of Government Commerce (OGC) guidelines following further evaluation.

8.10 Planning Permission

A pre-planning application for the courtyard extension has been well received by local Planners and the full planning approvals are expected to be approved under delegated powers. This is considered low risk

8.11 Contingency Plans

The Health Board can identify three major categories of project failure: Failure to achieve business case approval to deliver the project; Failure of the modular supplier to deliver the project to time/quality; Failure to implement workforce strategy.

The contingency plan for the project in the event of failure to achieve business case approval is for the Health Board to continue to revise its plans, working with WGov to develop an alternative solution that is acceptable.

In the event of modular supplier failure, SBUHB would seek recompense in line with the agreed contractual arrangements and other supplier to complete the project.

Appendix A – Estates Annexe

- A1 Estates Annexe: Executive Summary
- A2 Estates Annexe: Costs Forms & Summary of Equipment
- A3 Estates Annexe: VAT Advice
- A4 Estates Annexe: Audit Plan
- A5 Estates Annexe: Drawings
- A6 Estates Annexe: Indicative Programme
- A7 Estates Annexe: Risk Registers

Appendix B – Benefits Plan & Register

Appendix C – RPA

Appendix D – C.I.A. Model summary

Appendix E – Staffing Model (Wards & Theatres)