



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	25 February 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Report on the Discretionary Capital Programme (DCP) 2020/2021 & Capital Governance Update
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas – Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	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 changes to the capital programme since the previous meeting held on 17<sup>th</sup> December 2020 and the additional allocations received from Welsh Government (WG).
- The context within which the discretionary capital programme (DCP) for 2021/22 is being developed.
- The capital schemes governance update.

**Cefndir / Background**

The recommended allocation of the DCP for 2020/21 follows a discussion at the People, Planning and Performance Assurance Committee (PPPAC) meeting on 17<sup>th</sup> December 2020, reports of the outcome of discussion at the January 2021 Capital Estates and IM&T(CE&IM&T) Sub Committee and discussion held at Capital Planning Group meetings in December 2020 and January 2021.

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 WG for additional capital to mitigate the pressure on the 2020/21 DCP.

The terms of the discretionary capital allocation letter received 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 CE&IM&T Sub Committee, and the position set out is consistent with that reported to the Finance Committee.

### Aseiad / Assessment

#### DCP 2020/21 – (total £9.392m)

The DCP is split as follows over the functional heading of the programme; 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	DCP Allocations 2020/21	DCP TOTAL 2020/21
	£m	£m	£m	£m
All Wales Capital Payback		0.659		0.659
Business Case Support			0.439	0.439
Capital Support			0.105	0.105
Digital	0.445	-	1.263	1.708
Estates Infrastructure	0.010	0.563	1.289	1.862
Residential Accommodation			0.200	0.200
Estates Developments (inc. Glangwili General Hospital (GGH) Pathology)	0.103	0.381	0.537	0.657
Estates Statutory (inc. Fire Compliance)			1.284	1.284
Credits for Cleaning(C4C)/Health Improvement Wales (HIW)/Other COVID-19			0.241	0.241
Equipment	0.172	0.050	1.817	2.039
Contingency	0.045		0.153	0.198
<b>TOTAL</b>	<b>0.775</b>	<b>1.653</b>	<b>6.964</b>	<b>9.392</b>

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 has been challenge and the need to reassess priorities given the very fluid nature of the pressures, particularly regulatory compliance and COVID-19 related pressures.

To date, Hywel Dda University Health Board (HDdUHB) has committed £11.295m of COVID-19 funding to the following items. WG are currently releasing the funding for these items as the expenditure is being incurred.

Expenditure	Costs Committed 2020/21 £m
Acute Sites	5.865
Field Hospitals	3.642
Informatics	1.570
Women and Children Phase II (GGH)	0.024
Equipment purchased through Shared Services	0.240
<b>Total</b>	<b>11.341</b>

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

In the December 2020 report to PPPAC, the outcome of discussions at Formal Executive Team (COVID-19), the allocation of slippage and underspend and additional WG allocations were shared.

Further underspends and slippage have been identified on the following schemes:

Schemes	£m
Magnetic Resonance Imaging (MRI) in Withybush General Hospital (WGH)	0.668
Women and Children Phase II	0.145
Firecode WGH in 20/21	0.130
Pathology	0.063
Hospital Sterilisation and Decontamination Unit (HSDU)	0.092
Equipment disposal	0.050
<b>TOTAL AVAILABLE</b>	<b>1.149</b>

At the Capital Planning Group in December 2020, it was agreed that the following items would be the items progressed with the slippage, this was approved by the Finance Director

Schemes	£m
Devices updates for Estates	0.030
Radio translucent theatre tables	0.126
Theatre tables x 2	0.076
TRUS biopsy probe	0.022
Dishwasher	0.067
Camera stack	0.046
Vacuum packed system HSDU, Bronglais General Hospital (BGH)	0.040
Peripheral monitoring system	0.019
Defibrillator test analyser	0.006
Intensive Care Unit (ICU) Central Station replacement	0.008
Light source thoracoscopy stack	0.006
Information Technology (IT)	0.247
Ultraviolet cleaner	0.030
Review balance sheet availability	0.325
<b>TOTAL</b>	<b>1.048</b>

Additional year end allocations received from WG have enabled progress on the following priority purchases:

Schemes	£m
Phase II & III defibrillators	0.457
Lung function test	0.080
Food trolley	0.009
Cardiology monitors	0.017
ECG recorders	0.045
Upgrade pathfinder analysers	0.110
Cell saver	0.014
Omni hysteroscope	0.018
Ultrasound	0.048

Neonatal ventilator	0.030
Theatre tables	0.399
IT	0.753
<b>TOTAL</b>	<b>1.980</b>

During January and early February 2021, as further underspends have been identified on existing schemes within the capital programme, the procurement of the following items have also progressed:

Schemes	£m
Computerised Tomography (CT) Injectors x 4	0.100
Additional 4 Ultraviolet (UV) Cleaners	0.130
Medical Shockwave	0.010
Stack Systems x 2	0.174
<b>TOTAL AVAILABLE</b>	<b>0.314</b>

Further additional allocations for the following areas have also been received or are pending from WG:

- WGH Fire Enforcement Notice - £0.350m
- Digital Eye Care - £0.287m
- Energy and Decarbonisation - £0.255m
- Digital Eye Care Equipment - £1.182m
- Oxygen Infrastructure - £0.257m
- Community Nurse Devices - £0.370m.

### Capital Programme for 2021/22

All Wales allocations are anticipated in order to progress the following schemes in 2021/22:

- Women and Children Phase II
- MRI (WGH).

Additional allocations are likely to be confirmed to progress the Fire Enforcement Business Justification Case's at WGH and GGH.

For 2021/22, WG have confirmed that the HDdUHB discretionary allocation will be £7.421m, in line with previous year's allocations. Work has commenced on developing the expenditure plan for the year. This work is being undertaken in the knowledge that WG are making allocations available in 2021/22 for the following:

### Diagnostic Imaging Equipment

HDdUHB is currently preparing bids for WG scrutiny for a CT replacement at GGH and WGH, with the anticipation that these be delivered prior to 31<sup>st</sup> March 2022. Confirmation has also been received that the demountable CT Scanner currently deployed as extra capacity at GGH can be retained by HDdUHB.

### Estates Funding Advisory Board

WG has approved a targeted funding programme totalling £37m for financial year 2021/22. It is intended to assist NHS organisations in Wales with responding to the following drivers:

- a) £5m for ongoing trend of escalating physical condition and statutory compliance backlog costs across the NHS estate (including fire safety in particular).
- b) £10m for an increasing need for investment in the upkeep and development of infrastructure engineering services across healthcare sites.
- c) £6m for pressures on the mental health estate, manifesting through increased risks to health and safety.
- d) £16m in relation to WG commitment to achieve net-zero carbon by the year 2030.

Health organisations have been invited to bid for this funding by the 25<sup>th</sup> February 2021 and bids will be appraised against a number of key factors including:

- The impact on risk and/or estates and facilities performance management system (EFPMS) backlog value
- The impact on the fire safety backlog total as reported through annual Health Board fire audit returns.
- Alignment with/contribution to the implementation of the draft Decarbonisation Strategic Delivery Plan (reduction in carbon).
- The impact on health & safety and wellbeing in mental health settings.
- The impact on future service delivery.

Currently due to the phasing of some schemes approved in 2020/21 and slippage on All Wales capital schemes, we have pre-commitments against the £7.421m discretionary capital allocation of £2.300m. Once finalised, the Discretionary Capital plan for 2021/22 will be submitted to the Executive Team for approval and reported to the March 2021 CE&IM&T Sub Committee and to both PPPAC and Board.

Points to note:

- As reported previously, 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 the fact 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 been submitted to WG for consideration. The updated medical devices backlog report has also been reported to the CE&IM&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.
- The scheme to transfer services from Pond Street Clinic, Carmarthen, to Penlan, Carmarthen, intended to be funded from DCP, remains subject to further review. Consideration is being given to limited investment in backlog estate issues to maintain the Pond Street environment for longer than originally intended. This is to be subject to further reporting to Executive Team.

### **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, estates managed schemes have a 3-month delay. The South Pembrokeshire Sunderland Ward refurbishment and the WGH advanced fire code works remain on plan to be completed in 2020/21, and the 2 general X-Ray rooms and fluoroscopy room in GGH have been completed.

The schemes intended to complete in 2020/21 which are now planned for completion in the first quarter of 2021/22 are: HSDU washer in Prince Phillip Hospital (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.

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 Business Justification Case stage which includes confirmation of the preferred option and tendered costs. Feedback from WG is currently awaited.

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

The Regional Cellular Pathology Strategic Outline Business Case was approved at the WG Infrastructure Investment Board on 29<sup>th</sup> October 2020. The Project Group has now been convened to plan for the Outline Business Case including the resource schedule which requires ratification by WG.

PPPAC is asked to note in particular the **red** RAG status for the projects listed as follows:

<b>Cylch Caron</b>	<b>RAG Status</b>	<b>Risk Category</b>		
		<b>Funding</b>	<b>Timescales</b>	<b>Other</b>
		✓	✓	
	<b>Timescale for improved RAG rating</b>	The position is unchanged from the previous report to PPPAC, the underlying reason for the RAG status 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. The Chief Executive Officers (CEOs) from HDdUHB and Ceredigion County Council are currently making assessments of the solutions which may need to be implemented to support the sustainable long term plans for the area.		
<b>Risk Update:</b> Despite considerable effort on the part of all partners, WG, local stakeholders and politicians to resolve the above 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.				

<b>Pond Street/Penlan</b>	<b>RAG Status</b>	<b>Risk Category</b>		
		<b>Funding</b>	<b>Timescales</b>	<b>Other</b>
		✓		
	<b>Timescale for improved RAG rating</b>	The underlying reason for the red rating is unchanged as the funding position is unresolved and		

the scheme is subject to review as reported earlier in this report to PPPAC.

**Risk Update:** Given higher than anticipated tender costs and the subsequent impact on the DCP, the RAG status was increased to red. To mitigate the risk, the CE&IM&T Sub Committee agreed at its January 2021 meeting that moving forward, a brief should be prepared for consideration by the Executive Team concerning the available options for Penlan and Pond Street Clinic. A review will firstly be undertaken with the Project Director. The Estates Team will also undertake an exercise to ascertain what environmental issues may need to be escalated due to the delay in scheme progress.

<b>Cross Hands Health Centre</b>	<b>RAG Status</b>	<b>Risk Category</b>		
		<b>Funding</b>	<b>Timescales</b>	<b>Other</b>
		✓	✓	
	<b>Timescale for improved RAG rating</b>	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 finalisation of the revenue position.		

**Risk Update:** Scrutiny questions have been received from WG and have been the subject of review meetings. A key concern remaining is the need to reduce the revenue impact and a report will be produced for Executive Team agreement on this prior to re-submission of the Outline Business Case (OBC) to WG. This is first to be the subject of a meeting with the Director of Finance.

All efforts are now being focussed on satisfactory responses to the WG scrutiny questions, which will allow the OBC to be resubmitted and approved.

In particular is the need to reduce the revenue impact of the OBC proposals and provide a revised project timeline. ARCHUS, have been appointed to undertake some further work to refresh the Strategic and Economic Case.

<b>Women &amp; Children's Phase II</b>	<b>RAG Status</b>	<b>Risk Category</b>		
		<b>Funding</b>	<b>Timescales</b>	<b>Other</b>
		✓	✓	
	<b>Timescale for improved RAG rating</b>	The underlying reasons for the red rating are unchanged from the previous report. Work is ongoing to resolve outstanding time related risks.		

**Risk Update:** The RAG status remains on red as there is a significant delay in the scheme completion. It is anticipated that this will move the Project completion date to late March 2022, the original completion date had been 13<sup>th</sup> November 2020. The new timeline (C29) has been accepted by the Project Manager. Notwithstanding that much of this relates to the impact of COVID-19, this represents a major issue for the project and confidence in ICL (Interserve) management ability remains low at this point and is the subject of further escalation measures. There remains significant risk of further scheme delay given the duration and extent of works remaining to be managed.

#### Argymhelliad / Recommendation

PPPAC is asked to:

- Note the changes to the Capital programme as a consequence of the slippage and additional allocations that have become available.



- Note the position with regards to the 2021/22 capital programme.
- Note that very significant backlog pressures remain which will need to be prioritised for any balance of funding received from WG.
- Note the continued red rating schemes for which the underlying reasons for their status remains unchanged and will be the subject of further reporting to PPPAC.

### Amcanion: (rhaid cwblhau)

#### Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.18 Provide assurance to the Board that arrangements for Capital, Estates and IM&T are robust. 5.19 Consider proposals from the Capital, Estates & IM&T Sub Committee on the allocation of capital and agree recommendations to the Board.
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	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 Termiau: Glossary of Terms:	Included in the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cynllunio Pobl a Sicrwydd Perfformiad: Parties / Committees consulted prior to People Planning and Performance Assurance Committee:	Project Boards

### Effaith: (rhaid cwblhau)

#### Impact: (must be completed)



<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>	Project outcomes including improvements in patient care and environment included within individual business cases
<b>Gweithlu: Workforce:</b>	Included within individual business cases and Capital prioritisation process
<b>Risg: Risk:</b>	Risk registers are monitored by Project Boards and are included in individual business cases.
<b>Cyfreithiol: Legal:</b>	Legalities regarding accommodation leases, collaboration and development agreements with partner organisations are relevant top some capital schemes.
<b>Enw Da: Reputational:</b>	Communication with the public and key stakeholders is integral to the development of all capital projects.
<b>Gyfrinachedd: Privacy:</b>	Privacy Impact Assessments are required for all capital requirements.
<b>Cydraddoldeb: Equality:</b>	Equality Impact Assessments are required for all capital requirements.

