

**PWYLLGOR DATBLYGU STRATEGOL A CHYFLENWI GWEITHREDOL
STRATEGIC DEVELOPMENT AND OPERATIONAL DELIVERY COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 December 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Capital Programme, 2023/24 and Capital Governance Update Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies – Executive Director of Strategy and Planning / Cyfarwyddwr Gweithredol Strategaeth a Chynllunio
SWYDDOG ADRODD: REPORTING OFFICER:	Eldeg Rosser, Head of Capital Planning

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Gwybodaeth/For Information

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This report is presented to the Strategic Development and Operational Delivery Committee (SDODC) detailing:

- The allocation and current expenditure against the Discretionary Capital Programme for 2023/24
- An update on the Capital Resource Limit (CRL) for 2023/24
- The additional allocation for diagnostic equipment
- Plan to develop the DCP priorities for 2024/25
- The capital schemes governance update

Cefndir / Background

This report provides an update on the 2023/24 Discretionary Capital Programme (DCP). It follows on from the report and discussion at the SDODC meeting held on 31 August 2023 and the Capital Sub-Committee (CSC) meeting held on 22 September 2023.

The available capital allocation for 2023/24 will provide Hywel Dda University Health Board (HDdUHB) with a significant challenge and risk in trying to address the historical backlog in:

- Medical and non-medical equipment
- Informatics and Digital infrastructure and equipment
- Estates, statutory and infrastructure

Risk

The Corporate Risk 1196 states:

There is a risk the Health Board is not able to provide safe, sustainable, accessible and kind services. This is caused by insufficient investment to ensure appropriate facilities, medical equipment and digital infrastructure of an appropriate standard. This could lead to an impact/effect on the Health Board's ability to deliver its strategic objectives, service improvement/ development, statutory compliance (i.e., fire, health and safety) and delivery of day-to-day patient care.

Discretionary Allocation Use

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 for DCP includes representation from Executive portfolios at the Capital Planning Group (CPG) which reports to the CSC, and the position set out is consistent with that reported to the Sustainable Resources Committee (SRC).

Asesiad / Assessment

Capital Resource Limit (CRL) 2023/24

The CRL for 2023/24 has been issued with the following allocations:

Allocation	£m
All Wales Capital Programme (AWCP)	29.751
Discretionary Programme (gross allocation)	5.435
IFRS 16 Leases	0.834
Total	36.020

Since the last report the following adjustments have been made to the CRL:

Scheme	£m	Description
Withybush Hospital (WH) - Reinforced Autoclaved Aerated Concrete (RAAC) Fees and Works	(1.160)	Reduction in the current year allocation following detailed work by project team to reassess phasing of expenditure (rephased to next year)
Withybush Hospital Fire Enforcement Phase 1 – additional funding	0.657	Additional funding to cover expenditure in the month of September. Funding is being provided monthly in arrears; at the time of writing this report October's funding had not yet been added to the CRL.
Total	(0.503)	

Current Forecast

The following table illustrates the budget versus forecast of capital schemes with an explanation of the key reasons for any variances.

	Capital Scheme	Budget £'m	Forecast £'m	Variance £'m	Explanation
AWCP	WGH Fire Decant	6.999	7.299	0.300	- Overspend on the construction of the Decant ward at Withybush Hospital
	WGH Fire Phase 2	0.383	0.633	0.250	- Overspend against the allocation for the production of the business case for Withybush Hospital Fire Enforcement project phase 2
	Other Schemes	22.369	23.532	1.163	- Planned contributions to AWCP schemes and paybacks to DCP
DCP	All Schemes	5.435	3.722	(1.713)	- Contributions to and paybacks from AWCP

*IFRS 16	All schemes	0.834	0.834	0.000	
Total		36.020	36.020	0.000	

International Financial Reporting Standard (IFRS) 16

This will be updated as the year progresses, and any mitigating actions required to offset variances will be highlighted.

Capital Expenditure Plan

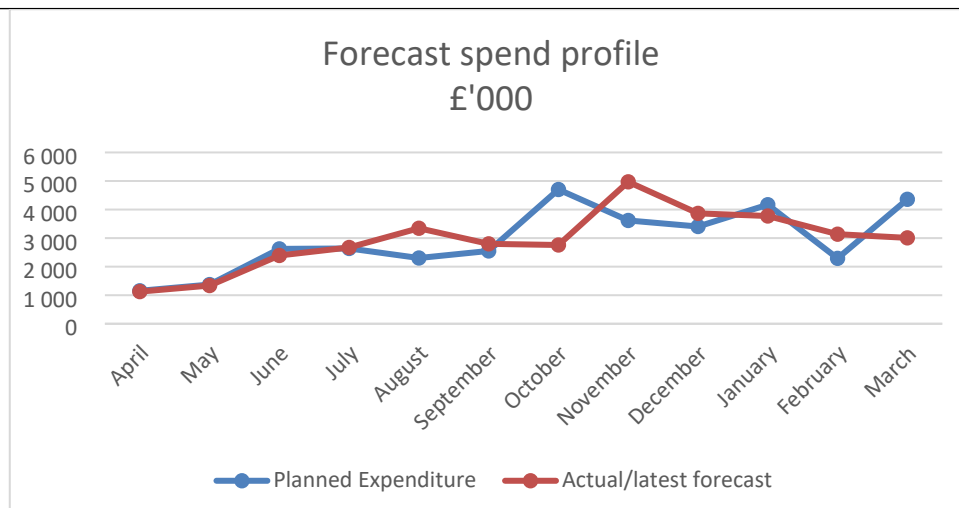
The table below reflects the current expenditure plan as reported to WG. Since funding for the WH Fire Enforcement Phase 1 is being granted monthly in arrears, reported planned spend for the project is capped at that invoiced to the end of November.

It should be noted that the planned spend reflects any DCP contributions towards AWCP schemes and the payback required between the DCP and AWCP in 2023/24:

Scheme	Planned Spend 2023/24 £'m	Cumulative Spend Apr - Nov £'m	Spend Nov £'m	Remaining balance £'m
AWCP				
WH - Fire Enforcement Phase 1	4.210	4.210	0.696	0.000
WH - Fire Decant	7.299	5.435	1.034	1.864
WH - Fire Enforcement Phase 2 Fees	0.633	0.570	(0.009)	0.063
Glangwili Hospital (GH) - Fire Enforcement Phase 1	6.049	3.713	0.632	2.336
GH - Fire Enforcement works - Phase 2 - Fees	0.496	0.186	(0.009)	0.310
Cross Hands Health and Wellbeing Centre	1.106	0.850	0.035	0.256
Sanctuary Provision for Children and Young People	0.309	0.260	0.002	0.049
Estates Funding Advisory Board (EFAB) - Infrastructure	2.317	0.295	0.009	2.022
EFAB - Fire	0.943	0.226	0.035	0.717
EFAB - Decarbonisation	0.828	0.653	0.025	0.175
National Programme – Decarbonisation	0.076	0.063	0.000	0.013
Women and Children's Phase 2	0.665	0.629	0.104	0.036
WH - RAAC Fees and Works	6.534	2.144	1.080	4.390
Sub-total AWCP	31.465	19.234	3.634	12.231
Discretionary				
IT	1.004	0.523	0.034	0.481
Equipment	1.447	0.991	0.005	0.456
Estates – Statutory	0.386	0.170	0.052	0.216
Estates Infrastructure	0.402	0.123	0.100	0.279
Other	0.482	0.359	0.033	0.123
Sub-total Discretionary	3.722	2.166	0.224	1.555
IFRS 16 Leases	0.834	0.834	0.000	0.000
TOTAL	36.020	21.786	3.860	14.233

Expenditure Profile Forecast

The below chart illustrates the forecast spend profile for the year:



Expenditure was higher than forecast in November 2023 primarily due certain invoices being received for high value discretionary funded equipment items, the timing of which was uncertain, and expenditure on the Fire Prevention schemes, the forecasting for which has been challenging owing to a lack of information on cashflow from the supply chain partner.

Where information has been provided by project managers and other advisers on cashflow, this is incorporated into the above chart; otherwise the forecast is based on the prior year cashflow. The forecast is updated as further information is received.

Capital Programme 2023/24

All Wales Capital Programme (AWCP)

HDdUHB current All Wales Capital Allocations for 2023/24 is detailed in the table above.

Discretionary Capital Allocation

Progress is now being made on placing orders against the expenditure plan approved by Board on 30 March 2023.

Contingency Reserve

The contingency reserve remains under significant pressure with the current balance in the reserve standing at £0.048m. Work currently being undertaken by the Finance team to review scheme outturn positions may provide an opportunity to increase the reserve position.

Diagnostic Equipment

As part of end of year planning, the Minister for Health and Social Services has agreed to target an element of capital against diagnostic equipment. As a result, WG have engaged with NHS Shared Services Partnership Specialist Estates Services and the National Diagnostic Programme team to determine All Wales priorities that can be delivered in year an initial allocation of £1.323m has been allocated to HDdUHB.

Programme Area	Equipment	£m
Imaging	General Room Analogue	0.624
Endoscopy	Video Image Capture equipment	0.240
Endoscopy	Video Duodenoscope	0.070
Endoscopy	Ultrasound Gastroscope	0.091
Gynaecology	Omni Hysteroscope	0.016
Gynaecology	Hologic Fluent Management System	0.054
Urology	LAPB Ultrasound System	0.079

Pathology	Digital Cellular Pathology Storage	0.150
Total		1.323

Emergency Department (ED) bids

WG have made available a central £2.7m allocation for enhancing the patient environment in Emergency Departments, bids totalling £0.398m against this allocation were submitted on the 23 November 2023. WG have now confirmed that funding for all bids were successful.

Capital Programme 2024/25

Discretionary Capital Allocation (DCP)

2024/25

The planning assumptions made for 2024/25 is that the Health Board will have an allocation of £7.421m to allocate is based upon confirmation following the Capital Review Meeting with WG on 9 November 2023

The process followed for agreeing the DCP expenditure plan for 2024/25 will be as follows:

- Sharing of the capital themed risks.
- Reviewing and updating the matrix.
- Capital Planning Group discussions.
- Paper to CSC in January 2024 with a prioritised programme – for this a paragraph from each of the key leads will be required to explain why the items on the list have been selected – e.g., a professional opinion, review of risks and other factors.
- Paper to Executive Team in February.
- Paper to Strategic Development and Operational Delivery Committee February 2024.
- Board approval in March 2024.

Risk

The Sub Committee's Terms of Reference require the CSC to:

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.

This requirement will be discharged by the Capital Planning Team circulating the capital themed Risk Registers on an annual basis to the relevant capital leads as part of the DCP planning process in order to assist with the prioritisation of projects:

- Digital Director.
- Deputy Director of Operations.
- Director of Estates.
- Members of Capital Planning Group.

Also by requesting information for inclusion into the January Capital Sub Committee report on the basis of their prioritisation of 2024/25 projects.

Pre-commitments

Some of the decisions already taken mean that the following pre-commitments have currently been made against the 2024/25 DCP:

	Pre-Commitments 2024/25 £m
EFAB 2024/25	1.218
Bronglais Hospital (BH) Clinical Decisions Unit (CDU)	0.346
Replacement morcellator	0.049
GH MRI Chiller	0.210
Welsh Intensive Care System	0.117
Total	1.940

This currently leaves a balance to be allocated of £5.481m

Discussions have commenced in the Capital Planning Group to prioritise the DCP expenditure plan for 2024/25 recognising that a significant balance will need to be held in the contingency reserve.

Capital Governance – Project Updates

At the November 2023 meeting of the Capital Sub-Committee, updates were considered from all HDdUHB's capital projects. The following projects are complete:

- Bro Myrddin
- Women and Children Phase II

The following are in progress/construction:

- Fire Enforcement Work Phase 1, WH
- Fire Enforcement Work Phase 1, GH


The following projects are currently in the design and development stage:

- Cross Hands Health Centre
- Carmarthen Hwb – Partnership Project led by Carmarthenshire County Council (CCC), levelling up funding approved by UK Government on 27 October 2021.
- Regional Cellular Pathology and Immunology Services
- Chemotherapy Day Unit, BH
- Aseptic Services, WH
- Sexual Assault and Referral Centre, Aberystwyth

Several projects are now progressing into scoping stages and will require resourcing from a Capital Planning, Estates and Digital perspective:

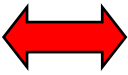
- Aberystwyth Integrated Care Centre
- Aberystwyth Integrated Education and Research Centre
- Fishguard Integrated Health and Wellbeing Centre
- Fire Improvements BH
- Llandovery Health and Wellbeing Centre
- Cylch Caron

Projects with a red RAG status reported to the CSC were as follows:

Project	Overall RAG	Matters for Sub Committee attention
Fire Enforcement Work, Glangwili Hospital	Current RAG	Project Managers have advised a further programme has been agreed to deliver the Phase 1 works with the programme extending to May 2024 although this still appears optimistic based on current
	Trend 	

levels of expenditure per month. This is expected to increase with works in the underground duct and fire door repair/replacement due to commence subject to Fire Door subcontractor demonstrating FIRAS accreditation.

Projects led by other organisations

Project	Overall RAG	Matters for Sub Committee attention
Carmarthen Hwb	Current RAG	Due to a considerable increase in project costs, to include redesign fees, additional funding is being sourced from WG Integration and Rebalancing Capital Fund (IRCF). The submission of the Business Justification Case (BJC) has been delayed due to demise changes, redesigning of the areas, stage 4 packs to be redeveloped, procurement tender packs to be revisited to gain cost certainty all prior to submission. Until these works are completed, agreed and additional monies are secured, it is expected that a start on site date is scheduled for April 2024.
	Trend 	

Community Schemes

Given the limited resource available to support the progression of the community infrastructure schemes a review of all the schemes and timelines will be prepared for the ‘A Healthier Mid and West Wales (AHMWW) Programme Group’ to consider in the next month. There is also a recognition of the need to align the community infrastructure plans and participate in the development of the Primary and Community Care Strategy work as part of the Clinical Services Plan currently being undertaken. Work is however progressing on the Cross Hands, Pentre Awel, Carmarthen Hwb and Fishguard community developments. Since the last Capital Sub-Committee a delay of two months is now being reported on the development of the Cross Hands full business case, this is due to the need for the supply chain partner to re-tender some specific packages of work to inform the development of the target cost on the scheme. Early indications are that the costs being returned to the supply chain partner will be more than the costs included in the outline business case due to current market conditions.

Key updates on other Projects

Women’s and Children’s Phase 2:

The only remaining items to resolve on the Project are the post completion BREEAM assessment (which evaluates the procurement, design, construction and operation of a development against a range of targets based on performance benchmarks); the resolution of remaining change control notices issued and work on the final account for the project. The construction work on the project has been completed in this reporting period.

Reinforced Autoclaved Aerated Concrete (RAAC) Schemes WH

A detailed programme of work has been developed to remediate all critical and high-risk planks. In addition, where it has been able to safely, temporarily prop areas, these facilities have also been reopened pending future repair works.

The works underway are all progressing to programme which is summarised below:

- Pot Wash in Main Kitchen – Scheme now completed
- Ward 9 – Project works now complete

- Ward 12 – Project due to complete early November 2023
- Ward 7 – Project due to complete late December 2023
- Ward 11 - Project due to complete late December 2023
- Wards 8 and 10 - Projects all due to complete prior to the 31 March 2024

Progress on the RAAC schemes are being reported through into the Health and Safety Committee.

Argymhelliad / Recommendation

The Strategic Development and Operational Delivery Committee is asked to:

- **NOTE** the allocation and spend of the Discretionary Capital Programme (DCP) for 2023/24
- **NOTE** the update on the Capital Resource Limit (CRL) for 2023/24
- **NOTE** the additional allocation for diagnostic equipment.
- **NOTE** the plan to develop the DCP priorities for 2024/25
- **NOTE** the capital schemes governance update.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.11 Consider proposals from the Capital 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:	Corporate Risk 1196 - not be able to provide safe, sustainable, accessible and kind services. This is caused by insufficient investment to ensure we have appropriate facilities, medical equipment and digital infrastructure of an appropriate standard. Score 16
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	1. Safe
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	5. Whole systems perspective
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	5a Estates Strategies
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	8. Transform our communities through collaboration with people, communities and partners

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Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Included within the report
Rhestr Termiau: Glossary of Terms:	Not Applicable
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Datblygu Strategol a Chyflenwi Gweithredol: Parties / Committees consulted prior to Strategic Development and Operational Delivery Committee:	CSC Sustainable Resources Committee Capital Planning Group

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 also included within individual business cases and capital prioritisation process.
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 when required.