

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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	27 April 2023
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Capital Sub-Committee Annual Report
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Lee Davies, Executive Director of Strategy and Planning
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Eldeg Rosser, Head of Capital Planning

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Er Sicrwydd/For Assurance

### ADRODDIAD SCAA SBAR REPORT

#### Sefyllfa / Situation

The purpose of this paper is to present the Capital Sub-Committee Annual Report for 2022/23 and provide assurances in respect of the work that has been undertaken by the Sub-Committee during 2022/23 and outline the main achievements which have contributed to robust, integrated governance across the Hywel Dda University Health Board (HDdUHB).

The Capital Sub-Committee assures the SDODC that it has operated within its Terms of Reference and all meetings have been quorate. The Sub-Committee provides detailed assurance reports to SDODC following each meeting which can be found on the Committee webpage.

#### Cefndir / Background

HDdUHB's Standing Orders and the Terms of Reference for the Capital Sub-Committee require the submission of an Annual Report to the SDODC and to identify how it has fulfilled the duties required of it. The fundamental purpose of the Sub-Committee is to:

- Oversee the delivery of the Health Board's capital programmes and projects included in the planning cycle (in year and longer term).
- Recommend to the Board, via the Strategic Development and Operational Delivery Committee (SDODC), the use of the Health Board's Capital Resource Limit (CRL), in line with the Health Board's financial scheme of delegation.
- Review, on an annual basis, the Discretionary Capital Programme (DCP) for the following financial year.
- Oversee the development of the Estates Strategy and Infrastructure Investment Enabling Plan aligned to the A Healthier Mid and West Wales (AHMWW) Strategy for consideration by SDODC, prior to Board approval.

- Oversee the development and delivery of implementation plans for the Estates Strategy agreeing corrective actions where necessary and monitoring its effectiveness.

The Annual Report 2022/23 specifically comments on the key issues considered by the Sub-Committee in terms of capital strategy, planning and monitoring and the adequacy of the governance and control measures in place.

### Asesiad / Assessment

The Capital Sub-Committee has been established under Board delegation with the Health Board approving Terms of Reference for the SDODC in July 2021.

The Sub-Committee approved the Capital Sub-Committee Terms of Reference in its Annual Review undertaken in September 2022, which was endorsed by the Strategic Development and Operational Delivery Committee (SDODC) in December 2022. On t24 March 2023 the Capital Sub-Committee agreed to further amend the Terms of Reference on aspects relating to risk assurance which SDODC are being asked to approve in their meeting on 27 April 2023.

These Terms of Reference clearly detail the Sub-Committee's purpose to provide assurance to the SDODC around the organisation's Capital Strategy, ensuring that there is an accurate reflection of planning, governance, and monitoring to deliver against gaps in assurance.

In discharging this role, the Sub-Committee is required to oversee and monitor the Capital Planning agenda for the SDODC in respect of its provision of advice to the Board, and ensure the implementation of the Capital agenda against the following areas of responsibility:

- Develop recommendations to the Board, via the SDODC and Executive Team, on the use of the Health Board's Capital Resource Limit (CRL), for approval.
- Develop prioritised recommendations for discretionary capital sums and All-Wales Capital Schemes and receive investment proposals, in response to an assessment of the organisation's risks and issues affecting patient and staff experience.
- Ensure investment proposals for the implementation of the Health Board's Health and Care Strategy are progressed.
- Provide a co-ordinated approach to overseeing delivery of the Health Board's capital programmes and projects included in the planning cycle (in year and longer term) enabling the Health Board to understand the overall delivery commitments and risks and proposing changes as appropriate.
- Provide assurance that capital projects are managed and governed in accordance with mandatory requirements, best practice and the latest Welsh Government capital guidance, ensuring that revenue consequences associated with capital projects are explicit at project scoping stage.
- Provide assurance around the effective management of the Health Board's CRL, ensuring expenditure is in line with Standing Orders and within the agreed programme.
- Scrutinise and quality assure major capital business cases prior to submission to SDODC including those developed in partnership with other organisations such as, Local Authorities, GP partners and Third Sector organisations.

- Ensure a robust disposal policy for redundant estate is in place.
- Consider options for the acquisition or disposal of estate and agree recommendations for the Board, via the SDODC.
- Review and recommend the appropriate delegated limits for capital expenditure authorisation and authorisation for other funding sources.
- Make recommendations on capital expenditure in relation to Digital, medical and non-medical equipment, estates statutory and infrastructure, contingencies, and other provisions.
- Ensure arrangements are in place to assess and deliver benefits of capital received on patient and staff safety, patient experience and ensuring business continuity. Provide assurance to SDODC that risks associated with capital investment for estates, medical and non-medical equipment and Digital services are being effectively managed across the whole of the Health Board's activities (including for hosted services and through partnerships and Joint Committees as appropriate)
- Agree the Annual Capital Audit Plan and monitor action against recommendations contained within audit reports issued by Capital Audit.
- To receive regular progress updates on the Integrated Rebalancing Capital Funds Capital bids and schemes being progressed
- Agree issues to be escalated to SDODC with recommendations for action.
- Agree an annual work plan for the Sub-Committee for review and approval by SDODC.

### **Capital Sub-Committee Groups**

The Groups reporting to the Capital Sub-Committee during 2022/23 from which the Sub-Committee received an update were as follows:

#### **Capital Planning Group** – established to:

- Provide assurance to the Capital Sub-Committee around the development and allocation of the Discretionary Capital Programme.
- Ensure robust processes are in place for the prioritisation of capital bids in line with the Health Board's risk management processes and strategic objectives.
- Ensure that the Capital Sub-Committee are aware of the projects/schemes that cannot be progressed with the available DCP
- Receive and review the monthly Dashboard reports linked to AWCP funded projects approved by Project Directors and submitted to Welsh Government (these also form part of the CRM agenda).

#### **Capital Monitoring Forum** – established to:

- Provide assurance to the Capital Sub-Committee around the management and monitoring of the delivery of the capital investment programme and Capital Resource Limit.
- Keep the Capital Planning Group informed of progress on the delivery of the Capital Programmes and variances on expenditure/timescales which require attention.

In addition to the above, the work undertaken by the following groups is received in the form of update reports and minutes presented to the Capital Sub-Committee.

**Capital Review Meetings** – Bi-monthly meetings held between the Health Board and Welsh Government's Capital Division to discuss all capital related issues. The minutes of these meetings are circulated to the Capital Sub-Committee.

**Capital Project Groups** - Each capital project is managed by a Project Group led by an appointed Executive Lead (Senior Responsible Officer) and Service Lead (Project Director). Bi-monthly project highlight reports are received by the Capital Sub-Committee which report on project risks and progress and escalated to the SDODC. The report provides a RAG rating for each project; SDODC receive a summary position on all red RAG rated projects.

Where appropriate for the scheme value/programme, a Finance Subgroup will meet prior to the Project Group to go through the detail of the financial status of the project, chaired by the Finance Lead. This Subgroup will then present a highlight report to the main Project Group. For All-Wales Capital Planning, dashboards are submitted to Welsh Government as well as to the Capital Sub-Committee.

### **Constitution**

The Sub-Committee approved the Capital Sub-Committee Terms of Reference Annual Review undertaken in September 2022, which was endorsed by the SDODC in December 2022. The membership of the Sub-Committee was agreed as the following:

- Director of Strategic Development and Operational Planning (Chair)
- Assistant Director of Strategic Planning and Development (Sub-Committee Lead and Deputy Chair)
- Independent Member
- Director of Estates, Facilities and Capital Management
- Assistant Director of Nursing, Infection, Prevention and Control
- Senior Business Partner (Finance) (delegated on behalf of the Director of Finance)
- Head of Facilities Information and Capital Management
- Assistant Director of Operations
- Assistant Director, Medical Directorate (delegated on behalf of the Medical Director)
- Digital Director
- Assistant Director of Primary Care
- Assistant Director of Assurance and Risk
- Head of Procurement
- Head of Capital Planning
- Director of Mental Health and Learning Disabilities
- County Director – Carmarthenshire
- County Director – Ceredigion
- County Director – Pembrokeshire
- Head of Radiology
- General Manager, Women and Children's Directorate
- Head of Pathology
- Assistant Director of Therapies & Health Science

### **In attendance:**

- Head of Capital Audit (three times a year / tri annual)
- Capital Programme Manager, Capital Planning
- Project Manager, Capital Planning

- Head of Property Performance

### **Meetings**

During 2022/2023 the Sub-Committee met on six occasions and was quorate at all meetings:

- 24 May 2022
- 28 July 2022
- 30 September 2022
- 22 November 2022
- 24 January 2023
- 24 March 2023

As the Capital Sub-Committee is directly accountable to the SDODC for its performance, following each meeting it provides an assurance to the Committee through a formal written update report, which is received at the subsequent Committee meeting.

### **Sub-Committee Terms of Reference and Principal Duties**

In discharging its duties, the Capital Sub-Committee has undertaken work during 2022/23 against the following areas of responsibility in relation to its Terms of Reference:

### **Governance**

#### **Capital Schemes**

The Sub-Committee has and continues to oversee and report on the delivery and continued progression of a significant number of capital projects which have been subject to risk based highlight reporting to the Sub-Committee during the year:

- Bronglais Hospital, Chemotherapy Day Unit.
- Aberystwyth Integrated Care Centre.
- Aberystwyth Sexual Assault and Referral Centre.
- Cylch Caron Integrated Care Project.
- Carmarthen Hwb.
- Cross Hands Health and Wellbeing Centre.
- Fishguard Health and Wellbeing Centre.
- Llandoverly Community Hub.
- Business Continuity (Major Infrastructure Programme), Health Board wide.
- Transforming Mental Health: Acute Inpatient Re-design, Health Board wide
- Women & Children's Phase 2, Glangwili Hospital.
- Fire Enforcement Work Withybush General Hospital.
- Aseptics.
- Fire Enforcement Work Glangwili Hospital.
- Prince Philip Hospital Modular Theatres.
- Diagnostic Imaging, CT Scanner GGH, CT Scanner Withybush General Hospital.
- Implementation of AHMWW, Programme Business Case (PBC)
- Neyland Health and Wellbeing Centre.
- Regional Cellular Pathology services.

The Sub-Committee noted the projects with an overall red RAG and amber status as follows;

- Women & Children's Phase II
- Fire Enforcement Work Withybush General Hospital

- Fire Enforcement Work Glangwili Hospital
- Business Continuity (Major Infrastructure Programme)
- Carmarthen Hwb
- Bronglais Hospital, Chemotherapy Day Unit
- Aberystwyth Sexual Assault and Referral Centre

### **Capital Resource Limit and Discretionary Capital Programme:**

Reports recommending prioritisation have been submitted to SDODC as well as reports monitoring the expenditure against the Capital Resource Limit (CRL). The Sustainable Resources Committee (SRC) also receives a monitoring report on the capital expenditure against the CRL. The Sub-Committee noted the regular update reports in relation to the Capital Resource Limit and Discretionary Capital Programme.

The opening discretionary allocation for 2022/23 was £5.685m. The total CRL as at 16 March 2023 is £33.268m

The Sub-Committee acknowledged that the Health Board is unable to deal with all of its capital risks with the limited DCP allocation available. To help address this work is being undertaken to

- Develop an implementation programme for the work contained in the Estates Major infrastructure PBC.
- Secure EFAB funding for Fire, decarbonisation and infrastructure schemes, with bids of £4.134m secured for 2023/24

### **Capital Audit**

The Sub-Committee noted the quarterly reports on progress made with regard to recommendations received from NHS Wales Shared Services Partnership (NWSSP), Audit and Assurance Services in respect of a number of the audit reports undertaken on capital projects. The Sub-Committee noted the capital audit tracker and the contents of the report and the progress on the implementation of outstanding capital themed audit recommendations, the number of outstanding actions against recommendations along with the information provided in respect of lapsed timescales, which are reported to the Audit and Risk Assurance Committee

### **Risk**

The Terms of Reference state the Sub-Committee will 'provide assurance to SDODC that risks associated with capital investment for estates, medical and non-medical equipment and digital services are being effectively managed across the whole of the Health Board's activities (including for hosted services and through partnerships and Joint Committees as appropriate)'.

During 2022/23, the Sub-Committee received updates to the risk management process and reviewed directorate level risks aligned to the Sub-Committee that exceeded the HDdUHB's agreed risk tolerance.

The Sub-Committee also received themed risk registers for estates, medical and non-medical equipment replacement and digital which captured all risks where there were planned actions related to current or future capital requirements.

Further work is being undertaken in terms of assessing risks of those areas where capital funding will not be prioritised. This will be brought forward through the Executive Risk Group.

## **Post Project Evaluations**

The programme of post-project evaluations continued during 2022/2023 and provide rich learning for the organisation for future capital planning:

- March / April 2022 – Bronglais Front of House
- July 2022 – Aberaeron Integrated Care Centre

Cardigan Integrated Care Centre (ICC) continues to be a scheme that is frequently referred to for lessons learned. The WG-led Gateway 5 review conducted in March 2022 was reported to the Capital Sub-Committee. A presentation on the project has also been shared at a national level as part of the Estates Engagement Forum in May 2022.

It is anticipated that lessons learned from Cardigan ICC will form part of the pathways review, to assist with clinical engagement as we move forward with the AHMWW programme.

Prince Philip Hospital Day Surgery Unit post-project evaluation will take place during Q1 2023/2024.

## **Other Areas of Responsibility**

- Welsh Government Dashboard Reports
- Fire Schemes Updates
- Capital Governance Review, Recommendations and Action Tracker
- Infrastructure Enabling Plan 2023/26
- Regional Capital Funds

During 2022/23, the Sub-Committee also received and considered the following agenda items:

- A Healthier Mid and West Wales Programme Business Case
- Medical Devices Annual Update
- Mental Health Priority Capital Developments
- TrAMS Strategic Outline Case Update
- Backlog Maintenance Updates
- Creche Facilities at Prince Philip Hospital
- Re:Fit 4 Cymru Framework
- Diagnostic Imaging
- Arts in Health
- ISO9001 Environmental Accreditation
- Rental Units – Bronglais Hospital and Prince Philip Hospital Lease Termination
- Aseptics Business Justification Case
- South West Wales Cancer Centre
- Estates Advisory Board Funding Lessons Learnt Report

## **Key Risks and Issues/Matters of Concern**

During 2022/23, the following key risks and issues/matters of concern were raised to the SDODC:

- **Capital Resource Limit and Discretionary Capital Allocations 2022/23** - The capital allocation will remain insufficient to provide the SDODC with full assurance on the management of infrastructure and backlog risks. The DCP for 2022/2023 is also further reduced and will place further pressure on addressing backlog issues.

- **Capital Projects** – to note those capital projects reporting a high risk assessment guideline status and the work underway to mitigate risks. As at March 2023, the red risk projects were Women & Children’s Phase 2 and Fire Enforcement Work Withybush General Hospital. These are the subject of further monitoring by the Capital Sub-Committee.

**Matters Requiring SDODC Consideration or Approval**

During 2022/23, the following matters requiring SDODC consideration or approval were raised:

- **Capital Resource Limit and Discretionary Capital Allocations 2022/23** - The capital allocation remains insufficient to provide SDODC with full assurance on the management of infrastructure and backlog risks for the 2023/23 year.
- **Capital Projects** - To note the capital projects included in reports currently reporting a high risk.
- **Capital Programme 2023/24** – endorse the discretionary capital programme for onwards ratification to the board

**Capital Sub-Committee Developments for 2023/24**

The following developments are planned for the Capital Sub-Committee during 2023/24:

- Working with the Regional Partnership Board to develop the 10 Year Regional Capital Plan. The work being undertaken here will ensure that HDdUHB is maximising the opportunities being made available through the Housing with Care Fund (HCF) and the Health and Social Care Integration and Rebalancing Capital Fund (IRCF).
- Review the structure and content of the risk report into the Sub-Committee.
- Maintaining progress on project evaluation and lessons learnt reviews.
- Progressing with the capital elements of work included in the AHMWW PBC.
- Progressing the community infrastructure projects.
- Implementing the recommendations included in the advisory review on the Forward look on the AHMWW Programme Governance.
- Development of the Strategic Outline Case for Urgent and Planned Care Hospital, Glangwili and Withybush Hospitals.
- Deliver the output reports from the Land Consultation and further land technical work.

**Argymhelliad / Recommendation**

The Strategic Development and Operational Delivery Committee is requested to RECEIVE ASSURANCE in respect of matters considered by the Capital Sub-Committee as outlined in the Capital Sub-Committee Annual Report 2022/23.

**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
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	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
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Datblygu Strategol a Chyflenwi Gweithredol: Parties / Committees consulted prior to Strategic Development and Operational Delivery Committee:	CSC

#### 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.

<b>Gweithlu: Workforce:</b>	Included within individual business cases and Capital prioritisation process.
<b>Risg: Risk:</b>	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.
<b>Cyfreithiol: Legal:</b>	Included within individual business cases and Capital prioritisation process.
<b>Enw Da: Reputational:</b>	Included within individual business cases and Capital prioritisation process.
<b>Gyfrinachedd: Privacy:</b>	Included within individual business cases and Capital prioritisation process.
<b>Cydraddoldeb: Equality:</b>	Equality assessments are included within individual business cases and Capital prioritisation process when required.