

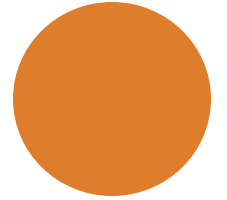
Capital Challenges and Charitable Opportunities

Charitable Funds Committee 13th December 2024



Aim

- Our sources of capital funding
- The challenges we face
- How we allocate our capital
- The difference Charitable funds can make





Sources of capital & challenge



Sources of capital funding

Capital Resource Limit (CRL)

- This is set by Welsh Government (WG) on an annual basis and is made up of the following components
 - Discretionary Allocation
 - All Wales Capital Programme (AWCP)
 - IRCF (Integration and Rebalancing Capital Fund)
 - DPIF (Digital Priorities Investment Fund)
 - IFRS (International Financial Reporting Standards) 16 Lease – technical adjustment
- The **Discretionary Allocation (DCP)** is allocated directly by WG for *‘the following priority obligations across all healthcare settings: Meeting statutory obligations, such as health and safety and Firecode; maintaining the fabric of the estate; and timely replacement of equipment’*.



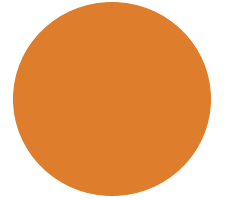
Sources of capital funding

- For 2024/25 this is currently **£7.421m**, and is for:
 - Medical and non-medical equipment replacement
 - New medical equipment
 - New and replacement IT equipment
 - Statutory and physical condition estate backlog, which include refurbishments
- **All Wales Capital Programme** is allocated by WG for specific schemes or developments and will fluctuate on an annual basis. The Hywel Dda allocation for 2022/23 was £27.776m, currently for 2024/25 it is £26.162m.



Sources of capital funding

- Funding can increase in year through the award of additional funding from WG
- For specific items such as the case in 22/23 and in 23/24 where specific funding was allocated to support Emergency Department priorities around improving patient experience
- “end of year” funding, where WG re-allocate funds during the Autumn to be spent by year end.
- This year we have been awarded an additional;
 - £3.202m for diagnostic equipment replacement
 - MRI in Prince Philip Hospital
 - Fluoroscopy Room in Withybush Hospital
 - Radiology Room Withybush Hospital
 - £4.061m for estate backlog maintenance
 - £1.8m end of year funding Pentre Awel & medical equipment





Definition of Capital

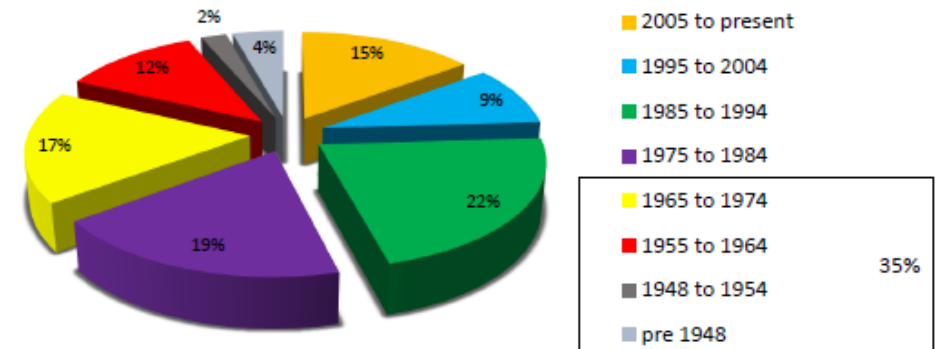
- £5,000 + value , inclusive of VAT
- More than 1 year of life
- +£250 value of any IT asset if plugged into a wider network
- Other - the INITIAL equipping of a new or refurbishment project
- Same definition irrespective of funding source

The funding challenge Estates

- The Hywel Dda Estate and asset base includes
 - 4 acute hospital sites
 - 7 Community Hospitals/Integrated Care Centres
 - several other community premises
- Estates backlog at the end of 2023/24 of **£255.5m** an increase from £124.5m in 2022/23 of this £118m is classed as high or significant risk
- 35% of the estate will be over 50 years old in 2025
- Across the 4 acute sites
 - Glangwili Hospital - £90.2m
 - Withybush Hospital - £72.3m
 - Prince Philip Hospital - £27.7m
 - Bronglais Hospital - £36.0m



Hywel Dda UHB
Age Profile 2022/23



The funding challenge Medical Devices

- The number of devices on UHB's inventory as at June 2024 = 30,093 with a replacement cost of **£118.37m**
- 4,603 these identified as overdue for replacement at a replacement cost of **£26.29m**



2024/25 – Scale of the Challenge

£7.421m of a discretionary capital allocation

35% of estate over 50 years old in 2025

£225.8m of estates backlog

4063 devices overdue for replacement
£26.6m

£15-£18m of digital backlog



Allocation of Capital





2024/25 Approach


- **£7.421m** of an allocation for **2024/25**
- Range **pre-commitment**
 - Impact of decisions taken by Board or the Executive Team for 2024/25 it was £2.9m already aware of range @£1m-£1.5m for 25/26
 - Impact of policy decisions taken by WG such as the requirement for University Health Board (UHB) to fund 30% of Estates and Facilities Advisory Board (EFAB) schemes @£1.2m in 24/25
 - Slippage on schemes
- Contingency Reserve £1.500m – up until 2/3 year ago we managed on @£0.300m - £0.400m per annum level of backlog and breakdown now mean a higher level of reserve is needed
- Top slice an element of the available allocation to deal with
 - Cost of developing business cases for WG funding which we get back if the business cases are successful but have to be incurred up front
 - Capital support costs, element of staff and audit costs that are associated with the development of capital projects
 - Issues in residential accommodation
- **Balance available £2.5m to be** allocated for
 - Digital, estates statutory, medical and non-medical equipment and improvements in the physical environment to deal with the backlog issues we have

Inevitable with the value of the backlog and the total allocation available that unable to resource all priority items





2024/25 Approach

- Prioritisation process involves the Capital Planning Group representatives from **Operational Directorates, Estates, Digital**, Finance, Procurement and co-ordinated by the Capital Planning Team
 - Each lead will consider their highest priorities taking into account
 - risks and mitigations
 - patient impact
 - Audit impact and benchmarked data
 - A plan is developed to address the highest priorities in each area with the balance of the resources available and is approved via UHB Governance structure via Executive Team, Capital Sub Committee, Strategic Development & Operational Delivery Committee (SDODC) and ratified by Board
 - With the limited allocation there are always projects that cannot be supported initially, these are the first to be progressed as additional opportunities to bid for additional WG or reallocate in year underspends and slippage materialize.
 - And if appropriate via contributions from Charitable Funds
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Elusennau Iechyd
HYWEL DDA
Health Charities

Charitable Opportunities





Impact of Charitable Funds

- Charitable contributions towards capital investment
 - 2020/21 - £0.637m
 - 2021/22 - £1.073m
 - 2022/23 - £0.476m
 - 2023/24 - £0.805m
- In 2023/24 equipment bought included
 - Fibroscan
 - Neonatal Ventilator
 - Ultrasound scanner
 - Incubator
 - Cardiac Telemetry
 - Scalp cooler
- Range from contributions towards
 - Improvements to patient facing indoor and outdoor areas
 - Contributions towards larger capital projects
 - Funding of equipment replacement



Impact of Charitable Funds

- Beneficiaries of NHS charities should be NHS patients
- Charities can use charitable funds to supplement or subsidise public services where it is within their objects, and in the **interest of its beneficiaries** and there is clear justification for doing so
- Equipment will usually fall within the charity's objects, but trustees will need to be appraised of the exact use and **benefits to patients**
- Information on the former slides provide you with an insight as to why there is a continual stream of bids for charitable funds to support capital equipment purchases and improvements to the estate.
- Availability of Charitable funds makes a huge difference to patient experience and service delivery





Impact of Charitable Funds

- Future opportunities ?
 - Improvements to the way charity receives/considers capital requests?
 - Are there opportunities for the charity to support further?



Diolch yn fawr / Thank you

