

Name of Sub-Committee:	Capital Sub-Committee
Chair of Sub-Committee:	Chair – Lee Davies, Director of Strategy and Planning
Reporting Period:	25 May 2023
Key Decisions and Matters Considered by the Sub-Committee:	
<p>Capital Sub-Committee Work Plan The Capital Sub-Committee Work Plan for 2023/24 was endorsed by the Sub-Committee.</p> <p>Capital Resource Limit and Capital Financial Management/ Discretionary Capital Programme 2023/24 The Sub-Committee noted the following: <u>Capital Resource Limit 2022/23:</u></p> <ul style="list-style-type: none"> • The final CRL for 2022/23 was issued with the following allocations: • £27.778m – All Wales Capital Programme • £5.290m – Discretionary Programme • £0.195m – Disposal Proceeds • £0.585m – International Financial Reporting Standards, 16 leases • £0.476m – Donated and Granted purchases • £34.324m – Total <p><u>Financial Risks</u> Withybush General Hospital (WGH) and Glangwili General Hospital (GGH) Fire Precaution Works: The most recent cost advisor report indicates that by the end of May 2023 the Health Board will have fully utilised the original funding allocation and Welsh Government (WG) held contingency.</p> <ul style="list-style-type: none"> • Following discussions with WG, a paper has been submitted requesting addition funding. The total funding request to WG is an additional £6.4m, this includes a risk provision of £1.7m. A response is anticipated by July 2023. • The Sub-Committee noted that until funding is received from WG, there will be a requirement for the Health Board's DCP to underwrite any further spend or the Health Board will be over-committing its capital programme. If WG do not approve any additional funding, then the Health Board would have to urgently explore other available options, this could include stopping works at WGH. • It was noted that the Health Board is in an enforcement position at WGH and if anything was done to slow the work down, there is a potential for prosecution as well as reputational damage. Prolongation costs would also be incurred at an estimated £0.030m to £0.040m per week. • It was noted that a further Capital Planning meeting has been arranged for 26 May 2023 to further discuss the options from the DCP perspective. The Sub Committee were advised there is also a risk that the contingency funds will run out. • It was suggested that alternative sources of funding should also be explored if appropriate, such as Estates Funding Advisory Board (EFAB). <p><u>Capital Programme 2023/24</u></p> <ul style="list-style-type: none"> • Significant pressure is already being placed on the contingency of £1.014m due to the specialist survey work which has had to be commissioned on the WGH site to further investigate the condition of the Reinforced autoclaved aerated concrete (RAAC) planks. 	

Currently there is no support centrally for these costs; this was flagged as a concern in the Capital Review Meeting on 16 May 2023. There is no guarantee of funding from WG but dialogue with WG will continue, noting the pressure this expenditure will create on the limited DCP.

- Despite increasing the contingency reserve holding for the 2023/24 year, the current commitment against the allocation in the contingency reserve only leaves £0.331m. There are potential costs and issues in the system which are not yet approved but which could consume the rest of the contingency reserve.

The Sub-Committee advised that the decision on underwriting the spend on WGH Fire Works is to be made at Executive level, but the view of the Sub-Committee members is that it would be counter-productive to stop the works currently ongoing on site. The Sub-Committee recommended supporting the works from an appropriate fund. This will be discussed in the Capital Planning Group meeting to agree the level of potential leeway in the programme in terms of flexibility around expenditure. Following the Capital Planning Group meeting, an email update will be sent to the Director of Strategy and Planning setting out the position to inform the decision making.

The Sub-Committee noted the following:

- The update on the Capital Resource Limit for 2022/23.
- The financial risks associated with the precautionary fire works schemes.
- The endorsed Discretionary Capital Programme for 2023/24.
- The lessons learnt from the 2022/23 capital cycle.
- The risk and pressures on the contingency reserve.

The Sub-Committee 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.

Capital Governance – Capital Highlight Reports

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

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

- Women & Children's Phase 2
- Fire Enforcement Work WGH

Projects with an overall amber RAG rating were reported as follows:

- Fire Enforcement Work GGH
- Business Continuity (Major Infrastructure)
- Chemotherapy Day Unit
- Sexual Assault Referral Centre
- Carmarthen Hwb

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 2022/23 Month 12 Dashboard Reports submitted to WG in April 2023, covering projects to the end of March 2023.

Fire Schemes Update

The Sub-Committee noted the following:

- The content of the report and the work achieved to strengthen Fire Safety Compliance.
- The challenging financial position on these fire projects which are being reported separately to this Sub-Committee.

A Healthier Mid & West Wales – Programme Business Case (PBC) Update

The Sub-Committee noted the following:

- The update on the Clinical Strategy Review.
- The progress made on the development of the Strategic Outline Case (SOC).
- The progress made in relation to the public consultation relating to identifying a site for the new Urgent and Planned Care Hospital.

Key points noted include:

- To align with the governance of other major schemes across NHS Wales, WG is commissioning an independent Clinical Strategy Review. The commissioning of the review is currently causing delays; an indication of the anticipated timescales has been requested from WG. The target date was August 2023 but this is potentially being postponed until September 2023.
- A resource schedule has been submitted to WG in terms of the costs associated with developing the SOC. Formal sign-off is awaited.

Governance Review Update

The Sub-Committee received assurance from the report and the actions taken to implement the advisory review recommendations.

ISO 14001 Environmental Accreditation, Annual Update

The Sub-Committee noted and endorsed the Environmental Management Review for 2022/23 and Objectives and Targets for 2023/24.

Re: Fit 4 Framework – Energy Performance Contract Update

The Sub-Committee noted the following:

- The progress made on this project and the intention to proceed with invitation to tender (ITT) launch subject to all commercial and legal reviews having been completed.
- The requirements for scheme capital investment and the funding avenues being explored.
- The risks identified at this stage of the programme to a successful delivery of the project.

Following the discussion around the current constraints on the DCP the additional funding could not be approved at this point in the year.

Regional Plans Update

The Sub-Committee noted the presentation giving an update on the Regional Capital Programme.

Key points noted include:

- The Regional Partnership Board has approved the submission of bids for business case development costs for Fishguard and for development of the Business Justification Case (BJC) for Carmarthen Hwb.

Papers for Information

The Sub-Committee noted the following papers for information:

- Capital Review Meeting - Minutes of meeting held on 24 January 2023.
- Capital Monitoring Forum – Minutes of meetings held on 14 March and 9 May 2023.
- Capital Planning Group – Minutes of meetings held on 13 January and 24 February 2023.
- RAAC Report
- Aseptics Scrutiny Grid
- Pentre Awel Report
- Carmarthen Hwb Scrutiny Grid
- Capital Sub-Committee Updated Terms of Reference –Members noted that the Terms of Reference were updated at the request of SDODC in April 2023 to include receiving timely post-project evaluations and project closure reports.

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:

- Governance update
- Operational and strategic issues:
 - DCP & CRL 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 Annual Update

Date of Next Meeting:

20 July 2023