



Policy:

FIN 011 Capital Programme Management

Executive Director lead	Executive Director of Finance
Policy Owner	Deputy Director of Finance
Policy Author	Head of Financial Accounts

Document type	Policy
Document version number	V6
Date of approval	30/09/2024
Approved by	PGG
Date of issue	01/10/2024
Date for review	31/10/2026

Summary of policy

The aim of this document is to provide guidance to all Sheffield Health and Social Care NHS Foundation Trust (SHSC) staff and stakeholders on principles that apply to identifying, applying and authorising capital expenditure.

Target audience	Trust staff, management, and Board of Directors
------------------------	---

Keywords	Capital, asset, interest, public dividends capital (PDC), capital departmental economic limit (CDEL)
-----------------	--

Storage

Version 6 of this policy is stored and available through the SHSC intranet. This version of the policy supersedes the previous version (V5 May 2023). Any local copies of the previous policy should be destroyed and replaced with this version. The centrally held version will be archived.

Version Control and Amendment Log

Version No.	Type of Change	Date	Description of change(s)
V1.2	Updated version	2006	Version updated following consultation with the Capital Programme Management Policy Task and Finish Group (representatives from Divisional Finance, Procurement, Estates and Corporate Finance)
V2	Review on expiry of policy	Jan-2019	Revision in line with current national NHS guidance and internal processes and procedures.
V3	Review on expiry of policy	Jan-2021	Adaptation of new template. Removal to references to the disbanded EDG (Executive Directors Group) Updated approval limits for Groups and Committees in line with SFIs. Updated references to the Capital Project Board, to Capital Project Group. And other minor changes to the wording to add more context.
V4	Review of Policy in line with changes in allocation of Capital Expenditure Limits through ICS	Mar-2022	Reviewing capital expenditure allocations in line with NHS Capital allocation regime based on a given Capital Resource Limit (CRL) and Capital Departmental Expenditure Limits (CDEL). Reviewing treatment of leases due to adoption on IFRS16 – Accounting for Leases
V5	Review after interim review in 2022. Updated BPG approval limit and general update	Jan-2023	BPG business case approval limit updated to £499,999 per SOs/SFIs. Updated wording around IFRS16 – post adoption. Updated address for the complaints team. Revised wording around what happens when business cases are approved (Cashflow and monitoring process).
V5	Further review and requested changes from the Head of Improvement	Mar-2023	States the 5 year capital plan to be developed on Estates and Clinical operation needs capturing priorities. It shores up the Project Manager's responsibilities which include:

			<ul style="list-style-type: none"> • adopting change control procedures throughout the project. • report any aspects that affect overall budget as soon as it is realised. • produce a clear briefing document to be reviewed and signed off by stakeholders. • produce a PID (project initiation document) and PEP (project execution plan)
V6	Review brought forward following internal audit recommendations plus general refresh	Sept 2024	<p>Updated flow chart and additional flowcharts added to show the planning process</p> <p>S6.7 added for sustainability on capital projects</p> <p>Added in EMT to the approval process</p> <p>Removed BPG previous approval limit of £499,999</p> <p>Added in reference to the NHSE and ICS planning timetable</p> <p>Added a new section for the amendments to the plan</p>

Contents

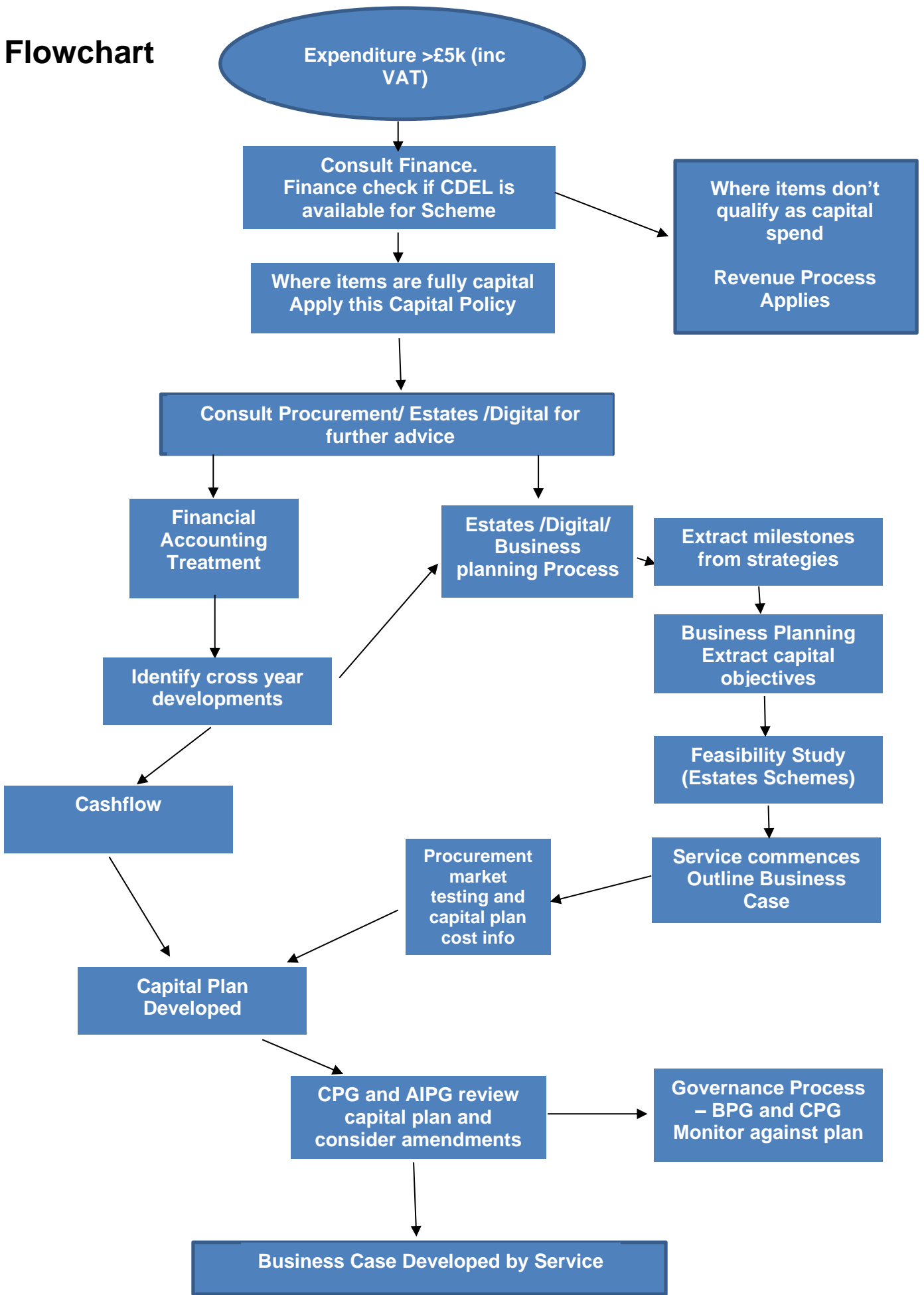
Flowchart	6
1 Introduction	10
2 Scope	10
3 Purpose	10
4 Definitions	10
5 Responsibilities	11
6 Procedures	12
6.1 Context	12
6.2 The Capital allocation process.....	12
6.3 Business Case procedures.....	15
6.4 Capital Charges	15
6.5 Recording Capitalised assets on Asset Register	16
6.6 Project Management Procedures	16
6.7 Governance procedures	18
6.8. Asset Management Procedures.....	18
6.9 Sustainability on Capital Projects.....	18
6.10 Capital Plan	24
6.11 Updates to the Capital Plan	24
7. Complaints Procedure	24
8. Development, consultation, and approval	24
9 Audit, monitoring and review	26
10 Implementation plan	26
11 Dissemination, storage, and archiving (Control)	27
12 Training and other resource implications	28
13 Links to other policies, standards (associated documents)	28
14 Contact details	28

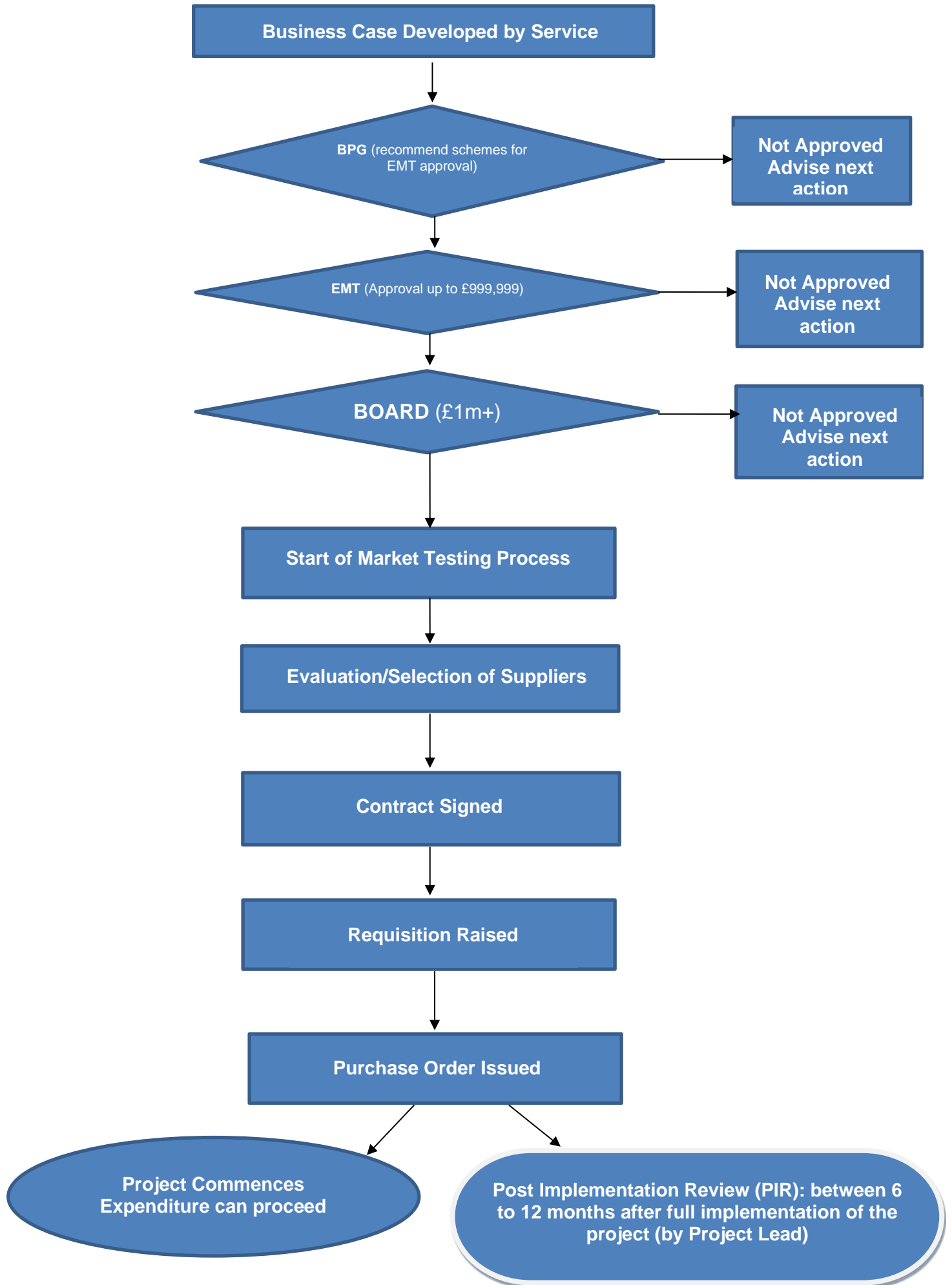
Appendices

Appendix A - Equality Impact Assessment Process and Record for Written Policies 28

Appendix B - New/Reviewed Policy Checklist 30

Flowchart

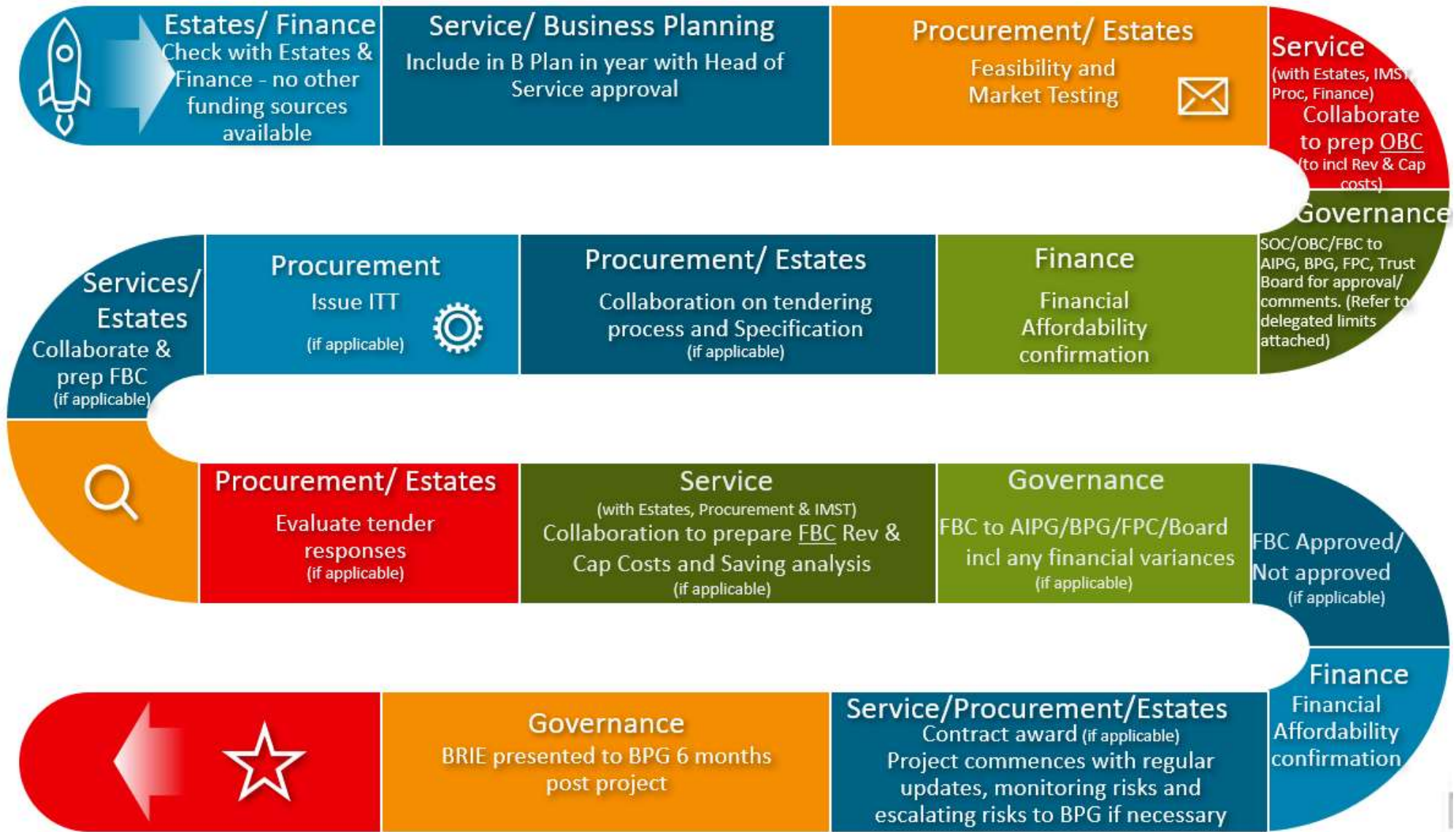




Process to develop the Annual Capital Plan (based on having a costed Capital Plan for 1 April)



Process to develop a Capital Scheme



1 Introduction

1.1 This document aims to provide guidance to Sheffield Health and Social Care NHS Foundation Trust (SHSC) staff and stakeholders on the governance process to follow when committing £5,000 and above (Inc. VAT) on the acquisition of land, buildings, and equipment with a life expectancy of more than one year. Such expenditure is accounted for as Capital Expenditure whose usage cost will be charged to revenue as depreciation over the useful life of the asset.

1.2 This policy applies to all employees of SHSC, any staff who are seconded to SHSC, contract and agency staff who have delegated authority to requisition capital expenditure from SHSC finances.

2 Scope

2.1 This policy covers the following areas:

- The Capital allocation process
- The Project management requirements
- Required Governance process for procurement of items costing £5,000 and above
- Market testing

2.2 Excluded from this policy are:

- Detailed Project Management procedures – These are covered through the Project Management Office (PMO) under different policy guidelines.
- Detailed procedures for Consultant engagement – these are covered under policy on “Engagement and Deployment of Short-Term Staff (Department for People) This is available on <https://jarvis.shsc.nhs.uk/documents/engagement-and-deployment-short-term-staffing-policy-hr-014-v2-november-2021>
- Detailed procedures for procurement – These are covered under the Procurement Policy. The Policy is currently under review and an update will soon be available SHSC Jarvis under Procurement Department

3 Purpose

This paper seeks to provide guidance to all Sheffield Health and Social Care NHS Foundation Trust (SHSC) staff and stakeholders on the principles that apply when identifying, applying and authorising expenditure deemed as capital under the general condition: expenditure on tangible and intangible item whose usage life span for over a year and whose total value, including Value Added Tax, is above £5,000.

4 Definitions

Capital expenditure:

expenditure on items where the cost is £5,000 or above, including VAT, and where the useful life is more than one year. The expenditure should cover all costs necessary to bring the asset to useful working condition. This would include original purchase price, costs of site

preparation, cost of delivery, handling costs, installation, related professional fees for architects and engineers, and the cost of dismantling/demolishing and removing the existing asset and restoring the site (if the asset is a replacement for an existing asset in situ). Refer IAS 37 Provisions, Contingent Liabilities and Contingent Assets for general description of capital costs.

Market Testing:

Sourcing a supplier(s) through a competitive exercise (eg. Procurement Framework mini-competition, Tender or Quotations).

VAT:

Value Added Tax. VAT maybe “recoverable” from HMRC based on assessment guided by the NHS “Contracted Out Services” directives. “Non-recoverable” VAT is included in the cost of the asset.

Asset:

Assets are items purchased, tangible or intangible, whose economic life is expected to span over a period of more than one year. Usage costs are charged to revenue as depreciation or amortisation over the useful life of the asset. If the life is extended beyond the initial expected lifespan, the asset is revalued based on existing market conditions and a new value prescribed upon which the usage cost (depreciation) is determined and charged to revenue.

Capital Charges:

Capital charges represent the financing costs for asset that is charged to revenue over the life of the asset. This is normally in the form of a Public Dividend Capital (PDC) finance charge that is currently calculated as 3.5% of net assets. The finance charge is paid to the Department of Health and Social Care every year as a dividend to the public for use of their money to fund the purchase of assets.

Depreciation/Amortisation:

Direct usage costs assets charged to revenue over the useful life of the assets on a straight-line basis. The actual cashflow element of the purchase of the asset is accounted for on acquisition, so depreciation/amortisation is a non-cashflow element of operating costs.

5 Responsibilities

5.1 Financial Accounts/Treasury are responsible for providing advice on capital expenditure, support with the development of capital business cases, and monitoring and reporting on capital expenditure. They are also contribute to preparing SHSC’s 5-year Capital plans and are responsible for monitoring the “capital charges” and its impact on revenue and general capital investment.

5.2 Management Accounts are responsible for aiding budget managers in their capital expenditure decision-making process in line with this policy. They are expected to guide budget holders in identifying cost changes brought by acquisition of additional capital assets under their cost centres. They also advise budget holders on development of Capital Business Cases and costing and planning of capital expenditure programmes.

5.3 Budget Managers and Budget holders are responsible for following the guidelines of this policy when deciding how to meet a need that may require capital expenditure, and for engaging in discussions with Procurement regarding the acquisition of such assets. They are responsible for allocating program/project managers, and for defining and building the necessary business cases upon which the capital expenditure decisions are based. Through the Program/Project Managers, they will be responsible for managing the delivery of capital programmes.

5.4 Procurement are responsible for supporting the process of purchasing capital items and advising budget managers of the process to follow for such purchases in line with SHSC procurement and tendering policies. This policy will be supported by the Procurement Policy and Standing Financial Instructions, and Procurement Framework mini-competitions, OJEU, quotations and/or tenders.

5.5 SHSC is committed to:

- the achievement of the principles, values, rights, pledges and responsibilities detailed in the NHS Constitution, and
- Ensuring they are taken account of in the production of its Policies, Procedures and Guidelines. This procedure supports the NHS Constitution by committing to use NHS resources responsibly and fairly and providing best value for taxpayer's money.

6 Procedures

6.1 Context

6.1.1 The Capital Programme Management Procedures document was originally produced to provide basic instructions to those involved in delivering capital projects within SHSC, from development of capital business cases, through management of projects to completion and post project evaluation.

6.1.2 This replaces V5 (May 2023) and serves to clarify sections on responsibilities for delivery of capital expenditure within a specified financial year (5.3).

6.1.3 The detailed section on consultant appointments is excluded from this version of the policy, as the guidelines for consultants are found under Department of People's policy on Engagement and Deployment of short-term staff.

6.1.4 This update seeks to provide an overall policy with users signposted to appropriate NHS procedures and guidance. NHS procedures on block allocation of capital expenditures where Capital Departmental Expenditure Limits (CDEL) are set and allocated on a block basis and distributed by a control group on the basis of need.

6.1.5 The NHS "Green Book" appraisal and evaluation of capital projects another policy expected to influence that allocation of capital expenditure limits to NHS organisations in the future.

6.1.6 This document sets out the procedures put in place to deliver projects which fall within SHSC's Block Capital Programme and is to be operated in conjunction with SHSC Statutory Orders and Standing Financial Instructions.

6.2 The Capital allocation process

6.2.1 The allocation of funds for capital expenditure follows the principles set out in the Capital Investment Strategy which covers the following areas:

- investment to replace existing and obsolete assets – this would cover replacing outdated and non-working capital items.

- Investment in new additional assets – these would normally be assets procured in line with technology changes and mainly aimed at improving operations and reducing operating costs.
- Investment to reduce running costs the financial impact of capital expenditures upon SHSC’s financial position.
- Overall, investments that minimise the adverse financial impact on SHSC’s financial position will be favoured over those with a higher adverse impact.

6.2.2 Sources of Funding: the following are the main sources of capital funding available to SHSC:

6.2.2.1 NHS CDEL Allocation: From 2020/21 NHS England changed the way capital funding for NHS Trusts was allocated. Trusts were directed to limit their capital expenditure to an NHS established Capital Resource Limit (CRL). The CRL was then to be managed by group of NHS Trust partners within specified regions and specialities. The partners were tasked to work out and agree each partner’s proportion from the allowed Capital Department Expenditure Limit (CDEL).

The CDEL is normally made up of the following fund sources:

- internally generated funding – this is calculated from depreciation or amortisation of currently held assets. Internal funds also come from proceeds from sale of assets (subject to approval from NHSE). Surplus Revenue Departmental Expenditure Limit (RDEL) may also be used to cover some elements of capital expenditure, but this is also subject to the CDEL limits set by NHSE through the partnership.

6.2.2.2 Grants/Donations – Most of the grants come from Department of Health and Social Care (DHSC) funded development programmes, Technology improvement programmes and donations from charitable organisations and legacies.

6.2.2.3 Interest bearing loans – at National Loans Funds (NLF) equal instalments of principal (EIP); interest rates fixed at time loan agreement issued, normally with two repayments per annum and loan terms based the useful life of the asset. This is not a source of funding that SHSC normally uses but maybe available when required.

6.2.2.4 Public Dividend Capital (PDC) – These funds are allocated for specific DHSC and NHSE funded projects. These normally span a financial year and are forfeited if not drawn down and utilised in the same financial year.

6.2.2.5 Leases - Leasing is sometimes considered as an alternative to purchasing capital equipment, especially in cases of expensive medical equipment and buildings. The introduction of IFRS16 into the public sector at the beginning of 2022/23 means that leased assets will be included as SHSC “fixed assets”. At inception the full lease value discounted for future cashflows will become a charge against CDEL (ie leased assets utilise the available CDEL funding).

6.2.3 Capital Expenditure application process: Requirement to purchase or invest £5,000 or more on items that will serve SHSC for a period of over 1 year is normally aimed at improving

service delivery and lowering operational costs. Such expenditure may also be aimed at developing efficiencies and increasing the size of the organisation.

6.2.4 Expenditure in 6.2.3 above is referred to normally as “**capital expenditure**” and the items purchased from such expenditure are classified as “**fixed assets**” whose use to SHSC spread over a period of more than 1 year. Capital Expenditure is made up of the Capital Schemes of Programmes whose itemised cost is £5,000 or more (including VAT) with a useful life span of more than 1 year.

6.2.5 Capital Programmes are put together in departments (Directorates). These are then translated into progress business plans with the help of Planning and Finance. The Capital Schemes/Programmes range from 1 year to 5 years or more as envisaged by the teams that collate them.

6.2.6 For accurate capital cash flow forecasting, Programme leads must ensure that business cases are drafted and approved. The 5-year Capital plan must be developed based on Estates and Clinical operational needs, capturing priorities before commencement of the financial year in which the project is planned to run. Priority of fund allocation is given to such projects over those in later years (i.e., projected without business cases)

6.2.7 The most common items purchased through capital expenditure are:

- Infrastructure building and renovations – This is done through Estates and may last over a couple of years
- Purchase of new land and buildings for SHSC expansion of services
- Spend required to meet legislative requirements (Health and Safety/CQC) – renovations to buildings and equipment to make them fit for purpose
- Ward or hospital equipment
- IT hardware and software
- Purchase of new service vehicles and support equipment

6.2.8 Capital Plans are reviewed by the Business Planning Group in the first instance, then sent to Capital Projects Group for allocation of funds and review. BPG will recommend schemes for EMT approval. If the value exceeds EMT’s limit of £999,999 it will need to be sent to the Trust Board for approval and ratification. The Finance and Performance committee will review capital programmes monthly via the monthly finance performance report. If the Scheme of Delegation changes before this policy is updated then the hierarchy and process laid out in the Scheme of Delegation should be followed and this policy will be updated as soon as possible afterwards.

6.2.9 Where a need for capital expenditure is identified, Capital Business Cases are developed in collaboration with stakeholders that include clinical leads and practitioners, with the assistance of Finance and Procurement.

6.2.10 Capital Business Cases are drafted in line with SHSC’s corporate strategies as necessary. If they fall outside corporate strategies the capital business cases must then be approved by various committees that evaluate capital proposals. (reference Finance in cases where business cases falling outside framework)

6.2.11 When Capital Business Cases are approved, they are followed by project/programme proposals. Finance require cashflow projections and a procurement work plan.

6.2.12 For governance purposes, the capital schemes are monitored monthly by CPG and quarterly at BPG and FPC.

6.3 Business Case procedures

6.3.1 In all cases where a Business Case is put forward to spend capital funds, the following must occur:

- Trust Standing Orders and Standing Financial Instructions and Scheme of Delegation must be adhered to.
- The required outputs, outcomes and benefits must be defined early in the process.
- Procurement must be consulted early in the process to establish the most appropriate route to secure all items required for delivery of capital projects in line with SHSC's Procurement Policy.
- Finance must be consulted early in the process to confirm the accounting treatment and to obtain assistance in developing the finance section of the Capital Business Case.
- Revenue implications of Capital spend must be identified and assessed with the capital business cases. Capital projects have impact on depreciation, capital charges (interest), maintenance costs, training costs and other overhead costs.
- Business cases must establish value for money associated with each capital project. Affordability and patients' benefit should be identified. Risk mitigation and avoidance should also be identified in business cases.

6.3.2 Capital Business Cases should be presented to BPG for consideration. The BPG will assess whether the project will bring the said benefits to SHSC and its stakeholders and service users.

6.3.3 Approval thresholds and responsibilities are set out below:

	Recommendation	Ratification	Approval
£0-<£250k	Business Planning Group		Executive Management Team
£250k-<£500k	Business Planning Group		Executive Management Team
£500k+	Business Planning Group	Executive Management Team	Trust Board of Directors

6.3.4 If the Scheme of Delegation changes before this policy is updated, then the hierarchy and process laid out in the Scheme of Delegation should be followed and this policy will be updated as soon as possible afterwards.

6.3.5 When Capital Business Cases are approved, they are followed by project/programme proposals. Finance require cashflow projections and a procurement work plan.

6.4 Capital Charges

6.4.1 Public Dividend Capital (PDC) is the capital charge (cost of capital) charged for using public funds for capital development. This charge is paid bi-annually and is based on the value of capital expended in capital currently at the rate of 3.5% per annum. This amount is paid to Department of Health and Social Care who are the custodians of the public health purse.

6.5 Recording Capitalised assets on Asset Register

6.5.1 All fixed asset bought through capital expenditure are “capitalised” as soon as they are commissioned for use. They are recorded on Fixed Asset Registers at the total cost up to their commissioning (their Cost value). SHSC Finance maintain fixed asset registers of all fixed assets showing the date when they were capitalised (purchased), the total cost of the asset, and the expected life the asset is expected to be of contributory value to SHSC.

6.5.1.1 Asset registers are audited by both internal and external auditors regularly. It is important that information necessary for completion and accurate registration of assets on the Asset Registers is collated correctly during asset acquisition process (Capital Expenditure).

6.5.1.2 Medical equipment and vehicles acquired through capital programmes are registered by location, registration number, make and model. Medical equipment acquired through capital are also asset marked and recorded on Facilities’ Planet FM system in accordance with SHSC’s Medical Devices Policy.

6.5.2 All assets added to Asset Registers are subject to periodic verification of the financial year end process and are reported as capital assets on SHSC’s annual financial statement. Capital assets that remain incomplete at financial year-end are reported as assets under construction (AUC) with the value of expenditure to that period and any accrued expenditure that is known but not invoiced.

6.6 Project Management Procedures

6.6.1 Capital projects are normally managed by professional Project Managers with the requisite skills to deliver the projects on time and to budget. Project Managers are appointed during Start Up phase before the capital business cases are drawn up to involve them from project inception. These Project Managers will sit either in the Estates function or the Digital function, depending on the nature of the capital programme or project. Most capital programmes and projects delivered at SHSC are Estates-led.

6.6.2 For large complex programmes, it is expected that the Estates Directorate will appoint a specific Project Manager who has delegated authority from EMT to deliver the project working in conjunction with the Head of Capital Development (HCD).

6.6.3 There are benefits for employing professional capital project management techniques in managing capital projects such as:

- the provision of consistent methodology for project managers to use to promote project success.
- improvement of the prioritisation within work plans which cuts back on slippages and excess costs.
- improvements in project planning and delivery capability and capacity – particularly the management of risk relating to project drift and failure.
- giving access to all stakeholders in appropriately challenging and supporting project planning and delivery – it is much easier to do this when documentation is consistent across the organisation.

6.6.4 The Project Managers and Project Leads are expected to identify resources in the business or externally with the necessary experience, skills and knowledge required to deliver the projects. These would then become the Project Team. Project Managers are

responsible for the appointment of external consultants as required for the projects. Appropriate trust procedure should be followed for the appointment of consultants – see Trust policy.

- 6.6.5 The makeup of the Project Team will be commensurate with the nature and complexity of the programme or project, but will include the following key roles:
- Senior Responsible Officer/Sponsor – accountable for the delivery of the work.
 - Project Manager – responsible for delivery of the work.
 - Project Clinical and/or Operational Lead – responsible for representing the interests of the beneficiaries of the work.
 - Subject Matter experts – contributing to defining requirements and completing user acceptance activity.
 - Senior supplier – representing the Estates or Digital function.
 - Any other roles specific to the nature of the work, such as the Clinical Safety Offer, Staffside representative or Digital Safety Officer.
- 6.6.6 The SHSC PMO will provide advice, support and guidance regarding makeup of the project team, appropriate governance arrangements and on project management methodology. Additionally, the Estates function has its own methodology, specifically tailored to construction projects. There are additional guidelines through NHS Improvements - Capital regime, investment and property business case approval guidance for NHS Trust and Foundation Trust. This aims to aid NHS organisations in managing the development and delivery of capital projects effectively.
- 6.6.7 Project Managers delivering capital projects will use tools and templates provided by the SHSC PMO and will be guided by their requirements in terms of methodologies.
- 6.6.8 The Project Manager and any lead consultants will produce a clear briefing document (the Project Brief) to be reviewed and signed off by stakeholders.
- 6.6.9 Project Teams will draw up a Statement of Requirements for projects. The statement of requirements should be agreed and signed off by all stakeholders involved in the project. This will be the project control document. The Project Manager must adopt Change Control procedures throughout the project lifecycle from Start Up to completion. Any subsequent changes to the Project Control document must be taken through appropriate governance via an Exception report.
- 6.6.10 The Project Manager will produce Project Initiation Documents (PID) including a detailed and realistic plan.
- 6.6.11 The Project Manager and Procurement will put together procurement processes to deliver the materials required for projects to be delivered. Refer to Trust Procurement Policy.
- 6.6.12 The Project Manager will monitor and manage projects against the details stated in the statement of requirements and against the plan and the budget.
- 6.6.13 On completion of projects, Project Managers arrange final visits with project teams to ensure all the work is completed to plan and inform the process to follow to resolve shortcomings. SHSC stipulates that a post project evaluation exercise should be carried out for all capital schemes above £50k, evaluating delivery of the scheme's Statement of Requirements.

6.7 Governance procedures

- 6.7.1 Governance arrangements for capital programmes and projects will be established to align to standard Trust governance structures and appropriate to the complexity of the work.
- 6.7.2 Capital programmes within the Transformation portfolio will establish a programme board, accountable to the Transformation Portfolio board for delivery of the work. This portfolio is overseen by Finance and Performance Committee via a consolidated report prepared every two months by the Head of PMO on behalf of the Chair of the Transformation Portfolio Board, and presented by the Chair, the Director of Strategy.
- 6.7.3 Less complex capital projects will establish a Project Group accountable to the Head of Capital Development for delivery of the project.

6.8. Asset Management Procedures

- 6.8.1 Recording Capitalised assets on the Asset Register. All fixed assets bought through capital expenditure are “capitalised” as soon as they are commissioned for use. They are recorded on Fixed Asset Registers at the total cost up to their commissioning (their Cost value). SHSC Finance maintain fixed asset registers of all fixed assets showing the date when they were capitalised (purchased), the total cost of the asset, and the expected life the asset is expected to be of contributory value to SHSC.
- 6.8.2 Asset registers are audited by both internal and external auditors regularly. It is important that information necessary for completion and accurate registration of assets on the Asset Registers is collated correctly during asset acquisition process (Capital Expenditure).
- 6.8.3 Medical equipment and vehicles acquired through capital programmes are registered by location, registration number, make and model.
- 6.8.4 Medical equipment acquired through capital are also asset marked and recorded on Facilities’ Planet FM system in accordance with SHSC’s Medical Devices Policy.
- 6.8.5 All assets added to Asset Registers are subject to periodic verification of the financial year end process and are reported as capital assets on SHSC’s annual financial statement. Capital assets that remain incomplete at financial year-end are reported as assets under construction (AUC) with the value of expenditure to that period and any accrued expenditure that is known but not invoiced.

6.9 Sustainability on Capital Projects

- 6.9.1 Aligning to the National Greener NHS ambition for the NHS to be the worlds first net zero health service and supporting the objectives of the SHSC Green Plan (3 year sustainability strategy) SHSC must ensure all Capital projects meet the Green Plan aims outlined below:
- For the emissions we control directly (our carbon footprint) to be net zero by 2030 and for the emissions we can influence to be net zero by 2045.
 - To provide sustainable services through ensuring value for money, reducing wastage and increasing productivity from our resources

- Continuously developing our approach to improving the mental, physical and social wellbeing of the communities we serve through innovation, partnership and sharing
- We will promote a culture of collaboration, supporting our people and suppliers to work together to make a difference
- We will innovate and transform to provide high quality care and support as early as possible in order to improve physical, mental and social wellbeing

6.9.2 It is imperative that sustainability measures should be considered in detail from the inception of any capital project, embedding sustainability into the metrics that determine project value to ensure that the greatest benefit can be captured from a financial, environmental and social perspective. Capital prioritization for projects which directly or indirectly support the ambitions of the Green Plan can be an opportunity to reduce backlog maintenance, generate direct energy cost savings, improving the quality of care delivered by reducing high risk maintenance issues and improve patient outcomes as a result of:

- Improved indoor and outdoor air quality
- Energy efficiency measures leading to improved thermal comfort and less disruptions for staff and service users
- Increased access to green spaces for improved staff wellbeing and greener therapeutic care
- Enhancing active travel infrastructure and facilities
- Lean care pathways; digitalisation, reduced consumption and waste reduction and avoidance
- Resilient healthcare buildings adapted to meet the challenges of climate change

6.9.3 As outlined in the strategic actions of NHS Net Zero Carbon Estates Delivery Plan, the delivery of NHS net zero plans will depend on sustained and significant capital investment in the resources and skills required to achieve its actions. Capital projects in particular must align to the below NHS Net Zero Carbon Delivery Plan strategic actions:

- Ensure that Capital spend included a 10% minimum social value weighting
- Use the Economic Case guidance within HM Treasury Green Book Guidance to assess the economic impacts of capital spend and consider the wider environmental impacts
- Incorporate net zero capital projects in line with the 4-step plan (See Figure 1)



6.9.4 Four step approach to decarbonise the NHS estate by 2040, Estates Net Zero Carbon Delivery Plan.

6.9.5 This document provides targets and guidance for designers and those engaged in project governance to ensure that sustainable development issues are considered appropriately and are outcome focused. Holistic sustainability issues must be implemented addressing comfort and quality of the internal environment and is drawn from a combination of industry best practice and lessons from previous Trust capital projects. It is imperative that Trust capital projects result in the delivery of low carbon buildings in-use and the lowest possible operational energy cost for the occupying department. This important focus on operational energy consumption and carbon emissions represents a shift in focus from compliance (i.e. Part L Building Regulations), which might not necessarily deliver the optimum building for SHSC, to outcomes (i.e. actual in-use efficiency) which should result in better performing buildings in terms of cost and CO₂ emissions.

6.9.6 The NHS Net Zero Building Standard (NHS NZC Building Standard) creates a clear list of performance criteria and sets out a vision for net zero carbon buildings, including a roadmap for the transition of operational building energy, embodied carbon in construction and whole life carbon of products used within them. The NHS NZC Building Standard includes:

- Targets for operational energy and embodied carbon
- Minimum performance targets for elements such as fabric U-values and HVAC efficiencies
- Guidance for how these targets can be achieved
- Standardised formats for capturing data
- Guidance on activities and processes to be undertaken across the project lifecycle

6.9.7 The scope of the Standard is limited to those projects subject to the Treasury business case approval process. Although the Standard lays the foundation for major construction and refurbishment projects expected at SHSC over the next decade, SHSC Estates have aligned estates decarbonisation planning to the NHS NZC Building Standard within. A baseline for Energy Usage Intensity (EUI) (the estate operational energy) for

every building is modelled, allowing us to inform all estates capital projects on the carbon and operational energy impact of decarbonisation interventions, providing an indication of cost of installation and level of operational disruption and a suggested priority order of interventions aligning to the 2023 7 facet survey study of the SHSC Estate.

- 6.9.8 Capital spend decision making will use NHS Greening the Business Case and the HM Treasury Green Book (2022), as guidance to support how SHSC can support the business case for investing in carbon reduction measures and minimizing our environmental and social impacts. Key considerations, identifying the impacts and measures to mitigate risk or enhance opportunities should be referenced to support decision making. Considerations that should be included as a minimum are detailed in the table below.

Sustainability Theme	Considerations
CARBON	<p>CARBON – will the item or project support our carbon reduction targets? Will it lead to an increase or decrease:</p> <ul style="list-style-type: none"> • in electricity use? • in heating/hot water required? • in travel for staff or patients? • in items procured? (E.g. additional consumables) <p>Please also consider the relevant theme below.</p>
WATER	<p>WATER – will the item/ project lead to:</p> <ul style="list-style-type: none"> • an increase or decrease in water use? • an increase or decrease in substances disposed to foul sewer?
WASTE	<p>WASTE – will the item/ project lead to:</p> <ul style="list-style-type: none"> • an increase or decrease in the amount of waste generated? • a variation in the type of waste to be disposed of, affecting segregation i.e. more/less hazardous? • are there any items that can be reused within the Trust or by a third party? • Reduction or increase in single use items/ plastic items? • Increased opportunities to reuse, repair/ refurb items? (Waste avoidance)
CAPITAL WORKS	<p>CAPITAL WORKS –building or refurb work should consider:</p> <ul style="list-style-type: none"> • energy use, including natural light, ventilation and renewable energy. • water use, including conservation measures. • use of space as a community resource/social enterprise. • enhancing green spaces & biodiversity.
TRAVEL	<p>TRAVEL - will the item/ project lead to:</p> <ul style="list-style-type: none"> • an increase or decrease in 'care miles' i.e. care closer to home, telemedicine, repeat appointments? • an increase or decrease in access to services for vulnerable or disadvantaged groups? • an increase or decrease in sustainable travel i.e. walking, cycling, public transport, electric car?
PROCUREMENT/ SUSTAINABLE USE OF REOSURCES	<p>PROCUREMENT/ SUSTAINABLE USE OF REOSURCES - all procurement related to the item/ project should take account of the Sustainable Procurement Policy and as a minimum, consider:</p> <ul style="list-style-type: none"> • Can surplus items be used rather than buying new? Are there items to donate elsewhere in the Trust or community? • What are the whole life costs? (E.g. operational costs post procurement) • Will we support local and/ or small businesses or social organisations? • Are we promoting ethical procurement and labour standards? • Are food supplies local, seasonal and sustainable? • Is social value, i.e. producing a local benefit through employment/training generated? • Are there positive or negative wider health and social impacts, e.g antibiotic use, air pollution, modern slavery or improved labour standards?

Sustainability Theme	Considerations
<p>SUSTAINABLE MODELS OF CARE/ LEAN CARE PATHWAYS</p>	<p>MODELS OF CARE - will the item/ project support the principles of low carbon and sustainable care:</p> <ul style="list-style-type: none"> • Keeping people healthy: e.g. Increased access to green spaces that promote mental and physical wellbeing, Reducing preventable hospital admissions, improving access to services, responding to health needs that occur as a result of climate change • Right care, Right place, Right Time: Measures to improve the efficiency of care delivery, delivering treatments in alternative formats (e.g. remote care, telehealth), Green treatment alternatives (e.g. nature based interventions), preventing unnecessary use of care pathway • Improved medication or prescription practices
<p>ADAPTATION</p>	<p>ADAPTATION - consider if the item/ project is impacted by climate change, such as:</p> <ul style="list-style-type: none"> • hotter, drier summers; milder, wetter winters; increased extreme weather events, e.g. flooding and heatwaves (this could be impacts to our estate and infrastructure or impacts on our resilience to deliver care e.g. within the community) • support for our vulnerable patients, including elderly and those leaving inpatient care • Identified staff groups vulnerable to heat
<p>PEOPLE</p>	<p>PEOPLE: the project will encourage our staff to be more environmentally and socially aware. The project will lead to:</p> <ul style="list-style-type: none"> • Continual engagement with our local authorities or voluntary sector. • Encourage service users and staff to spend more time in nature/ outdoors. • An increase in biodiversity and green space of our estate. • Increased awareness of carbon literacy, environmental impacts, the UN Sustainable Development Goals and how our activity can support those goals.

6.10 Capital Plan

- 6.10.1 The Trust will create a capital plan in line with NHSE and ICS timetables. The initial capital plan is usually required in February along with the rest of the finance plan. Later iterations are usually produced during March. Set dates are not known or published too far in advance. The ICS involvement and process is in its infancy so previous deadlines aren't forced to be followed for future years. Therefore timetables need to be reviewed and communicated when they become available.
- 6.10.2 EMT will receive and are responsible for approving the capital plan. Once the plan is agreed the schemes on there become agreed capital budgets.
- 6.10.3 Appendix C shows the process to develop the annual capital plan.

6.11 Updates to the Capital Plan

- 6.11.1 If schemes are delayed or new priorities emerge it may become necessary to revise the capital plan during the year. BPG will lead on this process.
- 6.11.2 There may be additional national funding or the Trust might be able to utilise other Trust's capital underspends against their CDEL. These opportunities are communicated on an ad-hoc basis. In these instances BPG will take lead to engage with the relevant directorates and assess whether the Trust can utilise the additional CDEL to accelerate or bring forward schemes in the remaining time.
- 6.11.3 It should be noted that utilising another Trust's capital underspend will result in the Trust using more of its own cash as capital spend is funded by the Trust. CDEL is just the permission to spend a planned capital amount.

7. Complaints Procedure

In cases of concerns regarding this policy please raise these in writing (either by email or letter) to the Complaints department at the following address:

Complaints Team
Sheffield Health and Social Care NHS Foundation Trust
Centre Court
Atlas Way
Sheffield
S4 7QQ

Email: complaints@shsc.nhs.uk

8. Development, consultation, and approval

The first version of this policy was originally developed following consultation with the Capital Programme Management Policy Task and Finish Group (representatives from Divisional Finance, Procurement, Estates and Corporate Finance).

The version 2 of this policy dated January 2019 was updated in consultation with PMO and relevant Managers from Estates and Procurement.

Version 3 captured the removal of the EDG from the governance process as the main change to the policy.

Version 4 was drafted to take into account changes to the allocation of capital funds from the NHS and the capital expenditure limits brought through the CDEL system and the Partnership regimes. It referred to the adoption of IFRS16 – Accounting for Leases, which came into effect from 1st April 2022.

Version 5 was a general refresh and reflects changes to business case approval values in line with the Trusts Standing Orders/Standing Financial Instructions.

This version 6 is a review earlier than scheduled following a number of internal audit recommendations from the Capital audit which concluded in January 2024.

The next revision and general review is due in 2 years in line with the current Policy Framework unless business demand changes in the interim, which would be action accordingly via the appropriate governance channels.

9 Audit, monitoring and review

Monitoring Compliance Template						
Minimum Requirement	Process for Monitoring	Responsible Individual/group/committee	Frequency of Monitoring	Review of Results process (e.g., who does this?)	Responsible Individual/group/committee for action plan development	Responsible Individual/group/committee for action plan monitoring and implementation
Compliance with this policy and related policies and procedures.	Monthly report to the Capital Project Group. Quarterly report to BPG.	Financial Accounts Team.	Every 2 years	Capital Project Group and BPG	Financial Accounts Team.	Capital Project Group.

The Capital Programme Management Policy will be reviewed every two years or earlier where legislation dictates, or practices change.

10 Implementation plan

The policy is already widely available online via the intranet policy's widget. Few changes have been made to the wording of the policy to signpost elements for the avoidance of doubts from previous version 2.1, apart from transferring the policy over the new template, minor grammatical and cosmetic changes have been made to the revised version 2.2.

Action / Task	Responsible Person	Deadline	Progress update
Upload new policy V6 onto intranet and remove old version V5	Communications Team	October 2024	

Version	Date added to intranet	Date added to internet	Date of inclusion in Connect	Any other promotion/ dissemination (include dates)
V5	May 2023	N/A Intranet Only	N/A	N/A
V6	October 2024	n/a	n/a	n/a

12 Training and other resource implications

Training will be provided by the Financial Accounts Teams on demand.

13 Links to other policies, standards (associated documents)

13.1 This policy further expands on the requirement in SHSC Standing Orders Section 9, Tendering and Contract Procedure.

13.2 This policy also expands on the requirements of SHSC's Standing Financial Instructions at Section 9, Non-Pay expenditure.

13.3 The SHSC Project Management **Office (PMO)** and SHSC Procurement Policy **are to be referenced for the complete evaluation of this policy.**

14 Contact details

<i>Title</i>	<i>Name</i>	<i>Phone</i>	<i>Email</i>
Head of Financial Accounts	Carl Twibey	01142711044	carl.twibey@shsc.nhs.uk
Capital & Technical Accountant	Dave Spooner	01142216376	dave.spooner@nhs.net

Appendix A

Equality Impact Assessment Process and Record for Written Policies

Stage 1 – Relevance - Is the policy potentially relevant to equality i.e. will this policy potentially impact on staff, patients or the public? This should be considered as part of the Case of Need for new policies.

NO – No further action is required – please sign and date the following statement.
I confirm that this policy does not impact on staff, patients or the public.

I confirm that this policy does not impact on staff, patients or the public.

C.Twibey 04/09/2024

YES, Go to Stage 2

Stage 2 Policy Screening and Drafting Policy - Public authorities are legally required to have ‘due regard’ to eliminating discrimination, advancing equal opportunity and fostering good relations in relation to people who share certain ‘protected characteristics’ and those that do not. The following table should be used to consider this and inform changes to the policy (indicate yes/no/ don’t know and note reasons). Please see the SHSC Guidance and Flow Chart.

Stage 3 – Policy Revision - Make amendments to the policy or identify any remedial action required and record any action planned in the policy implementation plan section

SCREENING RECORD	Does any aspect of this policy or potentially discriminate against this group?	Can equality of opportunity for this group be improved through this policy or changes to this policy?	Can this policy be amended so that it works to enhance relations between people in this group and people not in this group?
Age	No	N/A	N/A
Disability	No	N/A	N/A
Gender Reassignment	No	N/A	N/A
Pregnancy and Maternity	No	N/A	N/A
Race	No	N/A	N/A

Religion or Belief	No	N/A	N/A
Sex	No	N/A	N/A
Sexual Orientation	No	N/A	N/A
Marriage or Civil Partnership	No		

Please delete as appropriate: - no changes made.

Impact Assessment Completed by: C.Twibey 04/09/2024
--

Appendix B

Review/New Policy Checklist

This checklist to be used as part of the development or review of a policy and presented to the Policy Governance Group (PGG) with the revised policy.

		Tick to confirm
Engagement		
1.	Is the Executive Lead sighted on the development/review of the policy?	✓
2.	Is the local Policy Champion member sighted on the development/review of the policy?	✓
Development and Consultation		
3.	If the policy is a new policy, has the development of the policy been approved through the Case for Need approval process?	n/a
4.	Is there evidence of consultation with all relevant services, partners and other relevant bodies?	✓
5.	Has the policy been discussed and agreed by the local governance groups?	✓
6.	Have any relevant recommendations from Internal Audit or other relevant bodies been taken into account in preparing the policy?	✓
Template Compliance		
7.	Has the version control/storage section been updated?	✓
8.	Is the policy title clear and unambiguous?	✓
9.	Is the policy in Arial font 12?	✓
10.	Have page numbers been inserted?	✓
11.	Has the policy been quality checked for spelling errors, links, accuracy?	✓
Policy Content		
12.	Is the purpose of the policy clear?	✓
13.	Does the policy comply with requirements of the CQC or other relevant bodies? (where appropriate)	✓
14.	Does the policy reflect changes as a result of lessons identified from incidents, complaints, near misses, etc.?	✓
15.	Where appropriate, does the policy contain a list of definitions of terms used?	n/a
16.	Does the policy include any references to other associated policies and key documents?	✓
17.	Has the EIA Form been completed (Appendix 1)?	✓
Dissemination, Implementation, Review and Audit Compliance		
18.	Does the dissemination plan identify how the policy will be implemented?	✓
19.	Does the dissemination plan include the necessary training/support to ensure compliance?	✓
20.	Is there a plan to i. review ii. audit compliance with the document?	✓
21.	Is the review date identified, and is it appropriate and justifiable?	✓