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Capital Financial Management

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2. 2 Capital Financial Management Oct 20 Final.docx

2.2 Appendix A - Rank Order COVID Feasibility Schemes.docx

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	22 October 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Update on All-Wales Capital Programme – 2020/21 Capital Resource Limit and Capital Financial Management
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Eldeg Rosser, Senior Finance Business Partner

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 Finance Committee to:

- Note the Capital Resource Limit (CRL) for 2020/21;
- Note the value of capital expenditure currently committed to deal with the COVID-19 pandemic (COVID-19) for 2020/21 and funding released to date;
- Note the financial risk associated with progressing COVID-19-related capital schemes at feasibility stage without confirmed funding;
- Note the risk of being unable to progress COVID-19 schemes and other schemes to deal with the Health Board's (HB) equipment, statutory, infrastructure and digital backlog due to insufficient capital resource;
- Note the update regarding the Women and Children Phase II Scheme (Glangwili General Hospital - GGH).

Cefndir / Background

Further to previous reports to Finance Committee, this report provides an update on the CRL position for 2020/21.

Asesiad / Assessment

Capital Resource Limit 2020/21

The current CRL for 2020/21 has been issued with the following allocations:

Allocation	£m
All Wales Capital Programme (AWCP)	9.555
Discretionary Programme	7.271
Slippage due to COVID-19 from 2019/20	1.090
COVID-19 – Digital Devices & IT	0.935
COVID-19 – Equipment (Acute Sites and Field Hospitals)	7.722

Total	26.573

One new AWCP allocation has been approved since the previous reporting period:

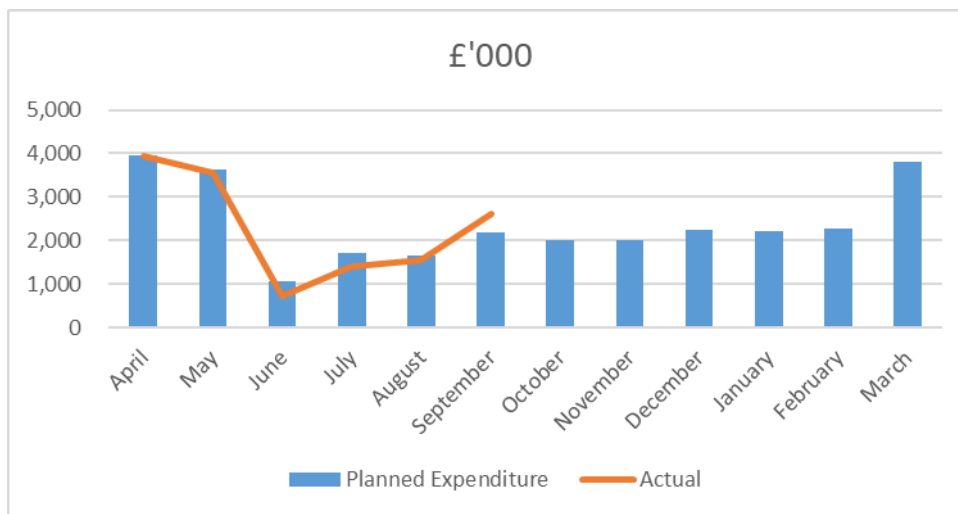
- Integrated Care Fund (ICF) - multispecialty community provider (MCP) - South Pembrokeshire Hospital (SPH) Health and Social Care Resource Centre, Sunderland Ward: £0.202m.

The CRL has also been reduced to accommodate in-year slippage of £3.5m (i.e. in the Women and Children Phase II scheme: £2.24m, and in Magnetic Resonance Imaging equipment: £1.26m).

The Capital Expenditure Plan for 2020/21 is detailed below:

Scheme	Expenditure Plan (from 2019/20) £m	Expenditure Plan (2020/21) £m	Total Expenditure Plan £m
AWCP			
Women and Children Phase II		7.761	7.761
MRI WGH		1.440	1.440
Radiology Schemes		0.467	0.467
Advance Fire Works WGH		0.350	0.350
SPH – Sunderland Ward ICF		0.202	0.202
Other	0.315	0.291	0.606
COVID-19		7.722	8.435
COVID-19 – (Digital)		0.935	0.192
Sub-total AWCP	0.315	19.138	19.453
Discretionary			
Equipment	0.172	0.550	0.722
Estates Infrastructure	0.010	1.794	1.804
Estates Development	0.103	0.381	0.484
Estates Statutory		1.120	1.120
Digital	0.445	1.000	1.445
Contingency	0.045	0.330	0.375
Credits for Cleaning/ Healthcare Inspectorate Wales/ COVID-19		0.570	0.570
Business Case Development		0.300	0.300
Capital Support (Critical Care Information System)		0.300	0.300
Sub-total Discretionary	0.775	6.345	7.120
TOTAL	1.090	25.483	26.573

An expenditure profile for 2020/21 is shown below:



Total capital expenditure as at Month 6 was £13.756m, of which £8.627m is related to COVID-19.

Financial Risks

The value of capital orders placed by the HB to date for COVID-19 associated items which is expected to impact on the 2020/21 position is:

Expenditure	Costs Committed 2020/21 £m	Funding Released to Date £m	Current Funding Gap £m
Acute Sites	5.846	3.603	2.243
Field Hospitals	3.846	3.719	0.127
Informatics	1.296	0.981	0.315
Women and Children Phase II (GGH)	0.024	0.024	0.000
Equipment purchased through Shared Services	0.235	0.139	0.096
Total	11.247	8.466	2.781

The design, build and restoration costs for the Field Hospitals are not classed as capital expenditure and are additional to the spend shown above. Welsh Government (WG) is currently releasing the capital funding, based on information provided by the HB relating to actual cost incurred, not committed expenditure.

There are additional costs for the Women and Children Phase II scheme due to the delay in handover of part of the scheme as a result of COVID-19 capacity planning, and additional work required to allow the scheme to progress. There will also be an additional cost implication for the scheme as a result of the implementation of social distancing legislation; the total estimated additional costs are £2.967m, of which £0.024m will impact in 2020/21 and £2.942m in 2021/22. The HB assumption is that WG funding will be available for this additional cost.

In addition to the cost committed to date, there are schemes to the value of **£11.971m** which have been proposed in response to COVID-19 and social distancing requirements, where feasibility work is being undertaken.

Although WG has advised that there is no funding for the majority of these schemes, it is in the process of considering the HB's bid for £0.720m of funding for the Emergency Department (ED) Streaming Units which the organisation is currently progressing using its Discretionary Capital Programme (DCP). If the HB progresses any schemes without agreed funding it will breach its CRL.

The position reported in the HB's Month 6 Monitoring Returns represents a potential over-commitment against the CRL of £14.752m in 2020/21 and £2.942m in 2021/22, based on the current pressures in the system, and assumes only the funding currently released for COVID-19.

	2020/21
Costs	£m
COVID-19 costs committed as per WG return	11.247
Feasibility work not yet committed	11.971
Total	23.218
Funding	
WG COVID-19 funding released to M6	(8.466)
Risk/ Funding Gap	14.752

This funding gap means that the HB is unable to progress its COVID-19 feasibility schemes (as noted above), which has been articulated in an amendment to the wording of risk 956. A prioritised list of the top 6 schemes is included at Appendix A. It should be noted that the limited capital availability from WG has necessitated the HB using an element of its discretionary allocation to progress COVID-19 schemes and schemes normally funded from the AWCP, as opposed to progressing schemes to deal with its backlog of equipment and statutory, infrastructure and digital items, as captured by risk 624 (*risk to the ability to maintain and address backlog maintenance and develop infrastructure to support long term strategic objectives*).

The HB is currently awaiting a decision from WG on the ability to keep the following allocations:

- Proceeds from the sale of Cardigan Hospital @£0.450m
- Potential proceeds from the sale of Cardigan Health Centre @£0.300m
- Underspends on completed AWCP schemes @£0.267m

A positive decision on the funding of the ED Streaming Units and these potential allocations from WG would enable some progress to be made on the highest priority COVID-19 schemes and some other HB priorities.

The HB is currently revisiting the expenditure priorities and available allocations on a weekly basis to ensure that the HB's highest priorities are being addressed within the available capital resource, and to ensure that the CRL is not breached.

Women & Children Phase II (GGH)

Ongoing profiling of resource usage is being undertaken with the cost advisors for the scheme, and regular progress updates are provided to WG and NHS Wales Shared Services Partnership. The HB will be fixing its capital requirement for 2020/21 on the AWCP schemes at the end of October 2020.

Argymhelliad / Recommendation

The Finance Committee is requested to:

- Note the Capital Resource Limit (CRL) for 2020/21;
- Note the value of capital expenditure currently committed to deal with the COVID-19 pandemic for 2020/21 and funding released to date;
- Note the financial risk associated with progressing capital schemes at feasibility stage without confirmed funding;
- Note the risk of being unable to progress COVID-19 schemes and other schemes to deal with the HB's equipment, statutory, infrastructure and digital backlog due to insufficient capital resource;
- Note the update on the Women and Children Phase II scheme (GGH).

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.3 Conduct detailed scrutiny of all aspects of financial performance, the financial implications of major business cases, projects, and proposed investment decisions on behalf of the Board.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Risk 956 - Risk to delivery of the CRL for 2020/21 Risk 624 – Risk to the ability to maintain and address backlog maintenance and develop infrastructure to support long term strategic objectives
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 the UHB'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 in the main 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

APPENDIX A

DETAIL OF TOP 6 SCHEMES					
Rank	Scheme Name	Grouping	Scheme Urgency	Scheme Benefits	Impact of not proceeding
1	ICU Options at GGH £54,000	Isolation Social Distancing Service Resilience	Urgent	<ul style="list-style-type: none"> Requirement to increase the number of side rooms in Critical Care to improve isolation options where Aerosol Generating Procedures (AGPs) would place other patients and staff at risk of spread of infection 	<ul style="list-style-type: none"> Would not address the risks of AGPs in spaces where other patients and staff are exposed. Would not address staff concerns regarding the current limited ability to protect their patients or peers on the Unit.
2	ENT Equipment at GGH £190,824	Restart Essential Services	Urgent	<ul style="list-style-type: none"> Additional equipment is required to safely assess ENT patients across the Health Board; ensure ENT and H&N cancer patients are seen & diagnosed promptly and within target; and to re-achieve the efficiency and throughput of ENT clinics. Majority of ENT patients require face-to-face consultations with a wide range of highly specialised diagnostic investigations; only a very small proportion of ENT & H&N cancer patients can be managed virtually. 	<ul style="list-style-type: none"> Impaired service provision and increased waiting times for patients as a result of reduced clinical capacity. COVID-19 clinic restrictions around Aerosol Generating Procedures (AGP) and ENT UK Guidelines have significantly reduced clinical capacity. A typical clinic would usually see 20 patients but can now only facilitate 8 patients.

				<ul style="list-style-type: none"> • Current equipment is not adequate to meet service provision in light of COVID 19 restrictions. The purchase of additional equipment that complies with UK & Nice Guidelines for AGP would ensure patient safety and create additional capacity. 	<ul style="list-style-type: none"> • There is potential for misdiagnosis & missed cancers; increase in incidents, complaints and claims.
2	ENT/Audiology Facilities at OPD, GGH £92,131	Social Distancing Restart Essential Services Service Resilience	Urgent	<p>Improvement work (redesign and reallocation of clinic rooms) is required in outpatients to facilitate:</p> <ol style="list-style-type: none"> 1) The direct to Audiology referral pathway: and 2) Increase clinical capacity for ENT clinics <p>1) The Direct to Audiology pathway will contribute to the achievement of a sustainable ENT service and evidence that there would be an active reduction in demand on the ENT waiting list by approximately 25% through the implementation.</p> <p>Current clinic space is not adequate to meet ENT service provision needs in light of COVID 19 restrictions. Aerosol Generating procedures (AGP) and PPE have resulted in a significant reduction in clinical</p>	<ul style="list-style-type: none"> • Increased waiting times for patients due to reduced clinical capacity. Impaired service provision with a potential for increase in incidents, complaints and claims.

				<p>capacity - the turnaround and cleaning time between patients is 1 hours and 20 minutes. A typical clinic would usually see 20 patients but can now only facilitate 8 patients. The loss of the treatment room on Merlin Ward has also reduced capacity, resulting in emergency patients having to be accommodated in outpatient setting. Creating additional space in outpatients that comply with UK & Nice Guidelines for AGP would ensure patient safety, re-achieve efficiency and throughput of clinics and avoid unacceptable waiting times.</p>	
3	GGH A&E Examination Rooms £54,525	Isolation	Urgent	<ul style="list-style-type: none"> GGH Emergency Department currently has 4 open trolley areas (Majors 3 – 6) with disposable curtains. The remaining rooms are equipped with ¾ doors or sliding screens to enable access for beds and trolleys. This proposal is to add doors to Majors 3-6 to make them cubicles for infection control reasons. Doors would enable safe containment of any infectious symptom to other patients and staff working within ED. 	<ul style="list-style-type: none"> Patients with infectious symptoms unable to be safely isolated in Majors 3, 4, 5 and 6 in line with infection prevention and control. This is further compounded by the COVID assessment not being fit for purpose during the autumn and winter months due to temporary nature of accommodation, so additional A&E cubicles

					will need to be assigned for this process leaving insufficient A&E assessment areas for majors patients
4	ICU Options at BGH / GGH / WGH £198,000	Isolation Social Distancing Service Resilience	Urgent	<ul style="list-style-type: none"> Requirement to increase the number of side rooms in Critical Care to improve isolation options where Aerosol Generating Procedures (AGPs) would place other patients and staff at risk of spread of infection 	<ul style="list-style-type: none"> Would not address the risks of AGPs in spaces where other patients and staff are exposed. Would not address staff concerns on the current limited ability to protect their patients or peers on the Unit.
4	Shower facilities x 4 sites - WGH £94,429 each	Bed capacity Service Resilience Social Distancing	Urgent	<ul style="list-style-type: none"> Clinical space is at a premium so the use of this for changing & shower facilities is not sustainable going forward. WGH has no staff changing facilities in clinical areas outside of departments such as the Intensive Care Unit, Day Surgery Unit, Theatres and Endoscopy. The provision of an external shower & changing facility will result in 12 clinical rooms being returned to their primary patient accommodation function across the hospital site. This will not only increase overall bed capacity but also single room isolation 	<ul style="list-style-type: none"> Loss of clinical space to shower/ changing facilities. This totals 12 single rooms across the site. The site has been scoped for alternative facilities but no suitable space is available. It is not considered appropriate infection prevention practice for staff to come to, or leave, work in their uniforms. Not providing appropriate changing and shower facilities will mean that staff will have no

				<p>facilities. These are of prime importance particularly during a pandemic and going into the winter period where flu and Norovirus become more prevalent.</p> <ul style="list-style-type: none"> • Providing this facility will contribute to enhanced staff wellbeing by recognising the importance of reducing infection prevention risk created through a lack of shower/ changing facilities on site and increasing stress through a more pressured working environment and fear of spreading Coronavirus. 	<p>allocated space to change into work clothes / uniform following arrival.</p> <ul style="list-style-type: none"> • This will also increase staff anxiety around the increased likelihood of transporting Coronavirus out of the hospital and into their homes.
6	JDR En-suite Facilities at Block 10, GGH - £78,000	Isolation Service Resilience		<ul style="list-style-type: none"> • Safety of our staff and to avoid large-scale disruption if anyone had a suspected or actual COVID-19 infection. 	<ul style="list-style-type: none"> • Shared use of facilities would have to continue should an outbreak of COVID-19 be suspected.