

Name of Sub-Committee:	Capital Sub-Committee
Chair of Sub-Committee:	Chair – Lee Davies, Director of Strategic Development and Operational Planning
Reporting Period:	November, 2023
Key Decisions and Matters Considered by the Sub-Committee:	
<p>Terms of Reference Annual Review</p> <p>The Capital Sub-Committee approved the Terms of Reference for submission to Strategic Development and Operational Delivery Committee (SDODC) for endorsement as noted in Appendix 1 of this report. (A Track Changes version is also attached for ease of reference).</p> <p>Capital Resource Limit and Capital Financial Management/ Discretionary Capital Programme 2023/24</p> <p>Capital Resource Limit 2023/24:</p> <ul style="list-style-type: none"> • Welsh Government (WG) have approved an additional allocation of up to £6.4m to cover the forecast overspend associated with Worthybush Hospital (WH) Phase 1 Fire Enforcement works. • At the end of October 2023, WG were informed that there were no slippages or underspends to declare apart from returning £0.5m of the additional allocation which was made towards WH Fire Enforcement Works Phase 1. • WG have also agreed to extend the deadline for final confirmation of WH Reinforced Autoclaved Aerated Concrete (RAAC) works until the end of November 2023. This will be declared as a slippage not an underspend as the funding will be required in the next financial year. • In terms of spend on the All-Wales Capital Programme, all schemes are on track. • Less has been spent on the Discretionary Capital Programme (DCP) programme than anticipated but this needs to be viewed in the context that it was paused for a couple of months at the start of the year. There are no concerns at this stage in terms of delivering the Capital Resource Limit (CRL) by year end. • There is a risk associated with Glangwili Hospital (GH) Fire precaution works, the latest cost reports indicate this scheme is likely to be in an overspend position in the next financial year. This was raised with WG in the last CRL meeting and a meeting will be arranged with NHS Wales Shared Services Partnership (NWSSP) colleagues to ensure the issue is progressed. <p>Capital Programme 2023/24:</p> <ul style="list-style-type: none"> • The contingency reserve remains under pressure with the current balance in the reserve standing at £0.2m. The list of bids against the reserve is being scrutinised by the Capital Planning Group (CPG). • In terms of diagnostic equipment, WG have allocated an initial £1.3m to the Health Board, subject to confirmation that the items can be delivered by 31 March 2024. Items range from a Radiology room in Tenby to equipment for Pathology, Endoscopy and Gynaecology. • WG have made available a central £2.7m allocation for enhancing patient environment in Emergency Departments and Minor Injury Units (MIUs), bids against this allocation are to be submitted by 23 November 2023. A schedule of bids has been developed for approval before submission. 	

- The planning process for next year's Discretionary Programme has commenced. The capital themed risks have been shared with the relevant capital leads in each of the areas. Information will be requested from the leads for inclusion in the January 2024 Capital Sub-Committee report on the basis of their prioritisation of 2024/25 projects.
- As part of the Capital Planning Group meeting on 13 November 2023, a report was requested for the Executive Team regarding the costs currently being allocated to Capital which could potentially be allocated to Revenue. This would allow wider consideration in terms of whether these could be funded from Revenue in the next financial year.
- The planning assumption made for 2024/25 is that the Health Board will have an allocation of £7.421m to allocate, based on confirmation following the Capital Review Meeting with WG on 9 November 2023. Pre-commitments against this allocation leave a balance to be allocated of £5.481m.

The Sub-Committee noted the following:

- The spend against the 2023/24 CRL.
- The additional financial risks.
- The ongoing pressure on the contingency reserve.
- The additional allocation for diagnostic equipment and the request to submit bids for Emergency Departments.
- The plan to develop the DCP priorities for 2024/25.
- The process for the assurance of risk.

Capital Governance – Capital Highlight Reports

Projects with an overall and or current Red Amber Green (RAG) status were reported as follows:

- Fire Enforcement Work GH
- Carmarthen Hwb

Projects with an overall or current amber RAG rating were reported as follows:

- Fire Enforcement Work WH
- Business Continuity (Major Infrastructure)
- Chemotherapy Day Unit
- Aseptics
- Aberystwyth Sexual Assault and Referral Centre
- Llandovery Community Hub
- Fishguard
- Pentre Awel
- Regional Pathology

The Sub-Committee noted the content of the report, in particular those projects currently reporting a red or amber RAG status. The Sub-Committee also noted the need to align the community infrastructure to the development of the Primary and Community Care Strategy.

Welsh Government Dashboards Reports

The Sub Committee were presented with a report reflecting progress on projects to the end of September 2023.

Key points noted include:

- All the Dashboards due to be submitted in October 2023 were returned to WG on time.

- Comments have been received from WG on the Dashboards submitted in August, these were addressed in the October Dashboards. Nothing was highlighted at the recent Capital Review Meeting as being outstanding.
- The timetable for the 2024 Dashboards will be distributed by the end of November 2023.

The Sub-Committee noted the contents of the Dashboard reports.

Estates Advisory Board Funding Tracker

The Sub Committee were presented with an update on the Funding Tracker Reports submitted to WG on Estates and Facilities Advisory Board (EFAB) projects.

Key points noted include:

- The Health Board was successful in receiving funding for circa £8m of projects across two years.
- It was confirmed that all the EFAB projects are on programme or green rated.

The Sub-Committee noted the content of the Tracker Report

Fire Schemes Update

Key points noted include:

- The Phase 1 project at WH is going to slip into late November or early December 2023 because of door delivery issues with the contractor. Despite the delay, the fire service are very keen to lift the Phase 1 Enforcement Notice at WH.
- In terms of WH Phase 2, a potential cost estimate exceeded £60m. A scope reduction exercise was submitted to the Fire Service to reduce the cost below £20m. This has been verbally accepted and a formal letter of confirmation is expected shortly. When this has been received, a business case for Phase 2 will be submitted based on exact Fire Service requirements. This will impact the timing of the business case, with potential submission in December 2023. Approval of the business case would suggest a start on site in May 2024.
- The decant ward at WH is progressing well. A slight delay is anticipated, with a potential completion date of February 2024.
- In terms of GH Phase 1, this is currently officially contracted to May 2024 but will be extended. Work is underway with the contractor to gain a better understanding of the timeline.

The Sub-Committee noted the content of the Fire Schemes Update report.

A Healthier Mid and West Wales – Programme Business Case (PBC) Update

Key points noted include:

- Infrastructure Investment Board (IIB) meeting: A formal feedback letter was received on 31 October 2023 from the Deputy Chief Executive, Welsh Government.
- Strategic Outline Case (SOC): it had been intended to submit the SOC to November 2023 Board but the document cannot be finalised until implications for the further options work are understood. This presents a potential risk to the programme timeline.

The Sub-Committee noted the following:

- The update provided and the feedback received on the Clinical Model Review and IIB.

Medical Devices Annual Update

The Sub-Committee noted the following:

- The contents of the Strategic Medical Device Replacement report.
- The continued challenges experienced as a result of the increase in service provision relating to post COVID-19 inventory increases, extra clinical service provision and continued projects associated to inventory increases.
- The impact of continued sub-optimal funding for replacement medical devices.
- The broader impacts of sub-optimal levels of maintenance support

Arts in Health Annual Update

Key points noted include:

- A short film has been commissioned for healthcare professionals giving an overview on The Benefits of Arts in Healthcare.
- A draft Arts and Health Charter has been developed for the Health Board. It is anticipated this will be submitted to Board in early 2024.
- A set of Arts and Health principles and pledges is being developed.
- A set of key indicators has been developed to show success over time.
- The Bronglais Cancer Treatment Unit has been progressed as a medium scale flagship project for introducing art into healthcare environments.
- A recommendation is being put forward to develop an Enhancing Healthcare Environments Plan and Programme covering the next five to ten years.
- An Arts and Health Research and Innovation Group has been established to understand and evidence the impact of the work.

The Sub-Committee noted the update presentation.

Infrastructure Investment Plan

The Sub-Committee noted the following:

- The progress made against the schemes detailed in the 2023 – 2026 Infrastructure Enabling Plan.
- That work on the Infrastructure Investment Enabling Plan for 2024 – 2027 has commenced and that a draft will be presented to the Capital Sub-Committee in January 2024.

Regional Capital Update

Key points noted include:

- Further discussions will be needed regarding the level of diagnostic provision required to achieve the strategic objectives.
- Good progress has been made this year on the expenditure trajectory compared to last year. The Regional Housing with Care Fund (HCF) (Integrated Care Fund (ICF)) and Integration and Rebalancing Capital Fund (IRCF) Operational Capital Group meeting held on 3 November 2023 was positive in terms of people wanting to share best practice and information.

The Sub-Committee noted the contents of the slide presentation.

Papers for Information

The Sub-Committee noted the following papers for information:

- Capital Review Meeting - Minutes of meeting held on 23 September 2023.
- Capital Monitoring Forum – Minutes of meetings held on 10 October 2023.

- Capital Planning Group – Minutes of meetings held on 12 September and 9 October 2023.
- Welsh Government Letter – Changes in Capital Value
- Welsh Government Letters – Estate Rationalisation and Property Asset Strategic Plan June 2023.

Matters Requiring Strategic Development and Operational Delivery Committee Level Consideration or Approval:

Endorsement of Capital Sub Committee Terms of Reference

Risks / Matters of Concern:

Capital Governance Highlight Reports

The Sub-Committee noted those projects currently reporting a red RAG status.

Planned Sub-Committee Business for the Next Reporting Period:

Future Reporting:

Governance update

Operational and strategic issues:

- DCP and CRL Update
- Discretionary Programme for 2023/24
- Dashboard Report
- Estates Advisory Board Funding Tracker
- Audit Recommendation Update Report

Capital Planning Developments

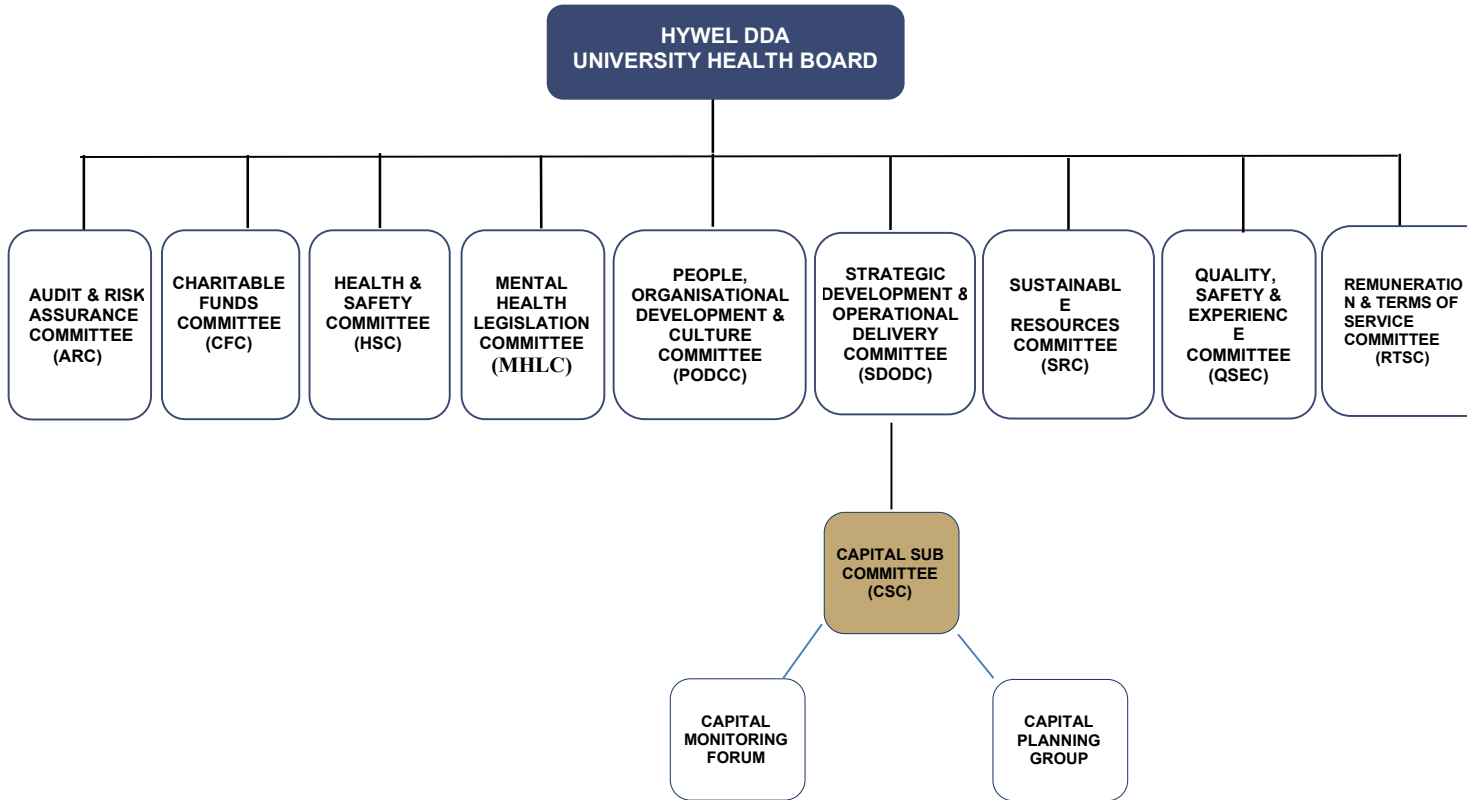
- A Healthier Mid and West Wales PBC Update
- A Healthier Mid and West Wales Governance Review Action Tracker
- Infrastructure Investment Plan

Date of Next Meeting:

Monday, 22 January 2024 at 12.00pm

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CAPITAL SUB-COMMITTEE

1. Constitution

- 1.1. The Capital Sub-Committee (CSC) has been established as a Sub Committee of the Strategic Development and Operational Delivery Committee (SDODC) and constituted from 1st June 2015.

2. Membership

Title
Executive Director of Strategy and Planning Director of Strategic Development and Operational Planning (Chair)
Assistant Director of Strategic Planning and Development (Sub-Committee Lead and Deputy Chair)
Independent Member
Director of Estates, Facilities and Capital Management
Assistant Director of Nursing, Infection, Prevention and Control
Senior Business Partner (Finance) (Delegated on behalf of the Director of Finance)
Head of Facilities Information and Capital Management
Deputy Assistant Director of Operations
Assistant Director, Medical Directorate (Delegated on behalf of the Medical Director)
Digital Director
Assistant Director of Primary Care
Assistant Director of Assurance and Risk
Head of Procurement
Head of Capital Planning (Sub Committee Lead)
Assistant Director of Therapies & Health Science
Head of Infection Prevention
Director of Mental Health and Learning Disabilities
County Director – Carmarthenshire
County Director – Ceredigion
County Director – Pembrokeshire
Head of Radiology
General Manager, Women and Children's Directorate
Head of Pathology
Assistant Director of Therapies & Health Science
In Attendance
Committee Support/Secretary
County Director Representative
Head of Capital Audit (three times a year/tri-annual)
Director of Mental Health and Learning Disabilities
Capital Programme Manager, Capital Planning
General Manager, Women and Children's Directorate

Head of Radiology
Project Manager, Capital Planning
Head of Pathology
Head of Property Performance
Capital Programme Manager, West Wales Regional Partnership Board
Clinical Director of Pharmacy and Medicines Management

2.1 The membership of the Sub-Committee shall comprise:

2.2 The membership of the Capital Sub-Committee will be reviewed on an annual basis.

3. Quorum and Attendance

- 3.1 A quorum shall consist of no less than a third and must include as a minimum the Chair or Vice Chair of the Sub-Committee.
- 3.2 An Independent Member shall attend the meeting in a scrutiny capacity. The scrutiny role of Independent Members on Sub-Committees is to ensure their effectiveness in terms of processes and outcomes, and in particular that their work is organised and undertaken in accordance with their terms of reference, that they have clarity about the limits of their delegated powers and responsibilities, and that they understand fully their relationship with and reporting responsibilities to their parent Committee.
- 3.3 Any senior officer of the University Health Board or partner organisation may, where appropriate, be invited to attend, for either all or part of a meeting to assist with discussions on a particular matter.
- 3.4 The Sub-Committee may also co-opt additional independent external 'experts' from outside the organisation to provide specialist skills.
- 3.5 Should any member be unavailable to attend, they may nominate a suitably briefed deputy to attend in their place. Where attendance is delegated, the nominated representative is responsible for informing discussions where relevant and reporting back to the named member accordingly.
- 3.6 The Head of Internal Audit shall have unrestricted and confidential access to the Chair of the Capital Sub-Committee.
- 3.7 The Sub-Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

4. Purpose

4.1 The purpose of the Capital Sub-Committee is to:

- 4.1.1 Oversee the delivery of the Health Board's capital programmes and projects included in the planning cycle (in year and longer term).
- 4.1.2 Recommend to the Board, via the Strategic Development and Operational Delivery Committee (SDODC), the use of the Health Board's Capital Resource Limit (CRL), in line with the HB's financial scheme of delegation
- 4.1.3 Review, on an annual basis, the Discretionary Capital Programme (DCP) for the following financial year.
- 4.1.4 Oversee the development of the Estates Strategy and Infrastructure Investment Enabling Plan aligned to the A Healthier Mid and West Wales Strategy for consideration by SDODC, prior to Board approval.
- 4.1.5 Oversee the development and delivery of implementation plans for the Estates Strategy agreeing corrective actions where necessary and monitoring its effectiveness.

5. Operational Responsibilities

- 5.1 Develop recommendations to the Board, via the SDODC and Executive Team, on the use of the Health Board's Capital Resource Limit (CRL), for approval.
- 5.2 Develop prioritised recommendations for discretionary capital sums and All Wales Capital Schemes and receive investment proposals, in response to an assessment of the organisation's risks, and to support the Health Board's A Healthier Mid and West Wales Strategy (including delivery plans) and vision for healthcare and its strategic objectives, including performance and financial improvement.
- 5.3 Provide a co-ordinated approach to overseeing delivery of the Health Board's capital programmes and projects included in the planning cycle (in year and longer term) enabling the Health Board to understand the overall delivery commitments and risks and proposing changes as appropriate.
- 5.4 Provide assurance that capital projects are managed and governed in accordance with mandatory requirements, best practice and the latest Welsh Government capital guidance, ensuring that revenue consequences associated with capital projects are explicit at project scoping stage.
- 5.5 Provide assurance around the effective management of the Health Board's CRL, ensuring expenditure is in line with Standing Orders and within the agreed programme.
- 5.6 Scrutinise and quality assure major capital business cases prior to submission to SDODC including those developed in partnership with other organisations such as, Local Authorities, GP partners and Third Sector organisations.
- 5.7 Ensure a robust disposal policy for redundant estate is in place.

- 5.8 Consider options for the acquisition or disposal of estate and agree recommendations for the Board, via the SDODC.
- 5.9 Review and recommend the appropriate delegated limits for capital expenditure authorisation and authorisation for other funding sources.
- 5.10 Make recommendations on capital expenditure in relation to Digital, medical & non-medical equipment, estates statutory and infrastructure, contingencies and other provisions.
- 5.11 Provide assurance to SDODC that risk is considered as part of prioritisation of capital expenditure items and that where risks are not addressed by capital funding, these risks have been reviewed to assess whether further mitigation actions should be taken (to minimise the impacts should the risk materialise), contingency measures can be strengthened (in case the risk materialises to minimise disruption) and reflect whether the risk is being tolerated or further treated.
- 5.12 To receive timely post project evaluation and project closure reports
- 5.13 Agree the Annual Capital Audit Plan and monitor action against recommendations contained within audit reports issued by Capital Audit.
- 5.14 To receive regular progress updates on the Housing with Care Fund and Integrated Rebalancing Capital Funds Capital bids and schemes being progressed
- 5.15 Agree issues to be escalated to SDODC with recommendations for action.
- 5.16 Agree an annual work plan for the Sub-Committee for review and approval by SDODC.

6. Agenda and Papers

- 6.1 The Sub-Committee Secretary is to hold an agenda setting meeting with the Chair and/or Vice Chair and the Lead Executive/Assistant Director at least **six** weeks before the meeting date.
- 6.2 The agenda will be based around the Sub-Committee work plan, identified risks, matters arising from previous meetings, issues emerging throughout the year, and requests from Sub-Committee members. Following approval, the agenda and timetable for papers will be circulated to all Sub-Committee members.
- 6.3 All papers should have relevant sign off before being submitted to the Sub-Committee Secretary.
- 6.4 The agenda and papers for meetings will be distributed **seven** days in advance of the meeting.

- 6.5 The minutes and action log will be circulated to members within **ten** days to check the accuracy.
- 6.6 Members must forward amendments to the Sub-Committee Secretary within the next **seven** days. The Sub-Committee Secretary will then forward the final version to the Sub-Committee Chair for approval.

7. Frequency of Meetings

- 7.1 The Sub-Committee will meet bi-monthly and shall agree an annual of meetings. Any additional meetings will be arranged as determined by the Chair of the Sub-Committee.
- 7.2 The Chair of the Sub-Committee, in discussion with the Sub-Committee Secretary shall determine the time and the place of meetings of the Sub-Committee and procedures of such meetings.

8. Accountability, Responsibility and Authority

- 8.1 The Sub-Committee will be accountable to the Strategic Development and Operational Delivery Committee for its performance in exercising the functions set out in these terms of reference.
- 8.2 The Sub-Committee shall embed the UHB's vision, corporate standards, priorities and requirements e.g. equality and human rights, through the conduct of its business.
- 8.3 The requirements for the conduct of business as set out in the UHB's Standing Orders are equally applicable to the operation of the Sub-Committee.

9. Reporting

- 9.1 The Sub-Committee, through its Chair and members, shall work closely with the Strategic Development and Operational Delivery Committee and other committees, including joint /sub committees and groups to provide advice and assurance to the Board through the:
 - 9.1.1 joint planning and co-ordination of Board and Committee business;
 - 9.1.2 sharing of information.
- 9.2 In doing so, the Sub-Committee shall contribute to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.

- 9.3 The Sub-Committee may establish groups or task and finish groups to carry out on its behalf specific aspects of Sub-Committee business. The following groups have been established:
- 9.3.1 Capital Planning Group (CPG)
 - 9.3.2 Capital Monitoring Forum (CMF)
- 9.4 The Sub-Committee will receive an update following each Group's meetings detailing the business undertaken on its behalf.
- 9.5 The Sub-Committee will also receive updates from the regular Capital Review meetings held with Welsh Government representation.
- 9.6 The Sub-Committee Chair, supported by the Sub-Committee Secretary shall:
- 9.6.1 Report formally, regularly and on a timely basis to the Strategic Development and Operational Delivery Committee on the Sub-Committee's activities. This includes the submission of a Sub-Committee update report, as well as the presentation of an Annual Report within 6 weeks of the end of the financial year.
 - 9.6.2 Bring to the Strategic Development and Operational Delivery Committee's specific attention any significant matter under consideration by the Sub-Committee.

10. Secretarial Support

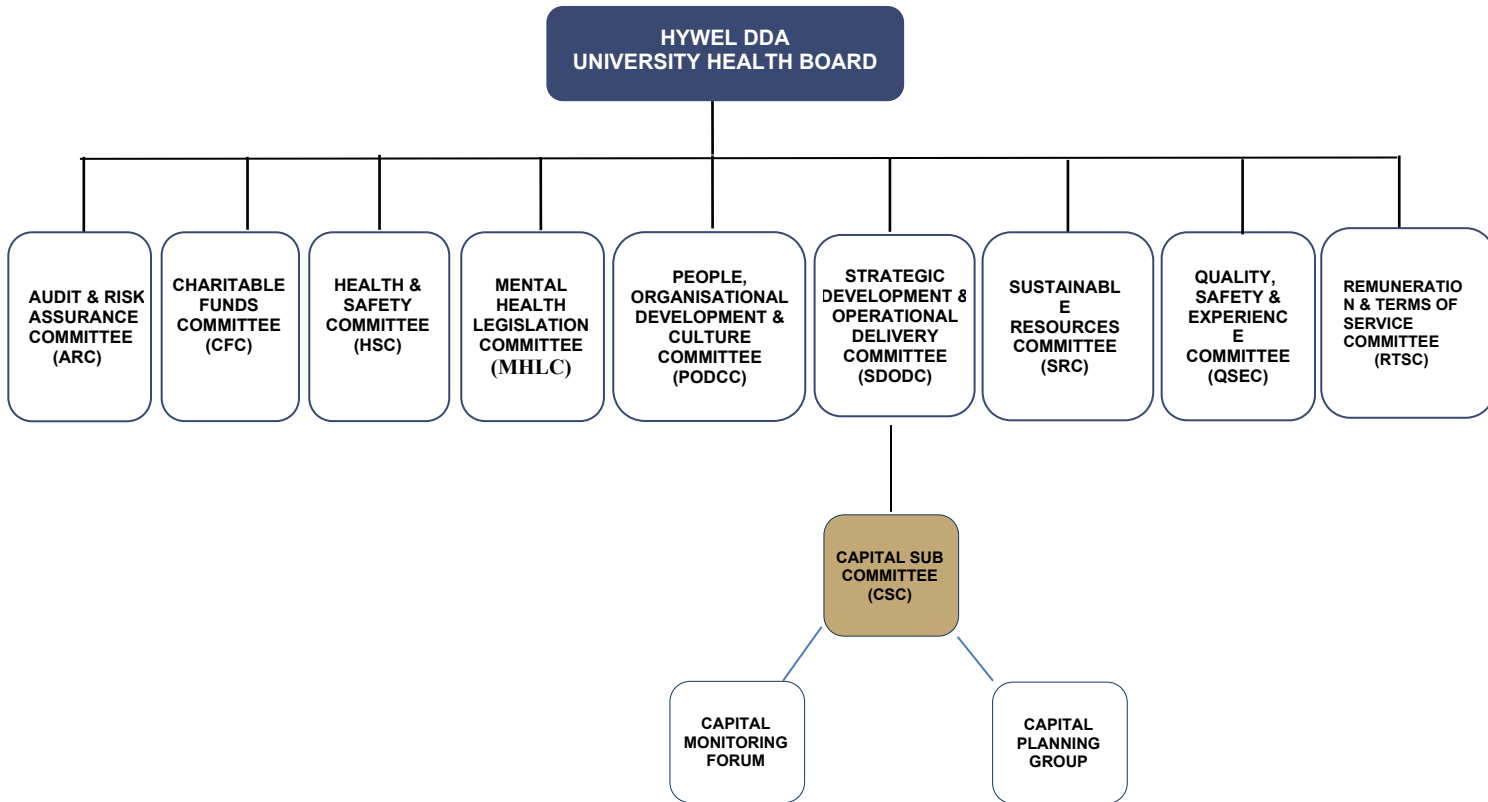
- 10.1 The Sub-Committee Secretary shall be determined by the Lead Director.

11. Review Date

- 11.1 These terms of reference shall be reviewed on at least an annual basis by the Sub-Committee for approval by the Strategic Development and Operational Delivery Committee

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- 6.2 The agenda will be based around the Sub-Committee work plan, identified risks, matters arising from previous meetings, issues emerging throughout the year, and requests from Sub-Committee members. Following approval, the agenda and timetable for papers will be circulated to all Sub-Committee members.
- 6.3 All papers should have relevant sign off before being submitted to the Sub-Committee Secretary.
- 6.4 The agenda and papers for meetings will be distributed **seven** days in advance of the meeting.
- 6.5 The minutes and action log will be circulated to members within **ten** days to check the accuracy.

- 6.6 Members must forward amendments to the Sub-Committee Secretary within the next **seven** days. The Sub-Committee Secretary will then forward the final version to the Sub-Committee Chair for approval.

7. Frequency of Meetings

- 7.1 The Sub-Committee will meet bi-monthly and shall agree an annual of meetings. Any additional meetings will be arranged as determined by the Chair of the Sub-Committee.
- 7.2 The Chair of the Sub-Committee, in discussion with the Sub-Committee Secretary shall determine the time and the place of meetings of the Sub-Committee and procedures of such meetings.

8. Accountability, Responsibility and Authority

- 8.1 The Sub-Committee will be accountable to the Strategic Development and Operational Delivery Committee for its performance in exercising the functions set out in these terms of reference.
- 8.2 The Sub-Committee shall embed the UHB's vision, corporate standards, priorities and requirements e.g. equality and human rights, through the conduct of its business.
- 8.3 The requirements for the conduct of business as set out in the UHB's Standing Orders are equally applicable to the operation of the Sub-Committee.

9. Reporting

- 9.1 The Sub-Committee, through its Chair and members, shall work closely with the Strategic Development and Operational Delivery Committee and other committees, including joint /sub committees and groups to provide advice and assurance to the Board through the:
- 9.1.1 joint planning and co-ordination of Board and Committee business;
- 9.1.2 sharing of information.
- 9.2 In doing so, the Sub-Committee shall contribute to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.
- 9.3 The Sub-Committee may establish groups or task and finish groups to carry out on its behalf specific aspects of Sub-Committee business. The following groups have been established:
- 9.3.1 Capital Planning Group (CPG)

9.3.2 Capital Monitoring Forum (CMF)

- 9.4 The Sub-Committee will receive an update following each Group's meetings detailing the business undertaken on its behalf.
- 9.5 The Sub-Committee will also receive updates from the regular Capital Review meetings held with Welsh Government representation.
- 9.6 The Sub-Committee Chair, supported by the Sub-Committee Secretary shall:
- 9.6.1 Report formally, regularly and on a timely basis to the Strategic Development and Operational Delivery Committee on the Sub-Committee's activities. This includes the submission of a Sub-Committee update report, as well as the presentation of an Annual Report within 6 weeks of the end of the financial year.
 - 9.6.2 Bring to the Strategic Development and Operational Delivery Committee's specific attention any significant matter under consideration by the Sub-Committee.

10. Secretarial Support

- 10.1 The Sub-Committee Secretary shall be determined by the Lead Director.

11. Review Date

- 11.1 These terms of reference shall be reviewed on at least an annual basis by the Sub-Committee for approval by the Strategic Development and Operational Delivery Committee