

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	31 August 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Capital Programme, 2023/24 and Capital Governance Update Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies – Executive Director of Strategy and Planning / Cyfarwyddwr Gweithredol Strategaeth a
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 significant risk of overspending against the Capital Resource Limit (CRL) for 2023/24 and the new corporate risk which has been placed on the corporate risk register.
- The allocation and current expenditure against the Discretionary Capital Programme (DCP) for 2023/24.
- The continued pressures being placed on the contingency reserve.
- The capital schemes governance update.

Cefndir / Background

This report provides an unaudited outturn position on the 2022/23 Capital Programme, and an update on the 2023/24 Discretionary Capital Programme. It follows on from the report and discussion at the SDODC meeting held on 22 June 2023 and the Capital Sub-Committee (CSC) meeting held on 24 July 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 (i.e fire, health and safety) and delivery of day-to-day patient care.

Discretionary Allocation Use

The terms of the Discretionary Capital Allocation letter from WG states:

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

There is a risk that HDdUHB will overspend against its CRL without additional WG capital funding towards the cost of the Withybush Hospital (WH) Phase 1 Fire Compliance works and funding to cover the Reinforced Autoclave Aerated Concrete (RAAC) remedial works at WH.

Capital Resource Limit 2023/24

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

Allocation	£m
All Wales Capital Programme (AWCP)	20.683
Discretionary Programme (gross allocation)	5.435
Total	26.118

Capital Expenditure Plan

The table below reflects the current expenditure plan as reported to WG and currently assumes a balanced CRL.

Scheme	Planned Spend 2023/24 £m	Cumulative Spend Apr - Jul £m	Spend Jul £m	Remaining balance £m
AWCP				
WH - Fire Enforcement Phase 1	2.135	2.002	0.713	0.133
WH - Fire Decant	6.999	1.971	0.645	5.028
WH - Fire Enforcement Phase 2 Fees	0.383	0.126	0.000	0.257
Glangwili Hospital (GH) - Fire Enforcement Phase 1	6.049	1.578	0.764	4.471
GH - Fire Enforcement works - Phase 2 - Fees	0.496	0.226	0.018	0.270
Cross Hands Health and Wellbeing Centre	1.106	0.518	0.164	0.588
Sanctuary Provision for Children and Young People	0.309	0.101	0.024	0.208
Estates Funding Advisory Board (EFAB) - Infrastructure	1.242	0.041	0.018	1.201
EFAB - Fire	0.445	0.064	0.064	0.381
EFAB - Decarbonisation	0.850	0.150	0.00	0.700
National Programme – Decarbonisation	0.076	0.063	0.000	0.013
Women and Children's Phase 2	1.328	0.185	0.037	1.143

Sub-total AWCP	21.418	7.025	2.447	14.393
Discretionary				
IT	0.501	0.112	0.034	0.389
Equipment	1.381	0.005	0.005	1.376
Estates – Statutory	0.450	0.070	0.052	0.380
Estates Infrastructure	0.357	0.103	0.036	0.254
RAAC (via re-prioritised DCP)	1.656	0.085	0.064	1.571
Other	0.355	0.127	0.033	0.228
Sub-total Discretionary	4.699	0.502	0.224	4.198
TOTAL	26.118	7.527	2.671	18.591

Capital schemes at risk of overspending in 2023/24

WH Fire Precaution Works

Original estimates were that expenditure will exceed available funding by between £6.000m and £7.000m and a formal request was made to Welsh Government (WG) for £6.4m of additional funding.

WG have reported that they are supportive of the additional funding request and this risk will be mitigated if we receive the additional funding.

WH RAAC

Total costs identified to date, funded from the Discretionary Capital Programme (DCP) are £1.656m, just under 30% of the DCP. The above spend has been met from the contingency budget and through the re-prioritisation of some of the 2023/24 DCP capital schemes into 2024/25. Currently no WG funding has been made available for these costs. WG have requested an estimate of the cost of RAAC works in 2023/24 and it is possible that they will provide additional funding.

WH Decant Ward

The current scheme forecast shows an overspend of circa £0.4m over the funding allocation. HDdUHB have requested a reduction in outturn cost from the Supply Chain Partner via value engineering. This position will continue to be monitored and mitigating actions taken where possible to reduce spend.

WH Phase 2 Fire Precaution Works Fees

There is likely to be a shortfall of approximately £0.250m in the business case development fees currently received from WG. This is due to the additional work which has been required to redefine and cost the scope of works. A request will be made to WG for reimbursement of these fees when the WH Phase 2 Business Justification Case is submitted.

Capital Programme 2023/24

All Wales Capital Programme (AWCP)

Hywel Dda University Health Board current All Wales Capital Allocations for 2023/24 is 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.

Indications from WG are that they will fund the cost of the Phase 1 Fire schemes in WH which has enabled HDdUHB to allow the following EFAB schemes to progress to order stage, works on the BH lift and works on secondary generator connection on all acute sites.

Since the last update to the Committee, all bids against HDdUHB's Contingency reserve have been reviewed by a Subgroup of the Capital Planning Group. The bids have been considered every two weeks and a recommendation on which bids to progress made to the Executive Director of Strategy and Planning.

The contingency has been utilised for the following items to date:

Item	Allocation £m
RAAC Costs	
RAAC Survey	0.450
Preparation of decant area in South Pembrokeshire Hospital	0.090
Remedial works pot wash area	0.078
Primary and community care survey	0.050
Ward 9 remedial costs	0.428
Ward 12 remedial costs	0.560
Sub-total RAAC costs	1.656
Dishwasher BH	0.006
Dishwasher PPH	0.007
Examination couch	0.008
Lighting and path from Gwili railway carpark	0.050
Catering trolley Llandovery	0.006
Filter for Air Handling Unit WH	0.017
Structural repairs in ducts GH	0.016
Lecture theatre repairs	0.020
Lift Block BH	0.004
Air conditioning in Audiology	0.006
MRI Chiller	0.030
Head/Neck MR Coil	0.010
Stella Bath HSDU	0.010
Endoscopy Washer Compressor WH	0.009
Air Handling Unit Repairs	0.022
Tregaron Mortuary works	0.050
Hotwell Boiler GH	0.060
Medical Air Compressor	0.015
Networking costs CCTV	0.100
PACU works	0.025
Total	2.127
Balance	0.019

There currently only remains £0.019m in this reserve. Any further bids against this reserve will have to be mitigated by stopping expenditure on other schemes/projects unless additional funding is received for the RAAC works. In the last Capital Review Meeting the Health Board were asked by WG to assess the cost that will be incurred in 2023/24 to address the RAAC issues in WH. It is hoped that this will be available to share with them by late August 2023.

As a consequence of the funding risks a new risk has been included on the Corporate Risk Register to highlight the risk of overspending against the 2023/24 CRL. This risk is currently scored as a 12 on the register, see Appendix 1. A letter has been sent by the Accountable Officer to the Director General flagging up the RAAC issue and potential consequences on the CRL.

Pre-Commitments into 2024/25

Based on the decisions made to enable funds to be released in 2023/24 the following will become pre-commitments against the 2024/25 DCP

	Pre-Commitments Range	
	2024/25	
	£m	
BH CDU	0.346	0.346
GH/PPH Paging	0.000	0.253
Replacement morcellator	0.049	0.049
MRI Chiller	0.210	0.210
EFAB	1.218	1.218
Total	1.823	2.076

Capital Governance – Project Updates

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

- Bro Myrddin

The following are in progress/construction:

- Women and Children Phase II
- 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:

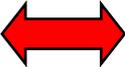
Project	Overall RAG	Matters for Sub Committee attention
Women & Childrens Phase 2	Current RAG	Scheme planned completion has been delayed into mid August 2023 with minor snagging issues now being resolved. There remain certain areas of risk where ongoing discussion with the contractor are being progressed to
	Trend 	

		resolve issues relating to the lift, floor finishes and hand over documentation.
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Project	Overall RAG	Matters for Sub Committee attention
Fire Enforcement Work Withybush Hospital	Current RAG	The Phase 1 programme continues to be under pressure with a revised completion date now agreed as end of September 2023, although due to fire door lead in times the installation of some fire doors may extend beyond this. The financial position remains challenging. The latest information received highlights that the outturn cost of the scheme will exceed the scheme funding allocation (including the risk contingencies) although all costs will need to be substantiated. The Health Board is working closely with the Project Manager, Cost Advisor and SCP to verify this and to explore potential mitigations such as a request to WG to retain any VAT reclaim. WG remain supportive and HDdUHB has formally requested additional funding as requested by WG. The outcome of the funding request is awaited.
	Trend 	

Project	Overall RAG	Matters for Sub Committee attention
Fire Enforcement Work, Glangwili Hospital	Current RAG	The GH scheme like WH continues to provide challenges associated with delivering the 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. MWWFRS remain supportive of the Health Board scheme, as do WG, although more work needs 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 March 2024
	Trend 	

Project led by other organisations,

Project	Overall RAG	Matters for Sub Committee attention
Carmarthen Hwb	Current RAG	The existing PCSA Programme is nearing completion by BYUK and approximately 20 weeks behind schedule. Due to a considerable increase in project costs, additional funding is being sourced from WG IRCF. Start on site date is scheduled for October 2023. If additional funding from WG is not secured, then a scaled down project will need to be agreed. HDdUHB is currently reviewing the revenue costs received from CCC.
	Trend 	

Key updates on other Projects

Cross Hands OBC

The Health Board has received confirmation of funding to progress with the development of the Full Business Case through the Integration and Rebalancing Capital Fund (IRCF). We have re-engaged with the supply chain and are working with them to update the timeline. Payment of the deposit for the land was made at the end of March 2023. The current timeline for the Full Business Case completion is January 2024.

Sexual Assault Referral Centre (SARC), Aberystwyth

The solution to provide SARC services which comply with the ISO standards is being developed and a Business Justification Case (BJC) is being developed and was presented to Board in July. The BJC has been submitted to WG for comments detailed design on the scheme can commence once WG comments are received and funding can be released from the DCP.

Aseptic Services, WH

The BJC was presented and approved by Board at its January meeting. 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 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 can commence once funding can be released from the DCP.

Fishguard Health and Wellbeing Centre

Business case writers have been appointed to work with the HDdUHB on to develop a Strategic Outline Case/Outline Business Case. An application for IRFC funding to progress with the development of a SOC/OBC has been approved by the West Wales Regional Partnership Board for submission to WG. 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

A project launch event was held in Llandovery on 5 December 2022. Stakeholders from the wider community, service providers and other HDdUHB staff were invited to participate. Business case writers have been appointed to work with the Health Board to develop the case.

Projects led by other organisations

Carmarthen Hwb

The Local Authority(LA) have appointed a Principle Contractor and a Project Manager. The HDdUHB have provided detailed feedback on Stage 2 design. The LA have submitted a planning application for the development. Work is also being undertaken by the Council and HDdUHB to develop a bid for IRCF funding for the capital costs not included within the original Levelling Up funding bid. This is being considered via the West Wales Care Partnership.

Pentre Awel

Building work has commenced on site. Internal meeting with service users has recently been held. Further detailed work is now required to confirm the clinical service model on site.

Regional Pathology

Work is underway on a regional basis across all laboratory disciplines to explore transformation opportunities. Work on the development of the OBC has currently commenced.

Cylch Caron

Work is currently being undertaken by the Project Group and Ceredigion County Council Legal Team to update 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 manage this scheme in September 2023. An update paper was provided for the Board in July 2023.

Argymhelliad / Recommendation

The Strategic Development and Operational Delivery Committee is asked to:

- **NOTE** the significant risk of overspending against the Capital Resource Limit (CRL) for 2023/24 and the new corporate risk which has been placed on the corporate risk register
- **NOTE** the allocation and spend of the Discretionary Capital Programme (DCP) for 2023/24
- **NOTE** the continued pressures being placed on the contingency reserve
- **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
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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.
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.