



**PWYLLGOR CYNLLUNIO POBL A SICRWYDD PERFFORMIAD
PEOPLE PLANNING AND PERFORMANCE ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	17 December 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Report on the Discretionary Capital Programme (DCP) 2020/2021 & Capital Governance Update
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas – Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Paul Williams – Assistant Director of Strategic Planning & Developments

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 report sets out the position with regard to the approved split of the available discretionary capital funding for the financial year 2020/21. The report also sets out the risks which are emerging in relation to capital pressures which may begin to challenge this position and the mitigations being explored, and provides a governance update on the status of the main capital schemes being managed within Hywel Dda University Health Board (HDdUHB).

Cefndir / Background

The recommended allocation of the discretionary capital programme (DCP) for 2020/21 follows a report and discussion at the People, Planning and Performance Assurance Committee (PPPAC) meeting on 29th October 2020, and reports the outcome of the discussion at the November 2020 Capital Estates and IM&T (CE&IM&T) Sub Committee and a report prepared and agreed by Formal Executive Team (COVID-19) on 2nd December 2020.

The allocation of the programme is set within the context of:

- Continuing risks associated with backlog pressures.
- Capital expenditure associated with the management of COVID-19.
- Request to Welsh Government (WG) for additional capital to mitigate the pressure on the 2020/21 DCP.

The terms of the discretionary capital allocation letter from WG state:

‘Discretionary capital is that allocated directly to NHS organisations for the following priority obligations across all healthcare settings: meeting statutory obligations, such as health and safety and firecode; maintaining the fabric of the estate; and, the timely replacement of equipment’.

The prioritisation process includes representation from Executive portfolios at the Capital Planning Group which reports to the CEIM&T Sub Committee, and the position set out is consistent with that reported to Finance Committee.

Asesiad / Assessment

Previous reports have noted there were no indications that discretionary capital allocations for 2020/21 would be impacted by COVID-19 related capital commitments and therefore HDdUHB would plan to prioritise and spend the full allocation. However, to manage the potential for more capital demands and risks associated with capital pressures, particularly on the All Wales Capital programme, the tactical decision was reported to only commit 90% of allocated funds to provide a level of contingency should additional risks emerge.

DCP 2020/21 – (total £9.054m)

The DCP is divided as follows over the functional heading of the programme, and the table below has been updated to reflect the currently updated allocations reported:

Scheme	WG Funding b/f from 2019/20	Pre-Commitments 2020/21	Original DCP Allocations 2020/21	Changes from previous report	DCP TOTAL 2020/21
	£m	£m	£m	£m	£m
All Wales Capital Payback		0.926			0.926
Business Case Support			0.300	0.275	0.575
Capital Support			0.300	(0.195)	0.105
Digital	0.445	-	1.000	(0.014)	1.431
Estates Infrastructure	0.010	0.563	1.030	0.068	1.671
Residential Accommodation			0.200		0.200
Estates Developments (inc. Glangwili General Hospital (GGH) Pathology)	0.103	0.381		0.450	0.934
Estates Statutory (inc. Fire Compliance)			1.120	0.108	1.228
Credits for Cleaning(C4C)/Health Improvement Wales (HIW)/Other COVID-19			0.570	(0.250)	0.320
Equipment	0.172	0.050	0.500	0.581	1.303
Contingency	0.045		0.331	(0.015)	0.361
TOTAL	0.775	1.920	5.351	1.008	9.054

The operational lead for each element of the programme has set out their priority expenditure in a risk based approach for the main estates, equipment and digital headings. In each of these areas, there have been challenges and the need to reassess priorities given the very fluid nature of the pressures, particularly regulatory compliance and COVID-19 related pressures.

To date, HDdUHB has committed £11.295m of COVID-19 funding relating to the items contained within the table below. WG are currently releasing the funding for these items as the expenditure is being incurred.

Expenditure	Costs Committed 2020/21 £m
Acute Sites	5.987
Field Hospitals	3.753
Informatics	1.296
Women and Children Phase II (GGH)	0.024
Equipment purchased through Shared Services	0.235
Total	11.295

There is currently no further funding available from WG for investing in COVID-19 associated issues.

The Operational Teams have identified an additional £7.977m of COVID-19 related investment to reset and restart services – see Appendix 1.

The only current source of funding for these and other organisational priorities is the balance of HDdUHB's DCP and any additional resources that may flow from WG between now and the end of the financial year.

At the current time, the balance of the discretionary programme is £1.550m as WG have confirmed:

- Funding for the Emergency Department (ED) streaming units for all four sites.
- Permission to retain the sale proceeds from Cardigan Hospital and Cardigan Health Centre (when it occurs).

	Immediately Available £m	Available in future £m
Proceeds of Cardigan Hospital	0.450	
ED Streaming	0.500	
Balance sheet & VAT review	0.500	
Capital Support/Business Case	0.100	
Proceeds Cardigan HC		0.300 (estimate)
TOTAL AVAILABLE	1.550	0.300

Against the currently available £1.550m, HDdUHB also has the following priorities or is already committed to spend. Some of these items also formed the basis of its request to WG to retain the proceeds of the Cardigan site.

Commitments already made	£m
Fire Detection, Compliance & PBC Work GGH	0.240
Medical Equipment	0.140
Firecode PBC WGH	0.350
Firecode PBC GGH	0.030
Cross Hands Business Case	0.050
Solar Panel Case – to be reimbursed in 21/22	0.040
PPH ICU Option	0.030
Sub Total	0.880

Balance available (excl. Cardigan HC)	0.670
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HDdUHB also undertook to top-up the allocations for the following areas should WG funding flow for the ED streaming units.

Reinstate Digital allocation	0.100
Reinstate Statutory allocation	0.050
Total	0.150

Commitments have not yet been made on the £0.150m items above, however there is significant pressure, backlog and pipeline schemes in the system to spend these allocations before 31/03/2021. Further non-COVID-19 pressures have also been identified over the last few months which require addressing.

Against an uncommitted allocation of £0.670m therefore, the following key priorities from a COVID-19 and non-COVID-19 perspective have been identified. The Formal Executive Team (COVID-19) approved the progression of the following priorities based on the significant pressure in the system to deliver the following schemes:

- Intensive Care Unit (ICU) isolation pods for GGH/WGH and BGH.
- Ear, Nose and Throat (ENT) equipment and the Outpatients Department in GGH.
- The AGS Dental solution.
- The Aseptic services solution.

		Options for £0.670m	Options for £0.300m
	Cost	1	B
Non-COVID-19 Priorities			
Reinstate Digital allocation	0.100		0.086
Reinstate Statutory allocation	0.050	0.024	0.014
Pharmacy Aseptic	0.130	0.130	
WGH SIFT	0.070		0.070
Deliverable COVID-19 priorities by 31/03/21			
ICU Option GGH/BGH & WGH	0.090	0.090	
ENT Equipment /OPD GGH	0.426	0.426	
AGS Dental	0.130		0.130
Balance		0.670	0.300

- Committing expenditure against all of these Option 1 schemes at the current time and the AGS Dental scheme (airflows) will create a risk of £0.130m against the capital resource limit, given that the sale of Cardigan HC has not yet occurred. However, the sale is currently expected in December 2020. Committing to these schemes now will enable these key COVID-19 and non-COVID-19 schemes to progress from the allocations available with the smaller items managed through the current contingency which is available in the DCP. It was also agreed that all future prioritisation efforts for COVID-19 and non-COVID-19 initiatives with potential capital implications will be considered through HDdUHB's established capital planning processes.

Points to note:

- As reported at the previous PPPAC meeting, there remains far greater backlog pressure than the DCP is able to fund. This is in part a reflection of the year on year level of DCP funding and also reflects that elements of the backlog programme can only be managed at a larger scale and will require All Wales Capital (AWC) funding. The estates major infrastructure programme business case has now been submitted to WG for consideration. The updated medical devices backlog report has also been reported to the CEIM&T Sub Committee and provides the evidence base for priority decisions for equipment funds. This will also be utilised in discussions regarding the assessment of relative risk across the DCP portfolio and the baseline understanding of need for 2021/22 and the development of a programme for future years.
- There remains an ambition to fund the Penlan refurbishment works and the closure of Pond Street Clinic through a bid to WG to fund schemes currently noted for DCP funding. This remains subject to WG discussions and awareness reporting to Executive colleagues and scheme design review for COVID-19 implications.
- WG have requested that a prioritised list of opportunities be prepared by 18th December 2020 for additional year-end slippage.
- An additional item has emerged as a pre-commitment for 2021/22 from DCP. This relates to the cost increase on the tender return for the WGH magnetic resonance imaging (MRI) scheme being c£725k higher than the allocation. Discussions will be undertaken with WG to seek additional funding to cover the shortfall, however this funding is unlikely to be available.
- Risks currently being reviewed and managed by the Capital Team include an early warning that there may be slippage on the MRI scheme in 2020/21. In addition, an allocation letter has been received unexpectedly for the funding of the estimated £350k for the WGH fire compliance business case. At this stage, it is unclear if this sum will be sufficient. A provision had been made within the 2020/21 DCP to cover the £350k estimated cost, however this may be required in part to cover the actual costs. Further work is being undertaken to understand the cost implications. Any additional cost over the notified allocation will be recoverable through the business justification case (BJC) process.

Capital Governance: Capital Project Highlight Reports – Project Updates

As previously reported, estates capital schemes have reported a delay due to the constraints from COVID-19 relating to in-house capacity and construction work.

Internally, schemes managed by the Estates Department have a 3-month delay. The South Pembrokeshire Sunderland Ward refurbishment and the WGH advanced fire code works remain on target to be completed in 2020/21, and the two general x-ray rooms and fluoroscopy room in GGH have been completed as previously reported.

The schemes intended to complete in 2020/21, which are now planned for completion in the first quarter of 2021/22, are hospital sterilisation and disinfection unit (HSDU) washer in PPH, MRI in WGH, and Pathology in GGH.

There is also a delay to All-Wales capital schemes relating to those in business case development and those in construction. Indications from WG suggest that there is unlikely to be funding for schemes which have not already been approved for capital funding in 2020/21. This is subject to confirmation and will require further reporting to PPPAC as the year progresses.

Scrutiny questions have been received on the Aseptic Services Strategic Outline Case. These have been returned to WG seeking permission for funding to proceed to BJC stage which includes confirmation of the preferred option and tendered costs.

The Transforming Mental Health Programme Business Case has been scrutinised by WG and HDdUHB has responded to the observations received. The key outstanding issue relates to revenue implications. If the PBC is approved, HDdUHB will seek funding to progress individual business justification cases for the individual schemes.

Two positive developments are:

- The Regional Cellular Pathology strategic outline business case has been approved by WG following review at the WG Infrastructure Investment Board on 29th October 2020. Work is underway to commence work on the Outline Business Case.
- The Minaeron Integrated Care Centre (Aberaeron) scheme has recently won the WG Ystadau Cymru award in the Integrated Services category.

PPPAC is asked to note in particular the **red** RAG status for the projects listed below.

Cylch Caron	RAG Status	Risk Category		
		Funding	Timescales	Other
		✓	✓	
	Timescale for improved RAG rating	<p>The underlying RAG status has worsened and relates to the recent decision by project partners to suspend the project partnership given that Barcud Housing Group have concluded that the proposed extra care housing scheme is not financially viable.</p> <p>The Chief Executive Officers (CEOs) from the Health Board and Ceredigion County Council are currently undertaking urgent assessments and solutions which may need to be implemented to support sustainable long-term plans for the area.</p>		

Risk Update: There has been heightened concern around the financial viability and delivery of the scheme due to the recent reporting of the following issues by Mid Wales Housing Association:

- Capital funding gap.
- Potential of further capital increase resulting from COVID-19 and project delays.
- The need for Ceredigion County Council to provide a minimum income guarantee to mitigate against a predicted 45% rental void.

Despite considerable effort by partners i.e. WG, local stakeholders and politicians, to resolve the issues, Barcud Housing Group has concluded that the extra care housing scheme is not financially viable. As a result, the partnership to deliver the scheme has been suspended, however partners have confirmed they remain committed to making improvements to the rural model of community care and housing in the area.

Urgent discussions are currently underway between partner organisation CEOs to agree feasible solutions for the provision of Health, Social Care and Housing in the area.

Pond Street/Penlan	RAG Status	Risk Category		
		Funding	Timescales	Other
		✓		

	Timescale for improved RAG rating	The underlying reason for the red rating is unchanged as the funding position is unresolved.		
<p>Risk Update: Given higher than anticipated tender costs of circa £250k and the subsequent impact on the DCP, the RAG status has increased to red. To mitigate the risk, WG has been approached for All Wales Capital support to enable this scheme to be funded from discretionary capital as intended. The scheme will also require a review to ensure service and design assumptions are unchanged.</p> <p>The CEIM&T Sub Committee agreed that moving forward, a brief should be prepared for consideration by the Executive Team concerning the available options for Penlan and Pond Street Clinic.</p>				
Cross Hands Health Centre	RAG Status	Risk Category		
		Funding	Timescales	Other
		✓	✓	
	Timescale for improved RAG rating	The underlying reasons for the red rating for the scheme remain unchanged as the work continues on the option of the inclusion of Ophthalmology, potentially the Carmarthenshire Family Centre and to finalisation of the revenue position.		
<p>Risk Update: Scrutiny questions have been received from WG and have been the subject of review meetings. A key concern remaining is the requirement to reduce the revenue impact and a report will be produced for Executive Team agreement on this prior to re-submission of the OBC to WG.</p> <p>All efforts are now being focused on satisfactory responses to the WG scrutiny questions which will allow the OBC to be resubmitted and approved.</p> <p>In particular, is the requirement to reduce the revenue impact of the OBC proposals and provide a revised project timeline.</p>				
Women & Children's Phase 2	RAG Status	Risk Category		
		Funding	Timescales	Other
		✓	✓	
	Timescale for improved RAG rating	The red rating is unchanged from the previous report as concerns remain on the ability of the contractor to deliver to programme. However, financial risks are reduced as agreement has been reached on the liability for the scheme delay at the end of Phase 1.		
<p>Risk Update: The RAG status remains as red due to the significant delay in the scheme completion, which is currently reported as February 2022. The extent of the HDdUHB discretionary capital top up to scheme funding remains unchanged from the scheme commencement. The COVID-19 related scheme delays are assumed to be covered by WG funding. Resolution has now been achieved on the time delay at the end of Phase 1 of the project, which provides assurance on the extent of HDdUHB financial liability.</p>				
<p><u>Argymhelliad / Recommendation</u></p> <p>PPPAC is asked to:</p> <ul style="list-style-type: none"> • Note the funding approval from WG for the ED Streaming Units. • Note the approval from WG to retain the sale proceeds for Cardigan Hospital and Cardigan Health Centre. 				

- Note the approval from Gold Command Group to distribute the additional funding available on COVID-19 and non-COVID-19 priorities.
- Note that going forward all COVID-19 and non-COVID-19 capital priorities will be considered through the HDdUHB's established capital planning processes.
- Note that very significant backlog pressures remain which will need to be prioritised for any balance of funding received from WG.
- Note WG approval for the Regional Cellular Pathology Programme Business Case and the WG award received in relation to the Minaeron ICC scheme, Aberaeron.
- Note the continued red rated schemes and the underlying reasons for their status which will be the subject of further reporting to PPPAC.

Amcanion: (rhaid cwblhau)	
Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.3 Provide assurance to the Board that the planning cycle is being taken forward and implemented in accordance with University Health Board and Welsh Government requirements, guidance and timescales. 5.18 Provide assurance to the Board that arrangements for Capital, Estates and IM&T are robust.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Project Risk Registers
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
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.
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2019-20	8. Transform our communities through collaboration with people, communities and partners

Gwybodaeth Ychwanegol:	
Further Information:	
Ar sail tystiolaeth: Evidence Base:	Health need assessments and capital planning and project guidance
Rhestr Termau: Glossary of Terms:	Included in the body of the report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y	Project Boards

Pwyllgor Cynllunio Pobl a Sicrwydd Perfformiad: Parties / Committees consulted prior to People Planning and Performance Assurance Committee:	
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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:	Project outcomes including improvements in patient care and environment included within individual business cases
Gweithlu: Workforce:	Included within individual business cases and Capital prioritisation process
Risg: Risk:	Risk registers are monitored by Project Boards and are included in individual business cases.
Cyfreithiol: Legal:	Legalities regarding accommodation leases, collaboration and development agreements with partner organisations are relevant top some capital schemes.
Enw Da: Reputational:	Communication with the public and key stakeholders is integral to the development of all capital projects.
Gyfrinachedd: Privacy:	Privacy Impact Assessments are required for all capital requirements.
Cydraddoldeb: Equality:	Equality Impact Assessments are required for all capital requirements.

Project Title	Costs Inclusive of VAT	Scheme Benefits	Impacts of Not Proceeding	Timescales	Negative Revenue Impacts	Weighted Score	Rank
ICU Options at BGH/GGH/WGH (Secondary option)	£ 90,000	4.5	4.5	4.5	4.0	44.0	1
ENT Equipment at GGH/ OPD Facilities	£ 426,636	5.0	5.0	2.0	4.0	43.8	2
AGS Dental Bid	£ 130,000	5.0	5.0	3.0	3.0	43.3	3
Retrospective bid - Development of a new area for delivery of Cardiorespiratory Services at BGH	£ 22,475	3.0	5.0	5.0	5.0	43.3	3
New LP20E defibrillator for the new unit on ward 7 PPH	£ 6,367	3.5	4.0	5.0	4.0	39.8	5
Affordability Point	£ 675,478						
Shower Facilities x 6 Person (WGH)	£ 94,429	4.0	3.5	4.0	4.0	38.3	6
Junior Doctors Residences En-suite Facilities at Block 10, GGH	£ 78,000	4.0	3.0	3.0	5.0	37.1	7
GGH Accident & Emergency Examination Rooms	£ 75,595	3.0	4.0	3.5	4.5	36.9	8
Pharmacy Wholesale Dealer/Vaccine Store GGH	£ 133,606	4.0	3.5	2.5	4.0	36.2	9
Early Pregnancy Assessment Unit (EPAU) Relocation/Pathology Enablement at GGH	£ 352,587	4.0	3.0	2.0	5.0	35.7	10
Shower Facilities x 6 Person (all sites x 3)	£ 283,290	3.0	3.0	4.0	4.0	33.3	11
Vacuum Insulated Evaporator (VIE) Compound & Medical Air Upgrade at GGH	£ 430,963	3.5	3.5	2.0	3.0	31.9	12
Oxygen Metering (5 Hospital)	£ 257,379	3.0	2.0	4.0	4.0	30.0	13
Staff Demountable at North Road, Aberystwyth	£ 77,320	3.0	2.0	4.0	4.0	30.0	13
New Ambulatory Care Unit at PPH	£ 429,888	4.0	3.0	2.0	2.0	30.0	15
GGH Trans oesophageal Echocardiogram (TOE) Procedure Room at Pacing Suite Block 04	£ 579,714	3.0	3.0	1.0	2.0	25.2	16
New Office Block to Support Projects at PPH	£ 2,636,446	3.0	2.0	2.0	2.0	23.3	17
Medical Air Upgrade at WGH	£ 126,410	2.0	2.0	3.0	2.0	21.4	18
New Ward Facility at Template 4 at PPH	£ 1,746,254	2.0	2.0	1.0	1.0	16.7	19
	£ 7,977,358						