

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	13 March 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Update on All-Wales Capital Programme - 2019/20 Capital Resource Limit and Capital Financial Management
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Executive Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

This update report is presented to the Finance Committee to note the Capital Resource Limit (CRL) for 2019/20 expenditure allocations and profile, and to note the work being undertaken to manage the financial risks identified.

Cefndir / Background

Further to previous update reports to Finance Committee and the Capital, Estates and Information Management & Technology Sub-Committee (CEIM&TSC), this report provides the latest update on CRL for 2019/20.

Asesiad / Assessment

Capital Resource Limit 2019/20

The CRL for 2019/20 has been issued with the following allocations:

Expenditure	£m
All Wales Capital Programme	32.849
Discretionary Programme	7.283
Balance	39.780

All Wales Capital Programme

The All Wales Capital Programme (AWCP) schemes being funded in 2019/20 are:

- Bronglais General Hospital Magnetic Resonance Imaging (MRI) Scanner
- Women and Children's Phase II Scheme, Glangwili General Hospital (GGH)
- Cardigan Integrated Care Centre
- Aberaeron Integrated Care Centre
- Wards 9 and 10 Refurbishment, Withybush General Hospital (WGH)
- Fees for the development of the Cross Hands Integrated Care Centre Business Case

- Imaging Equipment
- Pharmacy Equipment

Additional funding has been received since the last reporting period for:

- Digital Funding - £1.162m
- Additional end of year funding (equipment) - £1.544m

The following allocations have also been approved but have not yet been transacted in the CRL:

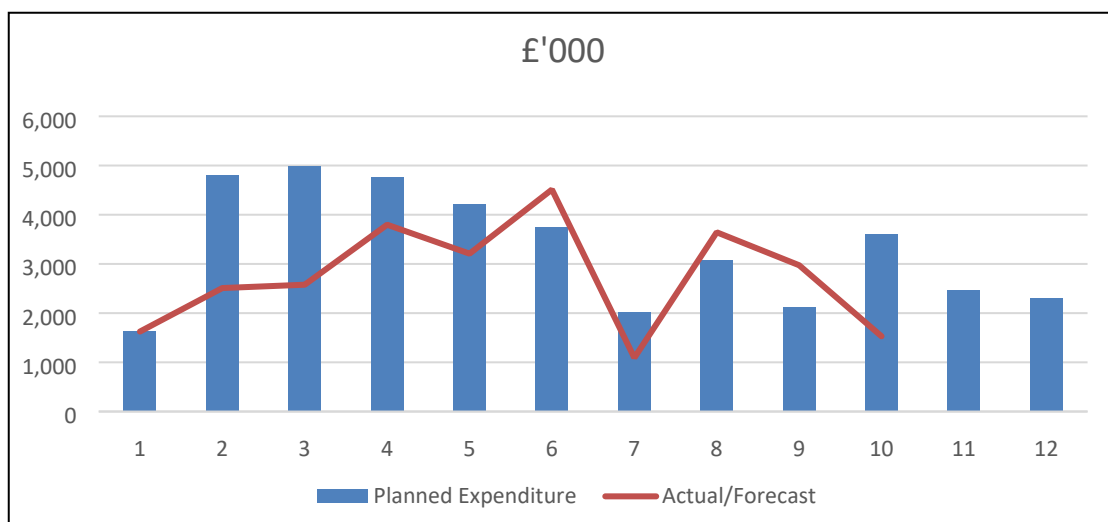
- Further additional end of year allocation for equipment - £0.525m
- Integrated Care Fund Capital for equipment and South Pembrokeshire Hospital Development - £0.037m

Discretionary Capital Funding

The Discretionary Programme is currently split as follows:

Expenditure	£m
Equipment	2.452
IM&T	1.324
Estates Infrastructure	0.959
Estates Statutory	0.879
Capital Support	0.174
Business Case Development	0.470
Contingency	0.339
Estates Development	1.175
Total	7.772
Funded by:	
Discretionary Capital Programme (DCP) funding	7.283
Less: AWCP Payback	-0.220
VAT Recovery & Accruals	0.576
Disposal Proceeds (MRI Scanner and Aberaeron Hospital)	0.133
	7.772

The expenditure profile for 2019/20 is shown below:



The variance reported earlier in the financial year against the planned expenditure profile is mainly attributable to a lower level of expenditure than anticipated on the AWCP Schemes, both on the Cardigan Integrated Care Centre (ICC) Scheme and Women and Children's Phase II Scheme (GGH). The variance in Month 10 is mainly attributable to the phasing of the payment for the MRI scanner. It is anticipated that this will be paid in February 2020 and not January 2020, as originally anticipated.

Hywel Dda University Health Board's (HDdUHB's) cost advisors have advised of a scheme underspend of £0.576m for Cardigan ICC. Welsh Government (WG) has agreed that this can be re-invested in the Health Board for Statutory Fire Works and Credits for Cleaning.

The expected scheme slippage for Women & Children's Phase II in 2019/20, based on updated schedules of works provided by the Supply Chain Partner, and scrutinised by HDdUHB's cost advisors and signed off by the Project Group, is £3.0m. This re-profiling of expenditure between financial years is due to a delay in the completion of the first phase of works. Significant work has recently been undertaken by the Health Board's Project Manager, Cost Advisor and Supply Chain Partner to review sub-contractor forecasts of work packages to be delivered by 31st March 2020 in order to ensure that the expenditure profile is robust and realistic. This reduction in expenditure has been reported to WG and has been reflected in an in-year adjustment to the CRL.

The DCP will continue to be reviewed with Estates, Information Management & Technology (IM&T), and the Deputy Director of Operations.

Expenditure against the £39.780m allocation, as at the end of Month 10, was £27.9464m. This equates to expenditure of 47.47% of the DCP allocation and 68.81% of the All Wales Capital Allocation.

Financial Risks and Issues

During 2019/20, the quarterly reviews of resource usage profiles are being undertaken with the cost advisors on the AWCP schemes, and regular updates are being provided for WG and NHS Wales Shared Services Partnership (NWSSP) on scheme progress. This process has identified the financial re-profiling requirement for Women and Children's Phase II, as a result of the physical resequencing of works.

Interserve Update

At the time of preparing this report, there have been no further Cabinet Office updates.

Project Updates

Ward 9/10 WGH

As previously reported, a recent report from the Cost Advisor had flagged up an over spend of £0.250m in relation to additional works that have been instructed on the scheme. Opportunities have been identified to mitigate this overspend through transfer of funding from the DCP programme and the release of balance sheet accruals. In addition the Director of Planning, Performance and Commissioning has also instigated an audit review of the scheme to ensure that lessons learnt from this scheme are embedded into processes for future schemes.

Women and Children Phase II

Handover of Phase 1 of the scheme was delayed at the end of December 2019 and has further been delayed to the end of February 2020. The most recent revised timeline and cashflow indicates that the mitigating actions which have taken place, will lead to the scheme being on budget against AWCP allocation at the end of this financial year.

Argymhelliad / Recommendation

The Finance Committee is requested to:

- Note the CRL for 2019/20, together with expenditure allocations and profile;
- Note the work being undertaken to manage the financial risks identified.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.5 Provide assurance to the Board that robust arrangements are in place for financial planning, financial performance and financial forecasting. 5.13 Provide assurance to the Board that arrangements for Capital, Estates and IM&T are robust.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Capital priorities included within service risk registers. Risk 624 - Ability to maintain and address backlog maintenance and develop infrastructure to support long term strategic objectives – Current Risk Score 16
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners. 5. Deliver, as a minimum requirement, outcome and delivery framework work targets and specifically eliminate the need for unnecessary travel & waiting times, as well as return the organisation to a sound financial footing over the lifetime of this plan
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve efficiency and quality of services through collaboration with people, communities and partners All business cases for capital investment require alignment to HDdUHB's Well-being Objectives where applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termau: Glossary of Terms:	Included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Capital Monitoring Forum Capital Planning Group Individual Project Boards of Capital Schemes Welsh Government Capital Review Meeting Capital, Estates and IM&T Sub-Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Capital values noted within the report. Included within individual business cases and Capital Prioritisation process.
Ansawdd / Gofal Claf: Quality / Patient Care:	Included within individual business cases and Capital Prioritisation process
Gweithlu: Workforce:	Included within individual business cases and Capital Prioritisation process
Risg: Risk:	Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB
Cyfreithiol: Legal:	Included within individual business cases and Capital Prioritisation process
Enw Da: Reputational:	Included within individual business cases and Capital Prioritisation process
Gyfrinachedd: Privacy:	Included within individual business cases and Capital Prioritisation process
Cydraddoldeb: Equality:	Equality assessments are included within individual business cases and Capital Prioritisation process when required