

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	29 June 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Update on All-Wales Capital Programme – 2021/22 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 2021/22
- Note the risks being managed.
- Note the project updates.

#### Cefndir / Background

This report provides an update on the CRL for 2021/22.

#### Asesiad / Assessment

##### Capital Resource Limit 2021/22

The current CRL for 2021/22 has been issued with the following allocations:

Expenditure	£m
All Wales Capital Programme (AWCP)	15.500
Discretionary Programme	7.421
<b>Total</b>	<b>22.921</b>

There has been one additional allocation since the last report

- E-prescribing System - £0.195m

**The Capital Expenditure Plan for 2021/22 is detailed in the table below.**

This reflects the additional Discretionary Capital Programme (DCP) contributions/ payback required to the AWCP programme in 2021/22

<b>Scheme</b>	<b>Allocation £m</b>
<b>AWCP</b>	
Women and Children Phase II	3.681
MRI Withybush	2.559
Cross Hands Primary Care Scheme	0.075
Fire Prevention Works Glangwili Hospital	0.787
Withybush Advanced Fire Compliance Works	0.540
National Programmes – Estates Funding Advisory Board	5.428
National Programmes - Imaging	4.515
E-Prescribing System	0.195
AWCP Payback	0.094
<b>Sub-total AWCP</b>	<b>17.874</b>
<b>Discretionary</b>	
I2S repayment	0.150
Research & Development (Glangwili)	0.438
Breakdown Contingency	0.300
Business Case Development	0.300
Capital Support	0.200
Medical and Non-Medical Equipment	0.642
Pathology Works (Glangwili)	0.231
Digital and IT	0.661
Estates Development	0.070
Estates Statutory	0.730
Estates Infrastructure	1.025
Credits for Cleaning/ HIW	0.300
<b>Sub-total Discretionary</b>	<b>5.047</b>
<b>TOTAL</b>	<b>22.921</b>

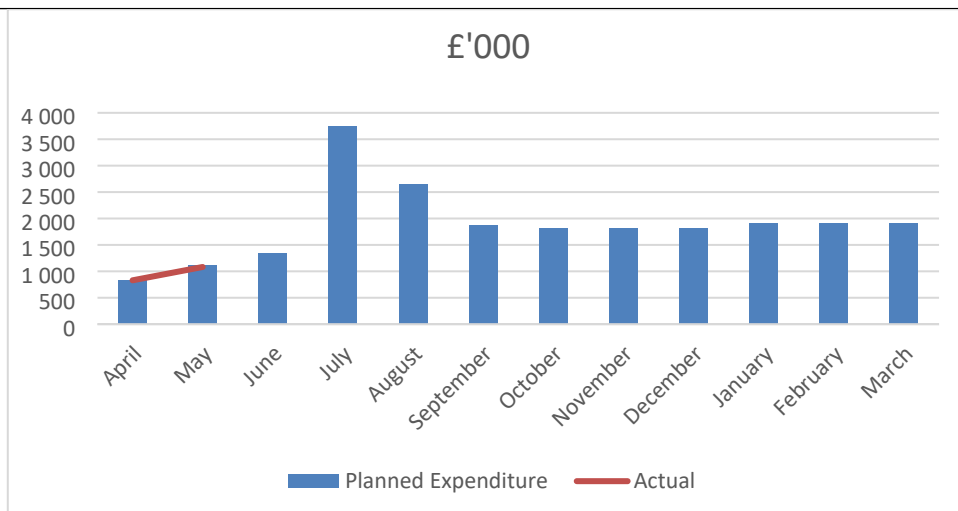
As part of the recovery proposals for the HB, Welsh Government (WG) capital funding has been approved for the demountable solution at Prince Phillip Hospital totalling £2.513m. Further work is on-going to develop this proposal.

Further funding may become available as the year progresses through additional WG approvals, review of VAT recoveries, asset disposals and slippage on existing schemes.

The sales of Neyland Health Centre and Cardigan Health Centre have now completed with proceeds of £0.089m and £0.300m respectively. These disposals will be available for utilisation in the DCP – the prioritisation of these have not yet been undertaken.

### **Expenditure Profile Forecast**

A forecast expenditure profile for 2021/22 is shown in the table below.



Work is ongoing to develop the cash flow forecast for the year. Expenditure on the Discretionary Programme is based on last year's actual expenditure profile where funds have not yet been allocated to specific projects or items. This will be further refined as funds are allocated and further information on expenditure profile becomes available. Expenditure to the end of May was £1.912m.

## Financial Risks

### Women & Children Phase II (GGH)

There is an estimated additional cost implication for the scheme of £2.233m because of the implementation of social distancing legislation as a consequence of COVID-19. These costs have not yet been agreed with the Supply Chain Partner. Following the review undertaken by NHS Wales Shared Services Partnership (NWSSP)-Estates of these costs, they have agreed that they are reasonable and have advised WG accordingly. The Health Board (HB) is actively seeking agreement from WG that these costs will be reimbursed.

## Project Updates

### Women & Children Phase II (GGH)

A number of risks to project-critical paths have been identified by the Project Manager and Supply Chain Partner over the coming months which could impact on the completion date and cost of the scheme. Consequently, the forecast project costs have risen by £0.352m (an increase in scheme outturn from £29.499m to £29.851m since the last reporting period). The largest contributor to this increase has been an assessment of the cost implication of a 12-week delay due to replacement of floor screed. There is a possibility that an additional DCP contribution will be required in 2022/23 to mitigate this increase in forecast costs. A review of equipment, non-works and IT forecast expenditure is currently underway to assess whether there are any opportunities to mitigate additional cost pressures which are arising on the scheme.

Ongoing profiling of resource usage is being undertaken with the Cost Advisors for the scheme and regular progress updates are provided to WG and NWSSP-Estates.

## Project Bank Accounts

The Withybush Fire Precaution project is due to start on site in June. Due to the size of the project WG requirements around Project Bank Accounts (PBAs) are applicable, with expected project expenditure being in excess of £2.0m. The proposed account offered by the Supply Chain

Partner's current bank has been reviewed by the HB and the arrangements proposed satisfy WG requirements; therefore once funding approval has been given by WG, the request to set up the PBA will be formally initiated.

### **Argymhelliad / Recommendation**

The Finance Committee is requested to:

- Note the Capital Resource Limit for 2021/22
- Note the risks being managed.
- Note the project updates

### **Amcanion: (rhaid cwblhau)**

#### **Objectives: (must be completed)**

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.5.3 Reviewing the future annual revenue and capital budget. 3.5.5 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

### **Gwybodaeth Ychwanegol:**

#### **Further Information:**

Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termiau: Glossary of Terms:	Explanation of terms is included in the main body of the report.

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