



## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	23 March 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Update on All-Wales Capital Programme – 2020/21 Capital Resource Limit and Capital Financial Management
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Sarah Welsby, 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 further allocations available;
- 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 risks being managed;
- Note the update regarding the Women and Children Phase II Scheme (Glangwili General Hospital - GGH);
- Note the donation of equipment by the Department of Health.

#### 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)	14.220
Discretionary Capital Programme (DCP)	7.078
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)	10.382
<b>Total CRL</b>	<b>33.705</b>

Further Allocation Available	£m
Disposals of Cardigan Hospital and Health Centre	0.790
Utilisation of VAT reclaims	0.185
<b>Sub-total</b>	<b>0.975</b>
<b>Total Capital Allocation</b>	<b>34.680</b>

Since the last report the CRL has increased by £4.151m:

- Ventilator transfers from NWSSP - £0.278m
- Year End Funding – January 2021 - £1.976m
- Oxygen Infrastructure - £0.257m
- Devices for Community Nursing Groups - £0.370m
- Refurbishment of R&D Offices at Glangwili Hospital - £0.088m
- Digital Eye Care equipment - £1.182m

Other allocations that the Health Board (HB) is likely to receive over the next few weeks are for:

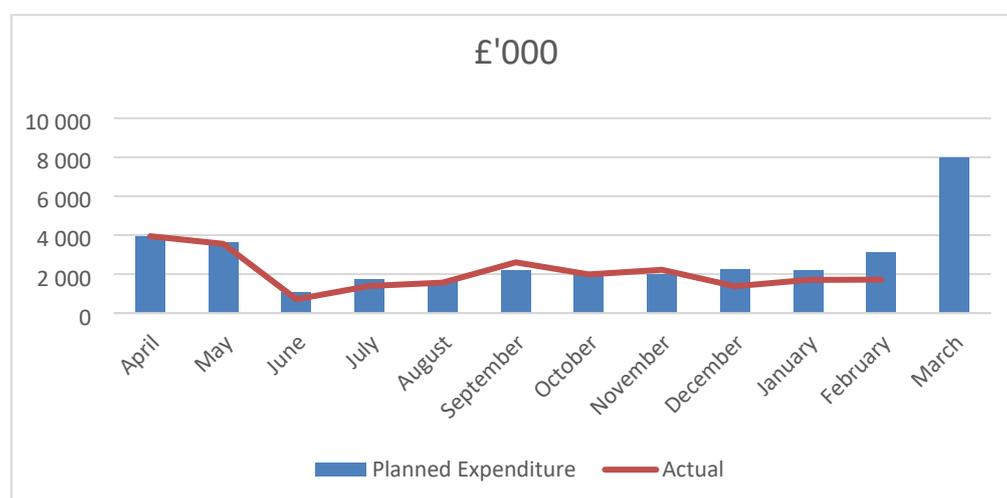
- COVID 19 – funding requirements for 2020-21 (**Remaining Balance of forecast spend**) - £0.164m
- Digital Priorities Investment Fund – Digital Cell - £0.426m
- Digital Priorities Investment Fund – Uptake of Electronic Rest Requesting (ETR) - £0.142m

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
<b>AWCP</b>			
Women and Children Phase II		6.471	6.471
MRI WGH		0.832	0.832
Radiology Schemes		0.407	0.407
Statutory Fire and Estates allocation		0.202	0.202
Advance Fire Works WGH		0.350	0.350
SPH – Sunderland Ward ICF		0.202	0.202
ED Streaming WGH/ PPH/ BGH/ GGH		0.720	0.720
WGH Fire PBC		0.220	0.220
Digital Eye Care - Software		0.264	0.264
Oxygen Infrastructure		0.257	0.257
Devices for Community Nursing Groups		0.370	0.370
Refurbishment of R&D Offices at Glangwili Hospital		0.088	0.088
Digital Eye Care Equipment		1.182	1.182
Year End funding – Equipment and IT		1.976	1.976
Ventilator transfers from NWSSP		0.278	0.278
Other	0.315	0.496	0.811
COVID-19		10.382	10.382
COVID-19 – (Digital)		0.935	0.935

<b>Sub-total AWCP</b>	<b>0.315</b>	<b>25.632</b>	<b>25.947</b>
<b>Discretionary</b>			
Equipment	0.172	1.867	2.039
Estates Infrastructure	0.137	1.725	1.862
Estates Development	0.103	0.754	0.857
Estates Statutory		1.284	1.284
Digital	0.445	1.263	1.708
Contingency	0.045	0.153	0.198
Credits for Cleaning/ Healthcare Inspectorate Wales/ COVID-19		0.241	0.241
Business Case Development		0.439	0.439
Capital Support		0.105	0.105
<b>Sub-total Discretionary</b>	<b>0.902</b>	<b>7.831</b>	<b>8.733</b>
<b>TOTAL</b>	<b>1.217</b>	<b>33.463</b>	<b>34.680</b>

An expenditure profile for 2020/21 is shown below:



Total capital expenditure as at Month 11 was £22.772m, of which £11.112m is related to COVID-19.

### Financial Risks

While the HB has robust measures in place to monitor and deliver its CRL, significant spend is forecast in March 2021 which does increase the risk of not being able to deliver its CRL.

In order to mitigate this risk a decision has been made to delay the disposal of Cardigan Health Centre to early April 2021.

Arrangements are in place between Finance, Procurement, Estates & IT to monitor the CRL on a daily basis, with any additional slippage identified between now and the year-end to be spent on IT licences.

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	5.865	5.865	0.000
Field Hospitals	3.590	3.590	0.000
Informatics	1.570	1.406	0.164
Women and Children Phase II (GGH)	0.024	0.024	0.000
Equipment purchased through Shared Services	0.342	0.342	0.000
<b>Total</b>	<b>11.391</b>	<b>11.227</b>	<b>0.164</b>

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 and not to 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 because 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 because of the implementation of social distancing legislation; the total estimated additional costs are £2.385m, of which £0.024m will apply in 2020/21 and £2.361m in 2021/22 and 2022/23. (A detailed analysis of weekly prolongation costs has been undertaken by the Supply Chain Partner which has led to a reduction of £0.933m from the £3.318m reported in the previous month.) The HB assumption is that WG funding will be available for this additional cost.

Other risks currently being reviewed and managed include:

- Slippage on the MRI scheme in 2020/21 is being managed within the HB;
- A recent delay on the sectional completion of the current Woman & Children Phase II Scheme has resulted in additional slippage on this scheme. The HB is managing this risk through the DCP;
- Ongoing monitoring of the DCP for any identified slippage between now and year-end.

The HB is currently revisiting the expenditure priorities and available allocations on a weekly basis to ensure that its 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 has fixed its capital requirement for 2020/21 on the AWCP schemes at the end of October 2020. The revised programme for this scheme has moved the expected completion date to the financial year 2022/23.

## Donation of Equipment by Department of Health

The Department of Health has loaned equipment to Health Boards across Wales as part of the COVID-19 response. It is the Department's intention that all assets issued which are not identified for return will be legally transferred by the 31<sup>st</sup> March 2021. Assets identified for donation to the HB include a CT Scanner, Ventilators and Patient Monitors.

## Argymhelliad / Recommendation

The Finance Committee is requested to:

- Note the Capital Resource Limit (CRL) for 2020/21;
- Note the further allocations available;
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- Note the risks being managed;
- Note the update regarding the Women and Children Phase II Scheme (Glangwili General Hospital – GGH) ;
- Note the donation of equipment by the Department of Health.

## Amcanion: (rhaid cwblhau)

### Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.5.3 Reviewing the future annual revenue and capital budget. 5.5.5 Considering and keeping under review the organisation's medium term financial strategy in relation to both revenue and capital risks.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Risk 624 (score 20) – 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: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	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

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termau: Glossary of Terms:	Explanation of terms is 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

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