

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	26 January 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>	Huw Thomas, 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 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 (COVID-19) 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).

#### 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)	9.390
Discretionary Capital Programme (DCP)	6.888
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>28.685</b>

Further Allocation available	£m
Disposals of Cardigan Hospital and Health Centre	0.800
Pending CRL Allocation - WGH Fire Project PBC	0.350
<b>Sub - total</b>	<b>1.150</b>
<b>Total Capital Allocation</b>	<b>29.835</b>

Since the last report to Finance Committee (22<sup>nd</sup> December 2020), the CRL has increased by £0.560m.

- COVID-19 Tranche 6 £0.560m

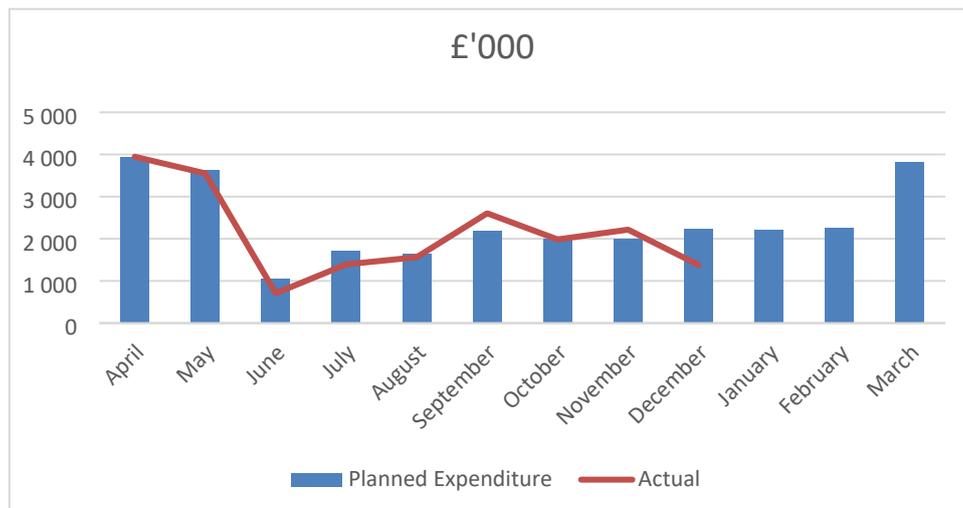
Other allocations that the Health Board (HB) is likely to receive over the next few weeks are for:

- Digital Eye Care - £0.287m
- Energy & Decarbonisation - £0.255m
- Welsh Government (WG) End of Year allocation slippage - £1.98m, for which the HB has compiled a prioritised list for funding allocation (Appendix 1)

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		6.541	6.541
MRI WGH		0.832	0.832
Radiology Schemes		0.407	0.407
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
Other	0.315	0.311	0.626
COVID-19		10.382	10.382
COVID-19 – (Digital)		0.935	0.935
<b>Sub-total AWCP</b>	<b>0.315</b>	<b>20.900</b>	<b>21.215</b>
<b>Discretionary</b>			
Equipment	0.172	1.678	1.850
Estates Infrastructure	0.137	1.725	1.862
Estates Development	0.103	0.650	0.753
Estates Statutory		1.302	1.302
Digital	0.445	1.263	1.708
Contingency	0.045	0.315	0.360
Credits for Cleaning/ Healthcare Inspectorate Wales/ COVID-19		0.280	0.280
Business Case Development		0.575	0.575
Capital Support		0.105	0.105
<b>Sub-total Discretionary</b>	<b>0.902</b>	<b>7.893</b>	<b>8.795</b>
<b>TOTAL</b>	<b>1.217</b>	<b>28.793</b>	<b>30.010</b>

An expenditure profile for 2020/21 is shown below:



Total capital expenditure as at Month 9 was £19.344m, of which £10.898m is related to COVID-19. A Year to Date review has been undertaken on COVID-19 spend, resulting in a net decrease of £0.151m in month.

### 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	5.921	5.635	0.286
Field Hospitals	3.642	3.757	(0.115)
Informatics	1.570	1.469	0.101
Women and Children Phase II (GGH)	0.024	0.024	0.000
Equipment purchased through Shared Services	0.240	0.240	0.000
<b>Total</b>	<b>11.397</b>	<b>11.125</b>	<b>0.272</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. 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 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 £3.318m, of which £0.024m will affect in 2020/21 and £3.294m in 2021/22. The HB assumption is that WG funding will be available for this additional cost.

Previous reports to the Committee have highlighted the risk of capital cost being incurred to deal with the HB's response to COVID-19, and social distancing requirements. There is no further funding available from WG for specific investment in COVID-19.

Gold Command agreed to allocate the balance of the HB's DCP to progress deliverable schemes by 31<sup>st</sup> March 2021, with all capital priorities - both COVID-19 and non-COVID-19 - now to be considered via the normal capital prioritisation route. The risk to achieving the CRL is now reduced.

	2020/21
<b>Costs</b>	£m
COVID-19 costs committed as per WG return	11.397
<b>Funding</b>	
WG COVID-19 funding released to M9	(11.125)
<b>Risk/ Funding Gap</b>	<b>0.272</b>

Other risks currently being reviewed and managed include:

- An early warning that there may be slippage on the MRI scheme in 2020/21; any slippage will have to be managed within the HB.
- A recent delay on the sectional completion of the current Woman & Children Phase II Scheme may result in additional slippage on this scheme. Work is currently being undertaken by the HB Cost Advisor to evaluate the financial impact of the delay and any opportunities for mitigation.
- 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 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 has fixed 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 further allocations available;
- 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 risks being managed;
- Note the update regarding the Women and Children Phase II Scheme (Glangwili General Hospital - GGH).

**Amcanion: (rhaid cwblhau)**

**Objectives: (must be completed)**

Committee ToR Reference:

4.3 Conduct detailed scrutiny of all aspects of financial performance, the financial implications

Cyfeirnod Cylch Gorchwyl y Pwyllgor:	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 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

## Appendix 1

<b>Prioritised schemes for use against Welsh Government End of Year Funding</b>	
Peripheral monitoring systems at WGH	£18,200
Phase II defibrillator replacement – all sites	£245,000
Phase III defibrillator replacement - all sites	£301,000
Defibrillator test analyser	£5,712
Lung function machine GGH	£80,000
ICU Central Station replacement	£7,080
ECG recorder GGH (9k each) x 5 - OPD Cardiology GGH,PPH	£45,000
Upgrade to 2 x Pathfinder Analysers & System Upgrade	£110,000
Cell saver WGH	£13,759
Neonatal ventilator	£29,600
PC/Laptop Replacement and New IT equipment	£353,000
UPS Replacement	£10,000
Citrix Hardware Replacement	£100,000
Citrix Licencing	£50,000
WNCR Equipment	£30,000
BeagleBox	£100,000
Printing Replacement	£10,000
Internet Link Upgrade	£100,000
Food trolley – WGH (9k)	£9,000
Cardiology ambulatory monitors BGH, WGH, GGH	£17,000
Omni hysteroscope and tray x 3	£18,000
Xario 200G Ultrasound	£48,000
Theatre tables – proportion of remaining tables	£275,000
	<b>£1,975,351</b>