



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	25 April 2024
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Capital Sub-Committee Annual Report 2023/24
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Lee Davies, Executive Director of Strategy and Planning
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Eldeg Rosser, Head of Capital Planning

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Ar Gyfer Penderfyniad/For Decision

### ADRODDIAD SCAA SBAR REPORT

#### Sefyllfa / Situation

The purpose of this paper is to present the Capital Sub-Committee Annual Report for 2023/24.

The Capital Sub-Committee Annual Report provides assurances in respect of the work that has been undertaken by the Sub-Committee during 2023/24 and outlines the main achievements which have contributed to robust integrated governance across Hywel Dda University Health Board (HDdUHB).

The Capital Sub-Committee can assure the Strategic Development and Operational Delivery Committee (SDODC) that it has operated within its Terms of Reference (ToR) and meetings have all been quorate. The Sub-Committee provides detailed assurance reports to SDODC following each of these meetings and these can be found on the Committee webpage.

#### Cefndir / Background

HDdUHB's Standing Orders and the ToR for the Capital Sub-Committee require the submission of an Annual Report to SDODC to identify how it has fulfilled the duties required of it.

The fundamental purpose of the Sub-Committee is to:

- Oversee the delivery of the Health Board's capital programmes and projects included in the planning cycle (in year and longer term).
- Recommend to the Board, via SDODC, the use of the Health Board's Capital Resource Limit (CRL), in line with the Health Board's financial scheme of delegation.
- Review, on an annual basis, the Discretionary Capital Programme (DCP) for the following financial year.
- Oversee the development of the Estates Strategy and Infrastructure Investment Enabling Plan aligned to the A Healthier Mid and West Wales (AHMWW) Strategy for consideration by SDODC, prior to Board approval.

- Oversee the development and delivery of implementation plans for the Estates Strategy agreeing corrective actions where necessary and monitoring its effectiveness.

The Annual Report 2023/24 specifically comments on the key issues considered by the Sub-Committee in terms of capital strategy, planning and monitoring and the adequacy of the governance and control measures in place.

### Asesiad / Assessment

The Capital Sub-Committee has been established under Board delegation with the Health Board approving ToR for the SDODC in July 2021.

The Sub Committee reviewed its ToR as part of the Annual Review in November 2023 which was endorsed by the Strategic Development and Operational Delivery Committee (SDODC) in December 2023.

These ToR clearly detail the Sub-Committee's purpose to provide assurance to the SDODC around the organisation's Capital Strategy, ensuring that there is an accurate reflection of planning, governance, and monitoring to deliver against gaps in assurance.

In discharging this role, the Sub-Committee is required to oversee and monitor the Capital Planning agenda for the SDODC in respect of its provision of advice to the Board, and ensure the implementation of the Capital agenda against the following areas of responsibility:

- Develop recommendations to the Board, via the SDODC and Executive Team, on the use of the Health Board's CRL, for approval.
- 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 issues affecting patient and staff experience.
- Ensure investment proposals support the Health Board's AHMWW Strategy (including delivery plans) and vision for healthcare and its strategic objectives, including performance and financial improvement.
- 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, risks and proposing changes as appropriate.  
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.
- 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.
- 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.
- Ensure a robust disposal policy for redundant estate is in place.
- Consider options for the acquisition or disposal of estate and agree recommendations for the Board, via SDODC.
- Review and recommend the appropriate delegated limits for capital expenditure authorisation and authorisation for other funding sources.
- Make recommendations on capital expenditure in relation to Digital, medical and non-medical equipment, estates statutory and infrastructure, contingencies, and other provisions.

- Ensure arrangements are in place to assess and deliver benefits of capital received on patient and staff safety, patient experience and ensuring business continuity.
- 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.
- To receive timely post project evaluation and project closure reports.
- Agree the Annual Capital Audit Plan and monitor action against recommendations contained within audit reports issued by Capital Audit.
- To receive regular progress updates on the Housing with Care Fund and Integrated Rebalancing Capital Funds Capital bids and schemes being progressed.
- Agree issues to be escalated to SDODC with recommendations for action.
- Agree an annual work plan for the Sub-Committee for review and approval by SDODC.

### **Capital Sub-Committee Groups**

The Groups reporting to the Capital Sub-Committee during 2023/24 from which the Sub-Committee received an update were as follows:

#### **Capital Planning Group** – established to:

- Provide assurance to the Capital Sub Committee around the development and allocation of the Discretionary Capital Programme.
- Ensure robust processes are in place for the prioritisation of capital bids in line with the Health Board's risk management processes and strategic objectives.
- Ensure that the Capital Sub-Committee are aware of the projects/schemes that cannot be progressed with the available DCP.
- Receive and review the monthly Dashboard reports linked to All Wales Capital Programme (AWCP) funded projects approved by Project Directors and submitted to Welsh Government (these also form part of the Capital Review Meeting (CRM) agenda).

#### **Capital Monitoring Forum** – established to:

- Provide assurance to the Capital Sub Committee around the management and monitoring of the delivery of the capital investment programme and Capital Resource Limit.
- Keep the Capital Planning Group informed of progress on the delivery of the Capital Programmes and variances on expenditure/timescales which require attention.

In addition to the above, the work undertaken by the following groups is received in the form of update reports and minutes presented to the Capital Sub-Committee.

**Capital Review Meetings:** Bi-monthly meetings held between the Health Board and Welsh Government's Capital Division to discuss all capital related issues. The minutes of these meetings are circulated to the Capital Sub-Committee.

**Capital Project Groups:** Each capital project is managed by a Project Group led by an appointed Executive Lead (Senior Responsible Officer) and Service Lead (Project Director). Bi-monthly project highlight reports are received by the Capital Sub-Committee which report on project risks and progress and escalated to the SDODC. The report provides a Red, Amber, Green (RAG) rating for each project; SDODC receive a summary position on all red RAG rated projects.

Where appropriate for the scheme value/programme, a Finance Subgroup will meet prior to the Project Group to go through the detail of the financial status of the project chaired by the Finance Lead. This Subgroup will then present a highlight report to the main Project Group.

For All Wales Capital Planning, dashboards are submitted to Welsh Government as well as to the Capital Sub-Committee.

### **Constitution**

The Sub Committee approved the Capital Sub-Committee ToR Annual Review undertaken in November 2023 which was endorsed by the Strategic Development and Operational Delivery Committee (SDODC) in December 2023. The membership of the Sub-Committee was agreed as the following:

Executive Director of Strategy and Planning (Chair)  
Assistant Director of Strategic Planning and Development (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 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 and Health Science  
Head of Infection Prevention

### **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  
Head of Radiology  
Head of Pathology  
Head of Property Performance  
General Manager, Women and Children's Directorate  
Capital Programme Manager, West Wales Regional Partnership Board  
Clinical Director of Pharmacy and Medicines Management

### **Meetings**

During 2023/2024 the Sub-Committee met on six occasions and was quorate at all meetings:

25 May 2023  
24 July 2023  
22 September 2023  
17 November 2023  
22 January 2024  
8 March 2024

As the Capital Sub-Committee is directly accountable to SDODC for its performance, following each meeting it provides an assurance to the Committee through a formal written update report which is received at the subsequent Committee meeting.

### **Sub-Committee Terms of Reference and Principal Duties**

In discharging its duties, the Capital Sub-Committee has undertaken work during 2023/24 against the following areas of responsibility in relation to its ToR:

### **Governance - Capital Schemes**

The Sub-Committee has and continues to oversee and report on the delivery and continued progression of a significant number of capital projects which have been subject to risk based highlight reporting to the Sub-Committee during the year:

- Bronglais General Hospital, Chemotherapy Day Unit.
- Aberystwyth Integrated Care Centre.
- Aberystwyth Sexual Assault and Referral Centre.
- Cylch Caron Integrated Care Project.
- Carmarthen Hwb.
- Cross Hands Health and Wellbeing Centre.
- Fishguard Health and Wellbeing Centre.
- Llandovery Community Hub.
- Business Continuity (Major Infrastructure Programme), Health Board wide.
- Women and Children's Phase 2, Glangwili General Hospital.
- Fire Enforcement Work Withybush General Hospital.
- Aseptics.
- Fire Enforcement Work Glangwili General Hospital.
- Regional Cellular Pathology services.
- Pentre Awel

The Capital Sub-Committee noted the red and amber RAG status for the projects listed below:

- Women and Childrens Phase 2
- Fire Enforcement Work Withybush General Hospital
- Fire Enforcement Work, Glangwili General Hospital
- Business Continuity (Major Infrastructure
- Chemotherapy Day Unit
- Sexual Assault Referral Centre
- Aseptics
- Llandovery Community Hub
- Fishguard
- Cross Hands Health and Wellbeing Centre
- Carmarthen Hwb
- Pentre Awel
- Regional Pathology

### **Capital Resource Limit and Discretionary Capital Programme:**

The opening discretionary allocation for 2023/24 was £5.435m. The total CRL at 13 February 2024 is £42.322m.

The Capital Sub Committee has submitted reports recommending prioritisation to SDODC as well as reports monitoring the expenditure against the CRL. The Sustainable Resources Committee also receive a monitoring report on the capital expenditure against the CRL.

The Sub Committee:

- Endorsed the Discretionary Capital Programme for 2023/24
- Received regular update reports in relation to the CRL and Discretionary Capital Programme.

The Sub Committee noted the following:

- The financial risks associated with the precautionary fire works schemes.
- The lessons learnt from the 2022/23 capital cycle.
- The risk and pressures on the contingency reserve.
- The spend against the 2023/24 CRL and the risk of overspend.
- The new risk added to the Corporate Risk Register to reflect the significant risk of overspend against the CRL in 2023/24.
- 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.
- The redistribution of the £0.350m DCP allocation.
- That HDdUHB is unable to deal with all of its capital risks with the limited DCP allocation available for 2024/25.

The Sub-Committee approved the following:

- Proposed split of allocations in Option 1 for 2024/25 Discretionary Capital Programme and for the detailed report to be presented to Executive Team for approval and SDODC for endorsement in February and onward ratification by Board in March 2024.
- The work being undertaken by the Capital Planning Group to review the programme of expenditure for the 2023/24 DCP to address the financial risks.

### **Capital Audit**

The Sub Committee noted the quarterly reports on progress made with regard to recommendations received from NHS Wales Shared Services Partnership (NWSSP), Audit and Assurance Services in respect of a number of the audit reports undertaken on capital projects. The Sub-Committee noted the capital audit tracker and the contents of the report and the progress on the implementation of outstanding capital themed audit recommendations, the number of outstanding actions against recommendations along with the information provided in respect of lapsed timescales, which are reported to the Audit and Risk Assurance Committee.

### **Risk**

The ToR state the Sub-Committee will 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

This requirement will also be discharged by the Capital planning Team requesting information for inclusion into the January Capital Sub Committee report on the basis of their prioritisation of 2024/25 projects

### **Post Project Evaluations**

The programme of post-project evaluations continued during 2023/2024 as follows:

- PPE and Lessons Learnt – Prince Philip Hospital (PPH).  
The Sub-Committee noted the contents of the Lessons Learnt Report and the Project Closure Report and undertook to consider these lessons for future capital schemes that are proposing this method of construction and delivery.

### **Other Areas of Responsibility**

- Welsh Government Dashboard Reports
- Fire Schemes Updates
- Capital Governance Review, Recommendations and Action Tracker
- Draft Infrastructure Enabling Plan 2023/26
- Regional Capital Funds

During 2023/24, the Sub Committee also received and considered the following agenda items

- A Healthier Mid and West Wales Programme Business Case
- Medical Devices Annual Update
- Backlog Maintenance Updates
- Re:Fit 4 Cymru Framework
- Diagnostic Imaging
- Arts in Health Annual Update
- ISO9001 Environmental Accreditation
- Terms of Reference Annual Review
- All Wales Capital Prioritisation

### **Key Risks and Issues/Matters of Concern**

During 2023/24, the following key risks and issues/matters of concern were raised to the SDODC:

- **Capital Resource Limit and Discretionary Capital Allocations 2023/24:** The capital allocation will remain insufficient to provide the SDODC with full assurance on the management of infrastructure and backlog risks.
- **Capital Projects:** To note those capital projects reporting a high-risk assessment guideline status and the work underway to mitigate risks.

### **Matters Requiring SDODC Consideration or Approval**

During 2023/24, the following matters requiring SDODC consideration or approval were raised:

- The Capital Sub-Committee endorsed the Capital Sub-Committee Work Plan 2023/24.
- Approved the work being undertaken by the Capital Planning Group to review the programme of expenditure for the 2023/24 DCP to address the financial risks.
- Endorsed the Environmental Management Review for 2022/23 and Objectives and Targets for 2023/24.
- Approved the ToR for Sub-submission for endorsement. by SDODC.
- Approved the proposed split of allocations in Option 1 for 2024/25 Discretionary Capital Programme and for the detailed report to be presented to Executive Team for approval and SDODC for endorsement in February and onward ratification by Board in March 2024.
- Capital Programme 2023/24: Endorsed the Discretionary Capital Programme for onward ratification to the Board.

### **Capital Sub-Committee Developments for 2024/25**

The following developments are planned for the Capital Sub-Committee during 2024/25:

- Finalisation of the All-Wales Capital Prioritisation process for submission to Welsh

Government in March 2024

- Working with the Regional Partnership Board to update and deliver the 10 Year Regional Capital Plan. The work being undertaken here will ensure that HDdUHB is maximising the opportunities being made available through the Housing with Care Fund (HCF) and the Health and Social Care Integration and Rebalancing Capital Fund.
- Maintaining progress on project evaluation and lessons learnt reviews.
- Progressing with the capital elements of work included in the AHMWW PBC
  - Progressing the community infrastructure projects
  - Further implementation of the recommendations included in the advisory review on the Forward look on the AHMWW Programme Governance
  - Further development of the Strategic Outline Case for Urgent and Planned Care Hospital, Glangwili and Withybush following discussions with WG to be held in April 2024
- Progressing with the developments of business cases to support business continuity such as:
  - Major infrastructure
  - Aseptics
  - Sexual Health Referral Centre (SARC)
  - Dealing with Letters of Fire Safety

### **Argymhelliad / Recommendation**

The Strategic Development and Operational Delivery Committee is asked to **APPROVE** the Capital Sub-Committee Annual Report 2023/24.

<b>Amcanion: (rhaid cwblhau)</b> <b>Objectives: (must be completed)</b>	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	10.4.1 Report formally, regularly and on a timely basis to the Board on the Committee's activities. This includes the submission of a Committee update report, as well as the presentation of an annual report within six weeks of the end of the financial year.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable



Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Not Applicable
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<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Agendas, papers and minutes of the Capital Sub-Committee.  Sub-Committee Update reports for SDODC
Rhestr Termiau: Glossary of Terms:	Included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cynllunio Busnes a Sicrhau Perfformiad: Parties / Committees consulted prior to Capital Sub Committee	Capital Sub-Committee.

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	A sound system of internal control, as evidenced within the Capital Sub-Committee's Annual Report, will assist with ensuring financial control, and the safeguard of public funds
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	SBAR template in use for all relevant papers and reports.
<b>Gweithlu: Workforce:</b>	SBAR template in use for all relevant papers and reports.
<b>Risg: Risk:</b>	SBAR template in use for all relevant papers and reports.
<b>Cyfreithiol: Legal:</b>	A sound system of internal control, as evidenced in the Capital Sub-Committee's Annual Report, ensures that any risks to the achievement of the Health Board's objectives are identified, assessed and managed.  Compliance with the Health Board's Standing Orders, and the Capital Sub-Committee's Terms of Reference, requires the submission of an Annual Report to the

	Strategic Development & Operational Delivery Committee
<b>Enw Da: Reputational:</b>	Not Applicable
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	SBAR template in use for all relevant papers and reports.