

<b>Name of Sub-Committee:</b>	<b>Capital Sub-Committee</b>
<b>Chair of Sub-Committee:</b>	<b>Chair – Lee Davies, Director of Strategy and Planning</b>
<b>Reporting Period:</b>	<b>January 2024</b>
<b>Key Decisions and Matters Considered by the Sub-Committee:</b>	

## **Capital Resource Limit and Capital Financial Management/ Discretionary Capital Programme 2023/24**

### Capital Resource Limit (CRL) 2023/24:

- The CRL for 2023/24 has been issued with the following allocations:
  - £33.448m – All Wales Capital Programme (AWCP)
  - £5.435m - Discretionary Programme (gross allocation)
  - ££0.834m – IFRS 16 allocations
  - **£39.717m - Total**
- In terms of spend progress to date, 32% of the AWCP is remaining, this is a favourable position in comparison to previous years.
- No concerns have been flagged from individual project managers in terms of the ability to deliver against the spend targets, but there is a financial risk associated with the Fire schemes.
- Two schemes have been added to the capital expenditure plan, diagnostic equipment and Emergency Department (ED) and Minor Injuries Unit (MIU) improvements.
- In terms of the Discretionary Capital Programme (DCP), the remaining spend is circa 46%.
- There is a risk in terms of Glangwili Hospital (GGH) Phase 1 exceeding the original Welsh Government (WG) funding allocation for 2024/25 financial year; WG were made aware of this in the Capital Review Meetings.

### Capital Programme 2023/24

- Based on a request from WG, a schedule of bids that are deliverable by 31 March 2024 has been submitted. Feedback is currently awaited from WG.
- Slippage has been identified in-year, this has been redistributed between Estates, Medical Equipment and Digital for schemes deliverable before year-end.

### Capital Programme 2024/25

- DCP: the planning assumption is that the Health Board will have an allocation of £7.421m to allocate. Pre-commitments range from circa £3m to circa £3.6m.
- Discussions have been held with the Capital Planning Group and two potential options for the distribution of the remaining DCP have been developed, these are for consideration by the Executive Team. The paper proposes that Option 1 is the preferred approach, which provides cover for the £2.9m of pre-commitments and £1.5m contingency. Option 1 will enable delivery of the following in 2024/25:
  - The balance of the endoscopy equipment replacement that needs to be undertaken in the next financial year.
  - Some light touch refurbishments in clinical areas.
  - Any funds becoming available through slippage, underspends or not required from Pre-Commitments be initially targeted at increasing the digital allocation.

The Capital sub-Committee approved the proposed split of allocations included in Option 1 for 2024/25 DCP and for the detailed report to be presented to the Executive Team for approval and SDODC for endorsement in February 2024 and onward ratification by Board in March 2024.

The Sub-Committee noted the following:

- The spend against the 2023/24 Capital Resource Limit.
- The additional financial risks.
- The redistribution of the £0.350m DCP allocation
- The additional allocation for Emergency Departments.
- A submission to WG has been made for end of year capital.
- The Health Board is unable to deal with all of its capital risks with the limited DCP allocation available for 2024/25.

The Sub-Committee approved the proposed split of allocations in Option 1 for 2024/25 DCP 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 Governance – Capital Highlight Reports**

Projects with an overall and/or current red RAG status were reported as follows:

- Chemotherapy Day Unit
- Aseptics
- Aberystwyth Sexual Assault and Referral Centre (SARC)
- Fire Enforcement Work, GGH
- Carmarthen Hwb

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

- Fire Enforcement Work, Withybush Hospital (WGH)
- Business Continuity (Major Infrastructure)
- Cross Hands Health and Wellbeing 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 since November 2023.

### **Capital Audit Tracker**

The Sub-Committee noted the following:

- The content of the report and the progress of the implementation of outstanding capital themed audit recommendations.
- The number of outstanding actions against recommendations along with information provided in respect of lapsed timescales which will be reported to the Audit and Risk Assurance Committee.

### **Welsh Government Dashboards Reports**

The Sub-Committee noted the following:

- The contents of the Dashboard reports.
- Any comments received from WG and the responses are now included within the Project Dashboards.

Key points noted include:

- All the Dashboards submitted to WG in December 2023 were returned on time.
- No major issues were raised by WG on the Dashboards that were submitted.

### **Estates Advisory Board Funding Tracker**

The Sub-Committee noted the update report on Funding Tracker Reports submitted to WG on Estates and Facilities Advisory Board (EFAB) projects.

Key points noted include:

- The Sub-Committee's attention was drawn to a change around the GGH Water Tank Replacement project. It has been agreed with Shared Services to move the project to the start of the next financial year so that the scale of the tanks being replaced will be aligned to the needs of the site post-laundry closure.
- Other projects are being brought forward to replace the capital funding.
- The capital spend plan is on target.

### **All Wales Capital Prioritisation**

The Sub-Committee noted the work being undertaken to develop a schedule of prioritised All Wales Capital Projects.

Key points noted include:

- All organisations have been asked to undertake a prioritisation process developed by WG.
- WG have requested completion of a set of proformas for all schemes where Full Business Case or Business Justification Cases have not been received. The date for submission of the forms has been extended to 31 March 2024.
- The Health Board has been asked to develop a proforma for each of the schemes WG need to consider, to include a rank in terms of organisational priority. The community schemes will not be included in this process as they will be subject to bids for Integration and Rebalancing Capital Funding (IRCF).
- Two internal workshops have taken place to consider the bids against the objectives and criteria issued by WG, to convert the long list into a draft prioritised list.
  - A draft ranking has been developed for 26 schemes. The first five schemes on the list are:
    - 1. The New Urgent and Planned Care Hospital and the repurposing of GGH and WGH;
    - 2. Major Infrastructure;
    - 3. Fire Compliance Phase 2 at WGH;
    - 4. Fire Compliance Phase 2 at GGH;
    - 5. Aseptics.
- Next steps included discussion of the draft list with Executive Team on 24 January 2024. A paper will also be taken to SDODC in February 2024 and shared with Board as part of the annual plan in March 2024.
- WG will evaluate all the proformas they receive against a set of six weighted criteria.

### **Regional Capital Update**

The Sub-Committee noted the progress in developing the ten-year plan and upcoming submission to Welsh Government

Key points noted include:

- The quantum of the ten-year plan is valued circa £600m across West Wales.
- The ten-year plan will be presented for approval by the Regional Strategic Capital Board (RSCB) on 8 February 2024 prior to being submitted to WG.
- WG have advised that the Health and Social Care hubs would be funded through the IRCF as opposed to central health capital budget; they are therefore not part of the Infrastructure Investment Plan (IIP) prioritisation process. It was highlighted that the scale of the IRCF fund currently available falls far short of the funds required to support the development of the hubs.

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

The Sub-Committee noted the verbal update and progress made in respect of the AHMWW Programme Business Case

Key points noted include:

- Clinical Strategy Review: The report has now been endorsed by WG and a final copy of the report is awaited from WG. It was agreed in the Capital Review Meeting (CRM) last week that a face-to-face meeting will be held with WG to review the options currently included in the draft Strategic Outline Case (SOC) and whether the SOC needs to be undated to include any other options.
- Strategic Outline Case: A discussion will also be held with WG around the work that has currently been undertaken on the SOC and the land-shortlisting. It was noted that all commissions with external consultants have now expired. If any further work is required, there will be a need to procure and fund additional support.

### **Governance Review Action Tracker**

The Sub-Committee noted the contents of the verbal update.

Key points noted include:

- All recommendations have been implemented as far as possible at this point in time. Implementation of the remaining recommendations is dependent on Programme Business Case (PBC) approval and SOC submission.

### **Infrastructure Investment Plan**

The Sub-Committee noted the Draft Infrastructure Enabling Plan 2024/2027 and the work currently being undertaken to update it.

### **Papers for Information**

The Sub-Committee noted the following papers for information:

- Capital Review Meeting - Minutes of meeting held on 9 November 2023.
- Capital Monitoring Forum – Minutes of meetings held on 14 November and 12 December 2023.
- Capital Planning Group – Minutes of meetings held on 13 November and 20 December 2023.

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

**All Wales Capital Prioritisation**

See separate paper provided to SDODC.

**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

- Annual Self-Assessment of Sub-Committee Effectiveness

Operational and strategic issues:

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

Capital Planning Developments

- A Healthier Mid and West Wales PBC Update

**Date of Next Meeting:**

Tuesday 21 May 2024 at 1pm