

Name of Sub-Committee:	Capital Sub-Committee
Chair of Sub-Committee:	Chair – Lee Davies, Director of Strategic Development and Operational Planning
Reporting Period:	July, 2023
Key Decisions and Matters Considered by the Sub-Committee:	
<p>Capital Resource Limit and Capital Financial Management/ Discretionary Capital Programme 2023/24</p> <p>Capital Resource Limit 2022/23:</p> <ul style="list-style-type: none"> The report to Capital Sub-Committee (CSC) highlighted a significant risk of overspend against the Capital Resource Limit (CRL) for 2023/24. Following the Capital Review meeting (CRM) on 21 July, however, Welsh Government (WG) have indicated they will support the funding request for Withybush Hospital (WH) Phase 1. WG have also requested further information in terms of costs for the Reinforced Autoclave Aerated Concrete (RAAC) work at WH, with a view to providing funding support. This will largely mitigate the risk but Ministerial approval for the funding is awaited. The CRL for 2023/24 has been issued with the following allocations: <ul style="list-style-type: none"> £20.018m – All Wales Capital Programme £5.435m – Discretionary Programme £25.453m – Total <p>Capital Programme 2023/24</p> <ul style="list-style-type: none"> Following the last Capital Sub-Committee meeting, it was agreed that the Capital Planning Group (CPG) would discuss mitigation of the risks being carried at that point for the spend on the fire schemes, as well as topping up the contingency reserve to progress with the RAAC surveys and consequential remedial works. A fortnightly review is being undertaken of the contingency bids being received. It has currently been proposed to progress with bids totalling £0.065m. It was noted that any further orders for Estates Funding Advisory Board (EFAB) funding was suspended until the end of July 2023. There will be a review of the scheduling of the projects on hold to inform the decision making process in terms of which schemes to progress when confirmation of funding has been received from WG. This piece of work will also need to be carried out from a digital and equipment perspective. An Accountable Officer letter has been prepared for submission to WG to highlight the capital risks currently being carried by the Health Board. The letter has been incorporated into a wider Accountable Officer letter from the CEO to include both the revenue and capital position. <p>The Sub-Committee noted the following:</p> <ul style="list-style-type: none"> The risk of overspend against the CRL for 2023/24 The spend against the 2023/24 CRL The additional capital risks and pressure on the contingency reserve The work done to review the programme of expenditure for the 2023/24 DCP to address the financial risks The preparation of the Accountable Officer letter and the new risk added to the Corporate Risk Register to reflect the significant risk of overspend against the CRL in 2023/24 	

Capital Governance – Capital Highlight Reports

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

- Women & Children's Phase 2
- Fire Enforcement Work (WH)
- Fire Enforcement Work Glangwili Hospital (GH)

Key points to note include:

- **Women & Children's Phase 2**
Areas of risk remain where ongoing discussions with the contractor are being progressed to resolve issues relating to the lift, floor finishes and hand over documentation.
- **Fire Enforcement Work, WH**
The revised completion date is now agreed as the end of September 2023. The financial position remains challenging. It was noted that progress is being made on WH Phase 2 scope and following discussion with Mid and West Wales Fire and Rescue Service (MWWFRS), it is anticipated an agreement will be reached within the next month.
- **Fire Enforcement Work, GH**
The scheme continues to provide challenges associated with delivering the scheme in a live hospital environment, which is leading to programme extension due to additional scope of works as areas are opened up. This is also causing financial pressure on the scheme's outturn costs. MWWFRS and WG remain supportive, and more work will be done to establish the estimated outturn costs to appraise WG of likely additional funding requirements.

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

- Business Continuity (Major Infrastructure)
- Aseptics
- Carmarthen Hwb
- Pentre Awel

Key points to note include:

- **Business Continuity (Major Infrastructure)**
The exercise to respond to Shared Services Partnership scrutiny responses has been completed and following internal review/sign-off will be submitted formally to WG. Subject to WG confirmation of funding, the next stage is Business Justification Case (BJC) process for each identified scheme.
- **Aseptics**
The project timeline has slipped during WG scrutiny of the BJC, which is likely to impact on funding approval and construction timeline.
- **Carmarthen Hwb**
Due to considerable increase in project costs, additional funding is being sourced from WG Integration and Rebalancing Capital Fund (IRCF). If additional funding is not approved a scaled down project will require agreement. The Health Board is currently reviewing the revenue costs received from Carmarthenshire County Council. Start date on site is scheduled for October 2023.
- **Pentre Awel**
There is an urgent need to finalise and sign-off the Stage 4 designs of Hywel Dda's Health and Research premises within Building D. An internal workstream group is to be convened in July and the matter is time critical. An IRCF bid is critical to fitting out HDdUHB's sections at

Pentre Awel, which will need to align with the construction programme. The Health Board is currently reviewing the recently received revenue costs.

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

Welsh Government Dashboards Reports

The Sub-Committee noted the 2023/24 Month 2 Dashboard Reports submitted to WG in June 2023, covering projects to the end of May 2023.

Key points noted include:

- All Dashboards were submitted to WG on time in June 2023. No feedback has been received from WG to date.
- The next Dashboards are due to be submitted in August 2023.

Estates Advisory Board Funding Tracker

The Sub-Committee noted the content of the Tracker Report submitted to WG on EFAB projects.

Key points noted include:

- The report shows the split of funding, with WG providing 70% and the Discretionary Capital Programme (DCP) providing 30%. Amendments to expenditure on projects have been included on the Tracker, as agreed with WG.
- All projects are currently RAG rated green (low risk) and are currently on programme.

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

An update was presented to the Sub-Committee on progress made in respect of the A Healthier Mid and West Wales (AHMWW) Programme Business Case.

The Sub-Committee noted the following:

- The update on the Clinical Strategy Review - Planning for the review of the Clinical Strategy is ongoing. It is anticipated that the report will be received from Nuffield at the end of August 2023.
- The progress made on the development of the SOC.
- The continuing technical work and commercial discussions in support of the land selection process.
- The public consultation has closed, and the preparation of conscientious consideration is taking place.
- The update on the Community Schemes.
- That an invitation is expected from WG to attend the Infrastructure and Investment Board in September 2023 to discuss the implications if WG were not able to support the full capital requirement for the new hospital, WH and GH.

Regional Plans Update

The Sub-Committee received an update on the West Wales 10-Year Strategic Capital Plan (Strategy).

Key points noted include:

- The Sub-Committee's attention was drawn to Appendix 1 (the Regional Accord) and Appendix 7 (the prioritisation process); these were developed through the process of developing the strategy.
- It is proposed to review the strategy annually. An Annual Delivery Plan is also being developed.

The Sub-Committee noted the progress and the upcoming submission to WG and the need to understand and align with its requirements including Appendix 1 (the Regional Accord) and Appendix 7 (the prioritisation process) when developing future capital proposals.

Backlog Maintenance Update

The annual Estate Backlog Update 2022/23 was presented to the Sub-Committee for information.

Key points noted include:

- The current Estate Backlog for the Health Board is circa £124.5m; this represents a significant increase in the overall backlog reported in 2021/22 at circa £105m.
- Key changes include:
 - An updated position on fire compliance works for Phase 1 and an initial assessment of Phase 2 fire safety works at WH and GH
 - RAAC backlog has been identified as high-risk backlog, reflecting those areas surveyed and requiring mitigation measures. The current backlog position is limited to known costs. The position will be monitored and updated as surveys and design solutions are progressed to provide an overarching outturn cost.
 - Lift compliance and infrastructure works across the four acute and community sites at circa £2m. This position reflects the output of risk assessment and compliance reports from the manufacturer.
- The 2022/23 allocation of circa £0.45m focuses on the highest statutory risks. EFAB funding is targeted at infrastructure, fire compliance and decarbonisation projects across a two-year programme.
- Work is continuing on the Major Infrastructure Programme Business Case to secure the circa £130m investment to address risk and backlog at scale. As required by WG, this will initially focus on delivering the re-prioritised work packages at circa £47m over an agreed 2-5 year period.

The Sub-Committee noted the following:

- The content of the report
- The impact of the increases for Fire Safety, RAAC and Lift backlog to the overall position
- The need to progress with the Major Infrastructure programme to address the backlog at scale.

Papers for Information

The Sub-Committee noted the following papers for information:

- Capital Review Meeting - Minutes of meeting held on 16th May 2023
- Capital Monitoring Forum – Minutes of meetings held on 13th June 2023
- Capital Planning Group – Minutes of meetings held on 12th May 2023
- SARC BJC

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:
<ul style="list-style-type: none"> • Governance update • Audit Recommendations Update Report • Risk Report – Digital • AHMWW Governance Review Action Tracker • Operational and strategic issues: <ul style="list-style-type: none"> ○ DCP & CRL Update ○ Dashboard Report ○ Estates Advisory Board Funding Tracker ○ Fire Schemes Status Update • Capital Planning Developments <ul style="list-style-type: none"> ○ A Healthier Mid and West Wales PBC Update ○ Post Project Evaluation and Lessons Learnt ○ Medical Devices Annual Update ○ Diagnostic Imaging Annual Update ○ Arts in Health Update
Date of Next Meeting:
Friday 22 September 2023 at 1.30pm