

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	30 November 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 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:

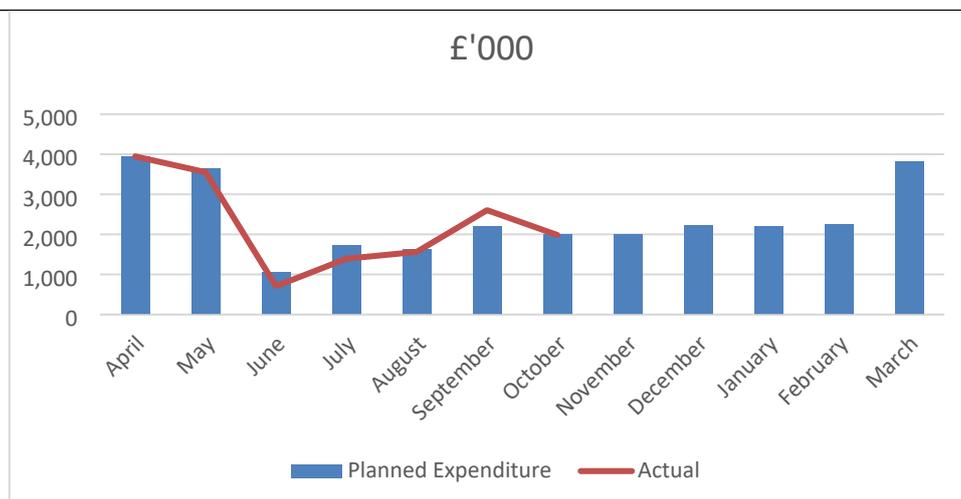
Allocation	£m
All Wales Capital Programme (AWCP)	7.705
Discretionary Programme	7.726
Slippage due to COVID-19 from 2019/20	1.090
COVID-19 – Digital Devices & IT	0.935
COVID-19 – Equipment (Acute Sites and Field Hospitals)	7.722
Total	25.178

Since the most recent report to Finance Committee at its meeting held on 22nd October 2020, the CRL has been reduced to accommodate in-year slippage of £1.075m on the Women and Children Phase II scheme and a transfer of £0.320m to NHS Wales Informatics Service (NWIS) for the All Wales Critical Care Information System.

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		6.686	6.686
MRI WGH		1.500	1.500
Radiology Schemes		0.401	0.401
Advance Fire Works WGH		0.350	0.350
SPH – Sunderland Ward ICF		0.202	0.202
Other	0.315	0.267	0.582
COVID-19		7.722	7.722
COVID-19 – (Digital)		0.935	0.935
Sub-total AWCP	0.315	18.630	18.378
Discretionary			
Equipment	0.172	0.600	0.772
Estates Infrastructure	0.010	1.534	1.544
Estates Development	0.103	0.581	0.684
Estates Statutory		1.070	1.070
Digital	0.445	0.900	1.345
Contingency	0.045	0.281	0.329
COVID-19 – ED Streaming		0.500	0.500
Credits for Cleaning/ Healthcare Inspectorate Wales/ COVID-19		0.320	0.320
Business Case Development		0.045	0.045
Capital Support (Critical Care Information System)		0.194	0.194
Sub-total Discretionary	0.775	6.025	6.800
TOTAL	1.090	24.088	25.178

An expenditure profile for 2020/21 is shown below:



Total capital expenditure as at Month 7 was £15.750m, of which £10.545m 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	5.987	3.603	2.384
Field Hospitals	3.753	3.719	0.034
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	11.295	8.466	2.829

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 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 £2.967m, of which £0.024m will apply 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 **£14.446m**, 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 7 Monitoring Returns represents a potential over-commitment against the CRL of £14.333m 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	11.295
Feasibility work not yet committed	14.446
Total	22.799
Funding	
WG COVID-19 funding released to M6	(8.466)
Risk/ Funding Gap	14.333

This funding gap means that the HB is unable to progress its COVID-19 feasibility schemes (as set out above). 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.

A decision from WG is still awaited on whether the HB may 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 regarding 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 on other HB priorities.

The HB is currently revisiting 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.

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 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
---	--

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 as required