

Name of Sub-Committee:	Capital Sub-Committee
Chair of Sub-Committee:	Chair – Lee Davies, Director of Strategic Development and Operational Planning
Reporting Period:	July 2022
Key Decisions and Matters Considered by the Sub-Committee:	
<p>Capital Resource Limit and Capital Financial Management/ Discretionary Capital Programme 2022/23</p> <p><u>Capital Resource Limit (CRL) 2022/23:</u> It was noted that:</p> <ul style="list-style-type: none"> • The CRL for 2022/23 has been issued with the following allocations: <ul style="list-style-type: none"> ○ £23.661m – All Wales Capital Programme ○ £5.290m – Discretionary Capital Programme (DCP) ○ £28.951m – Total • There is limited spend to date in terms of the Capital Programme, standing at 10% of the All Wales Capital Programme and 3% of the DCP. This represents a typical position for this stage of the financial year. It was highlighted that if the position has not improved by September/October, escalation measures will be put into place to ensure that expenditure is incurred in year. • A meeting has been held with Welsh Government (WG) regarding the All Wales Capital position to allow early identification of underspends. <p><u>Capital Programme 2022/23</u> It was noted that:</p> <ul style="list-style-type: none"> • £0.150m has been identified to progress with an initial stage of planning and mapping out the Major Infrastructure Programme. • In terms of the Diagnostic Imaging Programme, the works infrastructure associated with installing the equipment may incur additional costs; the tender costs for building and equipment will need to be finalised before declaring any underspends to WG. • A DCP contingency reserve of £0.400m was set aside to deal with emergency issues and breakdowns; at this point in the year £0.226m has been committed and £0.107m has also been identified for enabling works associated with the pharmacy robotic replacement schemes. <p>The Sub-Committee noted the following:</p> <ul style="list-style-type: none"> • The Capital Resource Limit for 2022/23 • The endorsed DCP for 2022/23 and capital expenditure plan. • The work required by the Capital Planning Group to: <ul style="list-style-type: none"> ○ Prioritise schemes for further development in Estates ○ Update and confirm the next 15 priorities from the Prioritisation Matrix in readiness for any additional capital allocations. 	

The Sub-Committee endorsed the following:

- The release of the £0.107m for additional costs associated with the pharmacy robot enabling works.
- A reduction to the Women & Children pre-commitment in 2022/23 of £0.250m, noting that this will increase the 2023/24 pre-commitment

Capital Governance – Capital Highlight Reports

The paper was presented to the Sub-Committee via Capital Project Highlight Reports and a RAG rated tracker was included with the report.

Projects with an overall red RAG status were reported as follows;

- Women & Children's Phase II
- Fire Enforcement Work WGH

Projects with an amber RAG rating were reported as follows:

- Carmarthen Hwb
- Transforming Mental Health
- Aberystwyth Integrated Care Centre
- Welsh Community Care Information Solution (WCCIS)
- Fire Enforcement Work GGH
- Business Continuity (Major Infrastructure)
- Neyland Health & Wellbeing Centre
- PPH Day Surgery Unit
- Chemotherapy Day Unit

The Sub-Committee agreed that for future Capital Sub-Committee meetings, highlight reports could be included for Imaging and Diagnostics schemes as there is a significant associated capital cost.

The Sub-Committee noted the content of the report, in particular those projects currently reporting a red or amber RAG status

Risk Update Report

The Sub-Committee was reminded that the format for presenting risks had been revised following discussion and approval at the Sub-Committee meeting held in March 2022.

The Sub Committee noted:

- The 5 risks contained in Appendix 1 of the report which were extracted from Datix on 6th July 2022.
- Appendix 2 - Risk Register containing 118 risks that have identified Capital as a theme.
- The Sub-Committee reviewed the wording and mitigating action for risk 1367 (*Women and Children services estate are not fit for purpose*).

The Sub-Committee reviewed the risks that have been included in order to seek assurance that all relevant controls and mitigating actions are in place.

It was also noted that the actions to be built into the capital planning process for 2023/24 will enable the Sub-Committee to provide the necessary assurance to the Board, through the Strategic Development and Operational Delivery Committee (SDODC) that the Health Board (HB) is managing these risks effectively.

Welsh Government Dashboards Reports

The report and 2022/23 Month 2 Dashboard Reports submitted to WG in June 2022 was presented to the Sub Committee. It was reported that:

- As reported at the last Sub-Committee meeting in May 2022, the HB was unable to meet the 20th April 2022 deadline for submission of the Dashboards. The situation has improved significantly in June 2022; three Dashboards were completed and submitted by the deadline with the remaining Dashboard submitted three days later. The delay relating to this Dashboard was due to queries regarding attached proformas. This issue was discussed with the Project Managers to avoid a recurrence in future reports.
- The next iteration of the Dashboards is due to be submitted in August 2022.

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

Capital Governance Review Action Tracker

The Sub-Committee was presented with the Capital Governance Review Action Tracker . The report provided the Sub-Committee with an updated Management Response and Action Plan.

Key points to note are:

- Four recommendations remain outstanding following the Capital Governance Review.
- The first two recommendations require consideration by the Executive Team. Papers have been drafted for the Executive Director of Strategic Development & Operational Planning to review and take to Executive Team in August 2022.
- The Sub-Committee took assurance from the report that significant progress has been made to deliver against the actions listed in the management response to the Capital Governance Review.
- The Sub-Committee noted the outstanding recommendations and actions taken since the last Sub-Committee meeting.

Estates Advisory Board Funding Lessons Learnt Report

The Sub-Committee was presented with the Lessons Learnt Feedback Report on the Estates Advisory Board Funding (EFAB) Projects 2021/22.

Key points noted include:

- The HB was successful in securing circa £5.5m of EFAB funding in 2021/22 across four key areas.
- All projects were delivered within the agreed funding. Measurable benefits for completed projects have been delivered.
- The limited timescale in which to develop the bids and the pressures on the delivery timescales were highlighted. In recognition of this, the HB has committed to developing priority schemes ready to take advantage of future Capital funding which may become available.

The Sub-Committee noted the contents of the report and appendices.

WGH Fire Precaution Scheme Phase 2 WGH – Decant Ward

The Sub-Committee was presented with a report and draft Business Justification Case (BJC), noting that this is the next significant stage in achieving the works necessary to comply with the Fire Enforcement Notices at Withybush General Hospital (WGH). The Decant Ward is an enabler to deliver the Phase 2 schemes.

The Sub Committee was asked to note the following key points:

- WG has been kept fully informed of progress and it has supported the requirement for a decant ward. The Estates Annexe has been shared with WG, which is now awaiting the BJC document.
- The BJC has been developed in close liaison with the Operational Clinical Management Team at WGH.
- The Decant Ward has been designed with enhanced ventilation and is compliant with the latest Health Building Note bed spacing standards in order to future proof the facility.
- In terms of the Capital requirements, the total outturn cost is circa £8.3m to deliver the 24-bed ward. Included in this figure is £0.600m total quantified risk contingency.
- It was noted that the aim is to submit the BJC to WG at the earliest opportunity to avoid further delays to progression of the programme.

It was confirmed that there is a potential small revenue implication during this phase of the scheme due to the increased floor area of the Decant Ward. There is also the longer-term bed implication should the facility be retained. This has been flagged within the Finance Team.

- The Sub-Committee supported the submission of a draft BJC to WG pending formal HB authorisation.
- The BJC will need to be submitted to the Executive Team for approval; advice will be sought from the Director of Strategic Development and Operational Planning regarding the best approach.

A Healthier Mid & West Wales – PBC Update

The Sub Committee was presented with an update report on progress made in respect of the Programme Business Case (PBC).

Key points of note included:

- PBC: HB representatives attended the Infrastructure Investment Board in May 2022 to discuss the PBC and to make the strategic case for change. Formal feedback from WG is awaited on the next steps of programme development.
- Land Selection Process: A special Board meeting will be held on 4th August 2022 to consider the outputs from each of the four Land Appraisal workstreams in terms of the five short-listed sites.
- The Equality and Health Impact Assessment (EHIA) submitted as part of the PBC has been updated and developed following further engagement exercises and input from the appraisal workstreams.
- Quality Assurance Certification: Best practice certification has been awarded by the Consultation Institute, representing a positive outcome. This will form part of the pack for the August Board.

The Sub-Committee noted the work underway, which will also be reported to Public Board on the 4th August 2022.

Post Project Evaluation & Lessons Learnt

The Sub-Committee was presented with a report on the Aberaeron Integrated Care Centre (AICC) Post-Project Evaluation (PPE); the findings were included within a Project Closure Report included as Appendix 1. The Sub-Committee was also presented with an update on the Capital Programme lessons learnt.

The Sub-Committee noted the following:

- The outputs from the AICC post-project evaluation.
- The specific recommendations contained in the Project Closure report, namely:
 - The remaining benefits are to be noted by the Project Director and SRO and arrangements made to review these when possible.
 - Clarification is sought on the red risk identified in a previous risk register and its linkage to one of the benefits not quantified by this evaluation.
 - The specific lessons learnt included in this report are added to the Lessons Learnt Log.
 - The evaluation reiterates the need for ongoing reflection at all stages of current and future capital projects.

- Lessons learnt from post-project evaluations are being gathered and actioned within the application of the Capital Project Framework.

Medical Devices Annual Update

The Sub-Committee was presented with an update report on medical device replacement progress in the past year.

Key points of note include:

- Investment in medical devices during 2021/22 was circa £8.9m.
- There was further targeted investment of £5.26m, essentially for diagnostic equipment.
- The estimated replacement cost for the inventory is £96.9m across 31,902 devices.
- The value of overdue replacement items has fallen to £31.7m across 4,563 devices.
- The age profile of in-service devices is continuing to improve, representing an improved position for patients who rely on the services being provided.
- Currently 90% of devices are less than 10 years in service, compared to 78% in 2018. Additionally, 72% of devices are less than 5 years in service.
- The impact of COVID equipping is still having an effect through commissioning, which is expected to continue through 2022/23. There remain 1,273 items requiring commissioning and deployment into service. This will result in further improvements, which will feature in next-year's report. The Deputy Director of Operations highlighted that this is not because of late investment but because of system delays in bringing devices into service.

Members of the Sub-Committee noted the following:

- The contents of the report and the extraordinary challenges that the COVID pandemic continues to present to the medical device inventory.
- The impact of continued sub-optimal funding for replacement medical devices.

- The broader impacts of sub-optimal levels of maintenance support.
- The controls that now exist on the management of an inventory that holds 31,902 medical devices.

Diagnostic Imaging Update

In the absence of the Head of Radiology, the Sub-Committee agreed to defer the agenda item to the next Sub-Committee meeting in September 2022.

The Sub-Committee noted the list of equipment priorities and deferred the report to the September 2022 meeting

TrAMS Strategic Outline Case Update

The Sub-Committee were presented with an update on Transforming Access to Medicines (TrAMS). A slide presentation was included with the Sub-Committee papers.

Key points noted include:

- Work has started in terms of rationalisation of the products that might be provided on a regional basis. Resource mapping with staff is also being undertaken.
- Phase 1 of the organisation change process is underway in terms of recruitment to the 8 senior roles. Phase 2 for circa 350 staff will follow.
- The Strategic Outline Case (SOC) in terms of the national case is being drafted and is due for sign-off by the national Programme Board in mid-September 2022. Following this, it will be submitted for approval to all health boards before being taken further. If available, it will be submitted to the next meeting of this Sub-Committee in September 2022.

The Sub-Committee noted the contents of the slide presentation, the verbal update and the agreed actions.

Backlog Maintenance Update

The Sub-Committee was presented with an annual update on the status of the estate backlog.

Key points noted include:

- The current estate backlog for the HB is circa £105m, representing a significant rise from circa £82m, as reported in 2020/21. The main increase is linked to a 9% inflationary cost increase applied across the whole backlog cost base as well as circa £14m additional costs linked to Phase 2 fire safety.
- The DCP allocation for 2022/23 is circa £0.900m for statutory compliance projects and circa £0.665m for engineering and building infrastructure projects.
- The delivery of the A Healthier Mid and West Wales (AHMWW) Programme represents the longer-term solution to modernising the estate. Work is continuing with WG to develop the Major Infrastructure Programme Business Cases to secure the circa £90m to manage the deteriorating estate and maintain business continuity.
- The Design Team is developing pre-designed projects to take advantage of any WG funding opportunities, should they arise.

The Sub-Committee noted the following:

- The contents of the report
- The impact on the inflationary increases and Fire Safety Backlog to the overall position.

- The work underway to develop pre-designed projects to exploit funding opportunities.
- The need to progress with the Major Infrastructure Programme to address the backlog at scale

Creche Facilities at Prince Philip Hospital

The Sub-Committee was presented with a report providing details of a proposed change to crèche facility arrangements at Prince Philip Hospital (PPH).

The Sub-Committee recommended that the paper be taken to another forum, such as the Sustainable Resources Committee, for approval.

The Sub-Committee noted the recommendations and the work ongoing to undertake all necessary due diligence and legal scrutiny. The Sub-Committee also noted the intentions to arrange a competitive bidding process and new lease arrangement at the end of the existing lease term

Re:Fit 4 Cymru Framework

The Sub-Committee was presented with a report providing details of the Re:Fit 4 Cymru Framework opportunity, a WG sponsored initiative.

Key points noted include:

- In response to the WG decarbonisation agenda, the HB is planning to explore the opportunity of arranging a new Energy Performance Contract (EPC) via the Re:Fit 4 Cymru Programme (Re:Fit 4 EPC).
- The programme is facilitated by the Local Partnership, a WG funded team, to support with business case development, tender process and project progression.
- The Re:Fit 4 EPC programme is one delivery option and will ensure the HB is able to benefit from WG decarbonisation funding as it is made available.
- To commence the programme the HB is asked to sign an Access Agreement and Client Support Agreement, with no commitment at the point of signing. Following this it will take around 6 months to select a provider. At the stage of appointing a partner organisation, a £40k (plus costs & VAT) capital fee is payable to cover the Local Partnership consultancy fees. If the HB chooses to proceed with the project, this sum is repayable. At this stage, approval in principle is sought for the funding, subject to appropriate DCP prioritisation.

The Sub-Committee noted the following:

- The opportunity to deliver on Decarbonisation as part of an EPC model.
- The requirement to sign the Access Agreement and Client Support Agreement to start the process, at no initial cost.

The Sub-Committee accepted the recommendations of the report to approve the principle of funding the fees. It was highlighted that it would need to be entered into the prioritisation matrix to ensure it is captured as a priority scheme

Papers for Information

The Sub-Committee noted the following papers for information:

- Capital Review Meeting - Minutes of meeting held on 22nd May 2022

- Capital Monitoring Forum – Minutes of meetings held on 26th April and 14th June 2022.
- Capital Planning Group – Minutes of meetings held on 19th April and 21st June 2022

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

None.

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:

- Audit Recommendation Update Report
- Governance Update
- Capital Governance Review Action Tracker
- Operational and strategic issues:
 - DCP Update
 - Dashboard Report
 - Fire Schemes Status Update
- Capital Planning Developments
 - A Healthier Mid and West Wales PBC Update
 - Post Project Evaluation and Lessons Learnt
 - Diagnostic Imaging Update
 - Prioritisation of schemes for All Wales Capital

Date of Next Meeting:

Friday 30th September 2022 at 1pm