

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	26 October 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Capital Programme, 2023/24 and Capital Governance Update Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies Director of Strategy and Planning / Cyfarwyddwr Gweithredol Strategaeth a Chynllunio
SWYDDOG ADRODD: REPORTING OFFICER:	Eldeg Rosser, Head of Capital Planning

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Er Gwybodaeth/For Information

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

This report is presented to the Strategic Development and Operational Delivery Committee (SDODC) detailing:

- The allocation and current expenditure against the Discretionary Capital Programme (DCP) for 2023/24.
- An update on the Capital Resource Limit (CRL) for 2023/24 and corporate risk 1707.
- The reinstatement of schemes and the use of the contingency reserve.
- The capital schemes governance update.

Cefndir / Background

This report provides an update on the 2023/24 Discretionary Capital Programme. It follows on from the report and discussion at the SDODC meeting held on 31 August 2023 and the Capital Sub-Committee (CSC) meeting held on 22 September 2023.

The available capital allocation for 2023/224 will provide Hywel Dda University Health Board (HDdUHB) with a significant challenge and risk in trying to address the historical backlog in:

- Medical and non-medical equipment
- Informatics and Digital infrastructure and equipment
- Estates, statutory and infrastructure.

Risk

The corporate risk 1196 states:

'There is a risk the Health Board is not able to provide safe, sustainable, accessible and kind services. This is caused by insufficient investment to ensure appropriate facilities, medical equipment and digital infrastructure of an appropriate standard. This could lead to an impact/effect on the Health Board's ability to deliver its strategic objectives, service improvement/ development, statutory compliance (ie, fire, health and safety) and delivery of day-to-day patient care.'

Discretionary Allocation Use

The terms of the Discretionary Capital Allocation letter from Welsh Government (WG) state:

Discretionary capital is that allocated directly to NHS organisations for the following priority obligations across all healthcare settings: Meeting statutory obligations, such as health and safety and Firecode; maintaining the fabric of the estate; and the timely replacement of equipment.

The prioritisation process for DCP includes representation from Executive portfolios at the Capital Planning Group (CPG) which reports to the CSC, and the position set out is consistent with that reported to the Sustainable Resources Committee (SRC).

Asesiad / Assessment

Risk of overspend against the CRL

Significant risks to the Health Board with achieving its CRL were highlighted in the last report due to forecast significant overspend on the Wthybush Hospital (WH) Fire Enforcement Phase 1 scheme and the significant level of expenditure related to Reinforced Autoclaved Aerated Concrete (RAAC) funded from the DCP.

These risks have been mitigated by confirmation of All Wales Capital Programme (AWCP) funding for the WH Fire Enforcement Phase 1 overspend and for RAAC expenditure. An additional £6.4m has been approved to cover expenditure in year above the original allocation for WH Fire Enforcement Phase 1, and £12.8m has been approved for RAAC expenditure over the next two years.

The risk of overspend previously reported for the WH Decant Ward project and WH Fire Enforcement Phase 2 Business Case project remain, but due to their magnitude (£0.35m and £0.25m respectively), it is anticipated that these can be mitigated via the DCP without overspending against the CRL.

Capital Resource Limit 2023/24

The CRL for 2023/24 has been issued with the following allocations:

Allocation	£m
All Wales Capital Programme (AWCP)	30.254
Discretionary Programme (gross allocation)	5.435
IFRS 16 Leases	0.834
Total	36.523

Capital Expenditure Plan

The table below reflects the current expenditure plan as reported to WG. Since funding for the WH Fire Enforcement Phase 1 is being granted monthly in arrears, reported planned spend for the project is capped at invoiced position to the end of September.

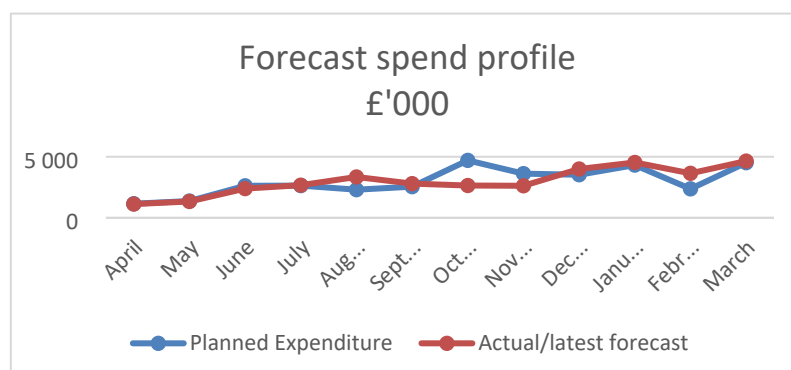
It should be noted that the planned spend reflects any DCP contributions towards AWCP schemes and the payback required between the DCP and AWCP in 2023/24:

Scheme	Planned Spend 2023/24 £m	Cumulative Spend Apr - Sept £m	Spend Sept £m	Remaining balance £m
AWCP				
WH - Fire Enforcement Phase 1	2.654	2.654	(0.005)	0.000
WH - Fire Decant	6.999	4.165	0.826	2.834
WH - Fire Enforcement Phase 2 Fees	0.383	0.283	0.114	0.100

GH - Fire Enforcement Phase 1	6.049	2.555	0.584	3.494
GH - Fire Enforcement works - Phase 2 - Fees	0.496	0.184	(0.055)	0.312
Cross Hands Health and Wellbeing Centre	1.106	0.743	0.155	0.363
Sanctuary Provision for Children and Young People	0.309	0.256	0.157	0.053
Estates Funding Advisory Board (EFAB) - Infrastructure	2.316	0.208	0.117	2.108
EFAB - Fire	0.943	0.186	0.109	0.757
EFAB - Decarbonisation	0.828	0.625	0.031	0.203
National Programme – Decarbonisation	0.076	0.063	0.000	0.013
Women and Children’s Phase 2	1.328	0.503	0.158	0.825
Withybush - RAAC Fees and Works	7.693	0.595	0.450	7.098
Sub-total AWCP	31.181	13.021	2.641	18.160
Discretionary				
IT	0.753	0.146	0.034	0.607
Equipment	1.382	0.050	0.005	1.332
Estates – Statutory	0.450	0.129	0.052	0.321
Estates Infrastructure	1.421	0.139	0.100	1.282
Other	0.502	0.185	0.033	0.317
Sub-total Discretionary	4.508	0.649	0.224	3.859
IFRS 16 Leases	0.834	0.386	0.386	0.448
TOTAL	36.523	14.056	3.252	22.467

Expenditure Profile Forecast

The below chart illustrates the forecast spend profile for the year. Actual expenditure will be monitored and reported against this profile in future months.



Expenditure was higher than forecast in August due to expenditure on the Fire Prevention schemes. Forecasting for these schemes has been challenging owing to a lack of information on cashflow from the supply chain partner.

Where information has been provided by project managers and other advisers on cashflow this is incorporated into the above chart, otherwise the forecast is based on the prior year cashflow. The forecast will be updated as further information is received.

Confirmation of CRL by end of October

HDdUHB are required to confirm end of year capital scheme forecasts by the end of October to WG. The CRL is then fixed for the financial year. Any changes to the CRL would only occur due to new approved funding allocations.

The risk of over / under spending against the CRL materialises at this point.

There are no specific risks highlighted at this stage. This will be monitored closely over the remaining months of the financial year.

Capital Programme 2023/24

All Wales Capital Programme (AWCP)

HDdUHB's current All Wales Capital Allocations for 2023/24 are detailed in the table above 2023/24.

Discretionary Capital Allocation (DCP)

On 30 March 2023 the Board approved the Discretionary Capital Programme for 2023/24:

Schemes	Allocation £m	Allocation £m
Pre-commitments		2.323
Bronglais Hospital (BH) Chemotherapy Day Unit	0.346	
GH Women and Children	0.553	
Pharmacy Cytotoxic Isolators – (repayable from Aseptic scheme if approved)	0.098	
Primary Care Works	0.100	
30% EFAB Contribution	1.226	
Ring-fenced allocations		2.114
Breakdown and contingency	1.014	
Development of business cases	0.400	
Capital support	0.200	
Dealing with issues in residential accommodation	0.200	
Dealing with issues arising from HIW/Credits for Cleaning audits	0.300	
Specific Allocations		
Equipment Replacement		1.298
Replacement Anaesthetic Machines	0.409	
Replacement morcellator & control box	0.049	
Antenatal CTG	0.040	
Endoscopy equipment replacement	0.800	
IT & Digital		0.754
Network Refresh WH	0.226	
Paging Replacement GH/Prince Philip Hospital (PPH)	0.278	
General Replacement Programme	0.250	
Estates		0.450
Firecode and Safety Compliance	0.020	
Legionella Compliance	0.100	
Asbestos Compliance	0.080	
ISO14001	0.010	
Lift Compliance	0.040	
Medical Gas Compliance	0.040	

Fixed and PAT Testing Compliance	0.085	
Ductwork Cleaning and Damper Compliance	0.050	
F-Gas Compliance	0.020	
Radon Compliance	0.005	
TOTAL DCP	6.939	6.939

As previously reported there has since April been significant pressure on the contingency reserve and a need to underwrite the expenditure on WH Fire Precaution Works and the RAAC survey and remedial works at WH. As previously reported a range of mitigating actions were taken to deal with the risk of HDdUHB breaching it's CRL.

Since the last meeting as has already been confirmed WG have provided funding for WH Fire Precaution Works and the RAAC survey and remedial works at WH. This has enabled the Health Board to review the mitigating actions it had taken and following the Capital Planning Group meeting on 12 September 2023 the proposal is to:

- reinstatement the following in 2023/24:

Schemes	Allocation £m
Dealing with issues in residential accommodation	0.200
Dealing with issues arising from Healthcare Inspectorate Wales (HIW/) Credits for Cleaning audits	0.250
Placing of additional works orders against the EFAB allocation in line with current project timelines	1.226
Total	1.676

- reinstatement the following into 2023/24 and 2024/25:

Schemes	Allocation 23/24 £m	Allocation 24/25 £m
Move the BH CDU precommitment into 2024/25		0.346
Recoverable VAT	0.500	
GH/PPH Paging replacement	0.253	
Delay the replacement morcellator until 2024/25		0.049
Business case developments including community schemes	0.200	
Total	0.953	0.395

Some of the decisions already taken mean that there are the following pre-commitments against our 2024/25 DCP:

	Pre-Commitments 2024/25 £m
EFAB 2024/25	1.218
BH CDU	0.346
Replacement morcellator	0.049
GGH MRI Chiller	0.210
Welsh Intensive Care System	0.117

Total	1.940
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The proposal to reinstate some schemes, delay the expenditure on others until 2024/25 and the commitment of expenditure against the following schemes will leave a balance of £0.217m in the contingency reserve.

Item	Allocation £m
Pressurisation Unit in Bryngofal	0.060
Plate Heat Exchanger	0.081
Hafan Derwen Burners	0.053
DSU Remedial Works BGH	0.046
Additional CCTV networking Costs	0.050
Costs associated with moving from Llanion House	0.040
Additional IT replacement	0.100
Fees to progress SARC/Aseptics BJC	0.100
Additional costs associated with BGH scaffolding	0.065
Additional cost associated with Decant Ward WGH	0.300
WGH Fire Enforcement Phase 2 Business Case	0.250
Replacement rhino laryngoscope ENT GGH	0.009
DSU trolley PPH	0.010
Microfiber Dryers	0.021
Air Conditioning Nuclear Medicine Department WGH	0.015
Tŷ Cadell roof	0.032
Total	1.734
Balance	0.217

Over the last few months, the HDdUHB equipment replacement priorities have also been reviewed and the items now to be procured during 2023/24 are as follows:

Item
10 * Replacement Anaesthetic Machines WH
Vapour Anaesthetic Tester and Gas flow Analyser WH
Maternity Ultrasound GH
ECT Machine Hafan Derwen
Urodynamic Analysis Machine GH
Antenatal CTG GH
Naso Endoscopes PPH
EMG Machine
Pascal Laser Ophthalmology GH
Endoscopy equipment replacement WH

The corporate risk 1707 which was developed to capture the risk that the Health Board may breach its CRL in 2023/24 due to the pressure on the DCP has been updated and the current risk score associated with this is now at the target score of 8. This will now be de-escalated to a Directorate risk.

Capital Governance – Project Updates

At the September 2023 meeting of the Capital Sub-Committee, updates were considered from all HDdUHB's capital projects. The following projects are complete:

- Bro Myrddin

- Women and Children Phase II

The following are in progress/construction:

- Fire Enforcement Work Phase 1, WH
- Fire Enforcement Work Phase 1, GH


The following projects are currently in the design and development stage:


- Cross Hands Health Centre
- Carmarthen Hwb – Partnership Project led by Carmarthenshire County Council (CCC), levelling up funding approved by UK Government on 27 October 2021
- Regional Cellular Pathology and Immunology Services
- Chemotherapy Day Unit, BH
- Aseptic Services, WH
- Sexual Assault and Referral Centre, Aberystwyth

Several projects are now progressing into scoping stages and will require resourcing from a Capital Planning, Estates and Digital perspective:


- Aberystwyth Integrated Care Centre
- Aberystwyth Integrated Education and Research Centre
- Fishguard Integrated Health and Wellbeing Centre
- Fire Improvements BH
- Llandovery Health and Wellbeing Centre
- Cylch Caron

Projects with a red RAG status reported to the CSC were as follows:

Project	Overall RAG	Matters for Sub Committee attention
	Current RAG	
Women & Childrens Phase 2	Trend	There remain a few areas of risk where administrative work requires completion before practical completion certification can be issued, however it is pleasing to note that all clinical areas have now been taken over.
		

Project	Overall RAG	Matters for Sub Committee attention
	Current RAG	
Fire Enforcement Work, Glangwili Hospital	Trend	The GH scheme continues to provide challenges associated with delivering a scheme in a live operational hospital which is leading to programme extension due to additional scope of works as areas are opened up. This is causing financial pressure on the scheme outturn costs due to costs of additional works and additional preliminary costs resulting from increasing programme durations. Mid and West Wales Fire and Rescue Service (MWWFRS) remain supportive of the Health Board scheme as do WG although more work to be done to establish the estimated outturn cost to appraise WG of likely additional funding requirements. Project Managers have advised a further programme has been agreed to deliver the phase 1 works with programme extending to May 2024.
		

Project led by other organisations

Project	Overall RAG	Matters for Sub Committee attention
Carmarthen Hwb	<p>Current RAG</p> <p>Trend</p> 	<p>The existing PCSA Programme is currently out of date and approximately 25 weeks behind schedule. Due to a considerable increase in project costs, to include redesign fees, additional funding is being sourced from WG Integration and Rebalancing Capital Fund (IRCF). Again the submission of the Business Justification Case (BJC) has been delayed due to demise changes, redesigning of the areas, stage 4 packs to be redeveloped, procurement tender packs to be revisited to gain cost certainty all prior before submission. Until these works are completed, agreed and additional monies are secured, it is expected that a 'start on site' date is scheduled for early 2024. HDdUHB is currently reviewing the revenue costs received from Carmarthenshire County Council (CCC).</p>

Key updates on other Projects

Cross Hands OBC

Stage 4 design works have been completed with work packages issued for market testing. The updated Decarbonisation Report has been issued, planning reserved matters application has been prepared and the non-works elements have been reviewed. Discussions held with Primary Care needs to explore scope for inclusion of dental services. Draft Heads of Terms issued to partner organisations for development. The current timeline for the Full Business Case completion is January 2024.

Sexual Assault Referral Centre (SARC), Aberystwyth

Work will be commencing on the detailed design associated with this project so that tendered costs to deliver the scheme can be obtained.

Aseptic Services, WH

The scheme will provide the interim service solution pending the implementation of the national Transforming Access to Medicines (TRAMS) programme. The BJC has been submitted to WG to consider the scheme in principle and scrutiny comments have been received. HDdUHB has submitted its responses to the scrutiny comments to WG. Detailed design on the scheme will commence when the survey works on RAAC in WH is completed.

Fishguard Health and Wellbeing Centre

Demand and Capacity Data is being collated with regular liaison with appointed business case writers who have been appointed to work with HDdUHB on to develop a Strategic Outline Case/Outline Business Case. HDdUHB are currently responding to comments received from WG around the request for fees.

Aberystwyth Integrated Care Centre

Business case writers have been appointed to work with HDdUHB to develop a Strategic Outline Case /Outline Business Case.

Llandovery

Business case writers have been appointed to work with HDdUHB to develop a Strategic Outline Case /Outline Business Case.

Projects led by other organisations:

Carmarthen Hwb

Due to a considerable increase in project costs, to include redesign fees, additional funding is being sourced from WG IRCF. Again the submission of the BJC has been delayed due to demise changes, redesigning of the areas, stage 4 packs to be redeveloped, procurement tender packs to be revisited to gain cost certainty all prior before submission. Until these works are completed, agreed and additional monies are secured, it is expected that a 'start on site' date is scheduled for early 2024. The HDdUHB is currently reviewing the revenue costs received from CCC.

Pentre Awel

Zone 1 build is progressing in line with the construction programme. Media event held onsite 3 August 2023 to mark the start of the structural steel frame installation and showcase local procurement. Six work packages advertised on Sell2Wales in July-August 2023. Refreshed Pentre Awel website

(<https://www.carmarthenshire.gov.wales/home/business/development-and-investment/pentre-awel/>) now in place with dedicated sections on current and future phases, business engagement, schools and community activities, Welsh language and sustainability. CCC has worked with local media firm 'Sgript' to develop a Welsh language promotional video for Pentre Awel targeting the supply chain working on the project (ie benefits of using Welsh). Two Shared Prosperity Fund (SPF) bids affiliated with Pentre Awel have been approved: (1) Accelerate Pentre Awel, led by Swansea University; (2) Business & Innovation, delivered in partnership with Cardiff University.

Regional Pathology

Management Model Options Paper is being presented at Public Board on 30 November 2023. A Procurement Strategy is in development along with a phased implementation plan to harmonize supplier contracts into regional footprint. The development of the risk identification and mitigation plan along with a benefit identification and realization plan across Pathology disciplines is being worked on to deliver the service transformation element of the project.

Cylch Caron

Work is currently being undertaken by the Project Group and Ceredigion County Council Legal Team to review the documentation required to enable the issue of tender documentation for the project. It is currently anticipated that tenders will be issued to determine the market interest for design, build and/or management of this scheme in the autumn of 2023.

Argymhelliad / Recommendation

The Strategic Development and Operational Delivery Committee is asked to:

- **NOTE** the allocation and spend of the Discretionary Capital Programme for 2023/24.
- **NOTE** the reinstatement of schemes detailed in the assessment section of the report and the use of the contingency reserve.
- **NOTE** the amendment to the current risk score associated with risk 1707 and that this will now be de-escalated to a Directorate risk.
- **NOTE** the capital schemes governance update.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:

Cyfeirnod Cylch Gorchwyl y Pwyllgor:

3.11 Consider proposals from the Capital Sub Committee on the allocation of capital and agree recommendations to the Board.

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Corporate Risk 1196 - not be able to provide safe, sustainable, accessible and kind services. This is caused by insufficient investment to ensure we have appropriate facilities, medical equipment and digital infrastructure of an appropriate standard. Score 16
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	1. Safe
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	5. Whole systems perspective
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	5a Estates Strategies
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	8. Transform our communities through collaboration with people, communities and partners

Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	Included within the report
Rhestr Termiau: Glossary of Terms:	Not Applicable
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Datblygu Strategol a Chyflenwi Gweithredol: Parties / Committees consulted prior to Strategic Development and Operational Delivery Committee:	CSC Sustainable Resources Committee Capital Planning Group

Effaith: (rhaid cwblhau) Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	Capital values noted within the report. Included within individual business cases and Capital prioritisation process.
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Ansawdd / Gofal Claf: Quality / Patient Care:	Included within individual business cases and capital prioritisation process.
Gweithlu: Workforce:	Included within individual business cases and capital prioritisation process.
Risg: Risk:	Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB also included within individual business cases and capital prioritisation process.
Cyfreithiol: Legal:	Included within individual business cases and capital prioritisation process.
Enw Da: Reputational:	Included within individual business cases and capital prioritisation process.
Gyfrinachedd: Privacy:	Included within individual business cases and capital prioritisation process.
Cydraddoldeb: Equality:	Equality assessments are included within individual business cases and capital prioritisation process when required.