

<b>Name of Sub-Committee:</b>	<b>Capital Sub-Committee</b>
<b>Chair of Sub-Committee:</b>	<b>Chair – Lee Davies, Director of Strategic Development and Operational Planning</b>
<b>Reporting Period:</b>	<b>May 2022</b>
<b>Key Decisions and Matters Considered by the Sub-Committee:</b>	
<p><b>Capital Sub-Committee Workplan 2022/23</b> The Sub Committee noted and endorsed the contents of the Capital Sub-Committee Workplan 2022/23</p> <p><b>Capital Resource Limit and Capital Financial Management/ Discretionary Capital Programme 2022/23</b> The Sub-Committee was presented with an update on the capital position for 2021/22, the Capital Resource Limit (CRL) for 2022/23 and Discretionary Capital Programme (DCP) 2022/23.</p> <p><u>Capital Resource Limit 2021/22:</u></p> <ul style="list-style-type: none"> <li>• The final CRL for 2021/22 has been issued with the following allocations: <ul style="list-style-type: none"> <li>○ £53.862m – All Wales Capital Programme</li> <li>○ £7.251m – Discretionary Programme</li> <li>○ £0.553m – Sales receipts</li> <li>○ <b>£61.666m – Total CRL</b></li> </ul> </li> </ul> <p>It was noted that</p> <ul style="list-style-type: none"> <li>• The unaudited expenditure position for the year shows an underspend of £0.062m.</li> <li>• To achieve the outturn position, £29.6m of spend occurred in March 2022. The main reasons for this include the late in the year funding opportunities from Welsh Government (WG), including the Prince Philip Hospital (?) (PPH) demountable theatres, delivery timelines from suppliers and planned vesting of imaging equipment and pharmacy robots.</li> <li>• There was a requirement to undertake a significant amount of vesting in the last week of March 2022, due to suppliers being unable to meet originally agreed delivery dates. Delivery timelines from suppliers have increased in terms of Medical and Digital Equipment, therefore this will need to be considered prior to the acceptance of any future funding from WG.</li> <li>• There are some scheme slippages which have impacted on the current year DCP, most notably they were for Points of Ligation, Estates Funding Advisory Board (EFAB) schemes and patient monitors; these underspends were mitigated against due to overspend opportunities on other schemes.</li> </ul> <p><u>Capital Resource Limit 2022/23:</u></p> <ul style="list-style-type: none"> <li>• The CRL for 2022/23 has been issued with the following allocations: <ul style="list-style-type: none"> <li>○ £26.203m – All Wales Capital Programme</li> <li>○ £5.645m – Discretionary Programme</li> <li>○ <b>£31.848m – Total</b></li> </ul> </li> </ul>	

- A breakdown of the All Wales Capital Programme is as follows:
  - £8.372m – Withybush Hospital (WGH) Fire Enforcement Works
  - £6.940m – Glangwili Hospital (GGH) Fire Enforcement Works
  - £6.972m – Fluoroscopy rooms and CT scanner replacements
  - £2.147m – Prince Philip Hospital (PPH) Modular Build
  - £0.806m – Women & Children Phase II
  - £0.593m – Solar Farm
  - £0.373m – Invest to Save, multi-site projects
  - **£26.203m - Total**

It was noted that a cash forecast is being developed for 2022/23 to allow monitoring of the capital position throughout the year.

#### Discretionary Capital Programme 2022/23

It was reported that the Board approved the Capital Programme for 2022/23 at the end of March 2022, following endorsement at SDODC in February 2022. The approved programme is as follows:

- £2.363m – Pre-commitments
- £0.400m – Breakdown Contingency
- £0.300m – Business Case Development
- £0.200m – Capital Support
- £0.150m – Residential Accommodation
- £0.200m – Credits for Cleaning/HIW
- £0.688m – Equipment Replacement
- £0.200m – IT & Digital
- £0.665m – Infrastructure
- £0.520m – Statutory
- **£5.686m - Total**

It was noted that

- The DCP is over-committed by £0.41m at the beginning of the year and will have to be managed by the Capital Monitoring Forum during the year.
- Since the programme was agreed, a need to review the equipment priorities has been identified. The outcome of the review will be reported back to the next Sub-Committee meeting in July 2022.
- The Capital Planning Group will be reviewing the Prioritisation Matrix for the schemes not currently funded. The next fifteen priorities for DCP spend will be agreed through the Capital Planning Group in readiness for any future Welsh Government funding opportunities. The fifteen priority schemes will be reported back to the Sub-Committee meeting in July 2022.

The Sub-Committee noted the following:

- The unaudited capital position for 2021/22.
- The Capital Resource Limit for 2022/23
- The endorsed Discretionary Capital Programme for 2022/23
- The work that is required by the Capital Planning Group to:
  - Prioritise schemes for further development in Estates
  - Confirm the next fifteen priorities from the Prioritisation Matrix in readiness for any additional capital allocations

## **Capital Governance – Capital Highlight Reports**

The paper was presented to the Sub-Committee via Capital Project Highlight Reports.

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

- Cross Hands Health Centre
- Women & Children's Phase II
- Fire Enforcement Work WGH

Projects with an amber RAG rating were reported as follows:

- Carmarthen Hwb
- Transforming Mental Health
- Aseptics
- Aberystwyth Integrated Care Centre
- Welsh Community Care Information Solution (WCCIS)
- Fire Enforcement Work GGH
- Business Continuity (Major Infrastructure)

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

## **Capital Audit Tracker**

A report was presented to the Sub Committee, key points noted included:

- There are currently 3 open audit reports generating 41 recommendations. Of these, 33 recommendations have been completed, leaving 8 recommendations outstanding. There are no outstanding recommendations that are currently behind schedule with the original implementation date.
- Within the Backlog Maintenance report, recommendations 2,3, 4 and 7 were previously reported as behind schedule but it was agreed to change their status back to 'on schedule' as they refer to future actions that cannot be achieved yet. It was confirmed that Audit are aware of the changed status of these recommendations.

The Sub-Committee noted the following:

- 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 will be reported to the Audit and Risk Assurance Committee

## **Welsh Government Dashboards Reports**

The report and the month 12 Dashboard Reports submitted in April 2022 (covering progress up to the end of March 2022) was presented to the Sub Committee. It was reported that

- the combination of Easter Bank Holiday and an update to the dashboard format issued in March by WG meant that the Health Board was unable to complete, review and sign-off the

Dashboards to meet the 20<sup>th</sup> April 2022 deadline. The schedule of the submission dates has been recirculated to relevant parties and will be closely monitored.

- No comments have been received from WG to date on the submitted Dashboards.

The Sub-Committee noted the contents of the Dashboard reports

### **Fire Schemes Update**

The Fire Safety Precaution Schemes Update Report was presented to the Sub-Committee.

The Sub-Committee noted the contents of the report and the work achieved to strengthen fire safety compliance. It was also noted that further updates will be presented at future Sub-Committee meetings

### **Capital Governance Review Action Tracker**

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

Key points noted were:

- Significant progress has been made to implement the 14 recommendations. There remain 4 outstanding recommendations which include:
  - Setting up an internal scrutiny process for business cases prior to them being submitted to the Capital Sub-Committee for approval.
  - Consideration to giving the Capital Sub-Committee a delegated approval limit.
  - Development of a Project Director Pocket Guide. It is anticipated this will be completed by September 2022.
  - The process for the prioritisation of schemes for the Infrastructure Investment Enabling Plan. This is on hold pending feedback from WG on the 10-Year Infrastructure Plan.
- Further updates on the above recommendations will be provided at the Sub-Committee meeting in July 2022.

The Sub-Committee noted the following:

- The contents of the report and the significant progress that has been made to deliver against the actions listed in the management response to the Capital Governance Review.
- The 4 outstanding recommendations and the timeline for delivering against them.

### **A Healthier Mid & West Wales – PBC Update**

The Sub-Committee was provided with an update on the work undertaken since the submission of the Programme Business Case.

Key points of note were:

- Programme Business Case: A detailed response to WG scrutiny questions was submitted on 26<sup>th</sup> April 2022. The next step is a presentation of the PBC to the WG Infrastructure Investment Board on 27<sup>th</sup> May 2022. It will then be part of a wider capital discussion by Ministers in a Cabinet meeting planned for 11<sup>th</sup> July 2022.
- Recommended Shortlist of Sites: work is continuing on identifying a preferred site for the new hospital. Four land appraisal workstreams are running in parallel; work is scheduled to

complete prior to reporting formally into a special Board on 4<sup>th</sup> August 2022. It is anticipated that the shortlist of 5 sites will be made public in mid-June 2022.

The Sub-Committee noted the contents of the report

### **Cross Hands - Outline Business Case**

The revised Outline Business Case (OBC) and report giving an update on key changes to the OBC since the original submission to WG in 2020 was presented to the Sub Committee

It was reported that the OBC is being submitted to Board on 26<sup>th</sup> May 2022 for approval and onward submission to WG the week commencing 30<sup>th</sup> May 2022. A bid is also being submitted against the Rebalancing Capital Fund to enable progression to Full Business Case.

The Sub-Committee noted the following:

- The revised OBC
- The capital and revenue cost position for the development.
- The submission of the OBC to Board at its May 2022 meeting for approval and submission to Welsh Government

### **Arts in Health**

The Sub Committee were provided with a presentation on Arts in Health.

Following the presentation the Sub-Committee raised a number of points including:

- the challenges of promoting Art in Health and how the benefits are articulated.
- importance of giving consideration to the Arts in Health agenda on both community and wider schemes.
- importance of engaging with the Arts in Health team with presentation shared with all the capital schemes early in a project to raise awareness and maximise the opportunities available.

Members of the Sub-Committee noted the contents of the presentation

### **Update on Regional Capital Funds**

The Sub Committee was presented with an update on the Regional Capital Funds. Key points to note were:

- The Housing for Care Fund (HCF) has an allocation of £8m for West Wales in 22/23. The fund is across four years and the main focus of the fund is the provision of supported accommodation for people with complex needs.
- The Integrated Capital Fund is focused on rebalancing of care provision in the region. The fund is across three years and Capital allocation for specific projects is via the submission of bids to WG.
- There are a number of schemes that could be eligible for both types of funding, the key is to understand which fund is most suitable in terms of delivery, outcomes and timescales.
- It is aimed to develop a new governance structure around the funds that reflects the quantity and complexity of the investment.

The Sub-Committee noted the contents of the presentation and the accompanying key documents

### **ISO 14001 Environmental Accreditation, Annual Update**

The Sub Committee was presented with an annual update report on progress with ISO 14001 Accreditation, Environmental Management Standards.

Key points noted include:

- The standard requires the Health Board to formally sign off the environmental reviews and the objective targets.
- The last audit was carried out in November/December 2021. This was a very successful audit with no major or minor non-conformances raised.
- In terms of objectives and targets; most have been achieved or are ongoing, with only one recorded as not achieved in relation to the Liquid Petroleum Gas project at GGH.
- New objectives and targets have been set for 2022/23, these are SMART targets and plans have already been developed to progress them.

The Sub-Committee noted and approved the contents of the reports

### **Retail Units – BGH & PPH Lease Termination**

The Sub Committee were presented with a report detailing the request by Compass Group to terminate their contract at the unit at Bronglais General Hospital (BGH) and the shop at PPH.

The Sub-Committee noted the following:

- The contents of the report and the financial position on a decision to terminate the contracts with Compass.
- The future re-use opportunities at both sites.

The Sub-Committee recommended that the report is forwarded to the Director of Finance for consideration and decision. The Sub-Committee agreed that the report can be amended to reflect the discussion held in the meeting and the endorsement given to the principle of the position that has been negotiated.

### **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:**

- Risk Update Report
- Governance Update
- Capital Governance Review Action Tracker

- Operational and strategic issues:
  - DCP Update
  - Dashboard Report
  - Estates Advisory Board Funding Tracker
- Capital Planning Developments
  - A Healthier Mid and West Wales PBC Update
  - Post Project Evaluation and Lessons Learnt
  - Medical Devices Annual Update
  - Diagnostic Imaging Update

**Date of Next Meeting:**

28<sup>th</sup> July 2022