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| Name of Sub-Committee: | Capital, Estates and IM&T Sub-Committee (CE&IM&TSC) |
| Chair of Sub-Committee: | Deputy Chair - Paul Williams, Assistant Director of Strategic Planning and Developments |
| Reporting Period: | 2nd August 2021 |
| Key Decisions and Matters Considered by the Sub-Committee: | |
| <p>Capital Resource Limit (CRL):</p> <p>The following key matters were discussed:</p> <ul style="list-style-type: none"> The current CRL for 2021/22 has been issued with the following allocations: £28.457m - All-Wales Capital Programme £7.421m – Discretionary Capital Programme (0.150) – Less 12S repayment £35.728m – Total CRL <p>This figure includes the Full Withybush Fire Enforcement Works allocation and this effects the cash flow forecast between this year and next year. WG have requested further information relating to this.</p> <p>Spend profile to date is currently low, but with the number of tenders increasing this is likely to change.</p> <p>No risks have been flagged at present to indicate that the Health Board (HB) will not achieve the CRL for the year.</p> <p><u>Financial Risks:</u></p> <ul style="list-style-type: none"> COVID-19 Discussions are being held with NHS Wales Shared Services Partnership (NWSSP) around the costs the HB incurred in the W&C Phase 2 project. The verbal feedback from NWSSP Estates is that the costs are reasonable and have been shown to be COVID-19 related. The HB will be able to recover any of these costs over and above the existing scheme allocation from WG. Project Bank Accounts – the HB is in the process of opening an account for the WGH Fire Enforcement Works. <p><u>Capital Programme 2021/22</u></p> <p>The CEIM&T Sub-Committee noted that the sale of Cardigan Health Centre and Neyland Health Centre has been finalised with a total of £1.180m available for re-allocation in 2021/22. From this the following commitments have been made:</p> <ul style="list-style-type: none"> Top up of the equipment allocation back up to £0.661 - £0.070m To fund works to keep Pond Street operational - £0.070m. <p>This leaves a balance of £1.040m to reallocate.</p> <p>The development of the matrix used to score top priorities for allocating the balance of capital monies was explained to the Sub-Committee. From this matrix priorities were identified and listed in the report - these having also been discussed and agreed at Executive Team.</p> <p>The CEIM&T sub-committee were asked to note the following:</p> <ul style="list-style-type: none"> The Capital Resource Limit (CRL) for 2021/22 | |

- The financial risks currently being managed
- The proposed allocation of the balance of the capital programme and the interim over-commitment against the CRL
- The further issues that may require capital solutions in the year.

The sub-committee was advised that at the last Executive Team Meeting, when the allocation of the 2022/23 programme was being considered, there was a request to compare allocations based on an equal split vs utilisation of the matrix. It was acknowledged that using the matrix provides a tool to enable discussion around allocation needs and priorities; it was also recognised that although WG have allocated surplus monies to Digital in previous years, this funding would not be available this year. It was agreed that further discussions were needed between the departments to prioritise the allocation needs.

It was noted that a key issue in the report was the pressure coming from prioritising the Isolation Pods and the sum of £422,000 being spilt across the four hospital sites. Property Issues in Managed Practices are to be brought forward for discussion in future meetings.

The sub-committee was informed that fire safety notices have been received regarding Bronglais General Hospital (BGH); capital costs for this project are being calculated and this issue will be raised at the next Capital Review Meeting.

It was also acknowledged that Capital was going to be needed to fund IT replacement during the year.

Members noted the following:

- The CRL for 2020/21
- The financial risks currently being managed.
- The interim over commitment, the Isolation Pods and the fire safety notices at BGH.
- The future issues that may require capital solutions in year.

Capital Governance – Project Highlight Reports

Active Projects - Red and Amber RAG rated projects (not currently on hold) reported to the CE&IM&TSC in July 2021 were as follows:

| Projects with red RAG rating | Projects with amber RAG rating (2 consecutive months +) |
|---------------------------------------|--|
| Cross Hands Health & Wellbeing Centre | Aseptic Scheme |
| Pond Street/Penlan | Chemotherapy Day Unit - Bronglais General Hospital (BGH) |
| Women & Children Phase II | Business Continuity Programme Business Case |
| | Fire Enforcement Work (GGH) |
| | Welsh Community Care Information Solution (WCCIS) |
| | MRI Withybush |
| | Transforming Mental Health (TMH) |

The Discretionary Capital Programme (DCP) and Capital Governance are subject to a separate report on the SD&ODC agenda.

The CEIM&TSC noted the content of the report, and those projects currently reporting a red RAG status or increase in RAG status and the mitigation plans in place.

Supplementary projects to note were as follows:

Work is being progressed for four community projects:

- Fishguard Integrated Health and Wellbeing Centre
- Neyland Integrated Primary and Community Development
- Aberystwyth ICC
- Carmarthen Hwb

The decision regarding this last project is due on 1st October 2021. It was requested that the timescale risks around this project should be flagged to SDODC. The Carmarthen Hwb does not currently have any identified funding. The sub-committee recognised that a meeting needs to be held in order to demonstrate transparency and to identify the risks regarding this project.

WG Dashboard Reports and Verbal Updates from CRM

The sub-committee noted that comments received relating to the Dashboards will be reflected in the next Dashboard Report in August. A third Dashboard will be received from August onwards on the Approved Fire Spend.

Following an EFAB meeting, the BGH Fire Doors scheme has been moved from a green RAG status to an amber RAG status pending the BGH fire safety notice.

The sub-committee acknowledged that this would be discussed with WG, but that the full cost implications are unknown.

CEIM&T Risk Register

The papers on the Risk Register were presented to the CEIM&T SC.

It was noted that capital themed and capital project risks identified by the Health Board are currently reported as follows:

- The Capital themed risks assigned to CEIM&T are reviewed and detailed and included in the report.
- The number of capital themed risks across the Health Board will be tracked in this report on an ongoing basis. Specific risks flagged up through the Capital Planning process will be flagged up in the Discretionary Capital report to CEIM&T.
- Capital project risks are flagged up in the Capital Governance Report to CEIM&T and then to SDODC.

There are currently 5 risks in total for this Sub-Committee; one risk is extreme and there are four high risks. 1 risk has reduced, and 4 risks have remained the same. In addition, 3 risks have been de-escalated to service level and 1 risk has been closed.

The Sub-Committee was advised that a table has been added to the end of the report to track the number of CEIM&T themed Capital Risks on the Risk Register. It was noted that Capital & Estates themed risks have increased, although the CEIM&T risks have decreased. This will continue to be monitored and reported. It was agreed that the report will be updated with the reasons why risks have been de-escalated. Members of Sub-Committee were advised to be aware of any high-level themed risks emerging through Datix by checking the Datix log.

It was requested that any unfunded elements of backlog be brought to the next CEIM&T meeting.

Review of the Management of Capital Schemes under Governance

A verbal presentation was received by the CEIM&T SC following a discussion by the Audit and Risk Assurance Committee (ARAC) regarding capital audit reports. It was noted that it was recommended that the Sub-Committee undertake an internal Capital Governance Review. Terms of reference will be prepared for the August 2021 ARAC meeting and a final report prepared for the ARAC October 2021 Meeting. The sub-committee noted that areas of focus will be:

- Themes on audit recommendations.
- Review of capital reporting and governance structures.
- Review of project roles and responsibilities.
- A copy of the report will be brought to the CEIM&T SC and to SDODC.

Women and Children's Phase 2 Project, Lessons Learnt Report

A presentation was received by the Sub-Committee on the Women and Children's Phase 2 Project Lessons Learnt Report. It was advised that in the last CEIM&T meeting, held on 24th May 2021 the proposal for Lessons Learnt and Post Project Evaluation for 2021/22 was shared. The first exercise has now been completed which is the Lessons Learnt Exercise at the end of Phase 2 of this project. The process has engaged with the project team and staff who have been impacted by the scheme. The process will help inform a review of what has gone well and not so well for the project and explore the challenges faced within the project. This approach will help to find elements of good practice that can be developed and shared more widely. Any relevant learning will help inform how we approach projects in the future. The Lessons Learnt Report will be included as a separate agenda item for the next SDODC meeting in October 2021.

A Healthier Mid & West Wales – PBC Update

An update including a PowerPoint presentation was shared with the CEIM&T SC. The Programme Business Case is based on Capital solution but recognises that elements of the programme might be applicable for an innovative funding solution. It was noted that a timetable has been requested by the Chief Executive in which the Full Business Cases completion date will be March 2024. It was acknowledged that this timeline is very tight with little room for slippage. The Sub-Committee was advised that a public engagement process has been undertaken for public nominations of sites for land identification for the new hospital. This is in line with the advice from the Consultation Institution and lessons learnt from similar processes elsewhere in the UK.. Work is currently being undertaken on the four-point hurdle assessment of the nominated sites. A short-list of sites will be made by September-October 2021 and the final decision will be reached by Summer 2022. It was noted that Decarbonisation will be a priority for WG along with the maximisation of public transport.

Strategic Medical Device Replacement

The sub-committee received a paper on Strategic Medical Device Replacement.

During the last year there has been a significant procurement of medical devices due to COVID-19; however this process has now slowed. There was a 37% inventory increase between 2018-2020.

There has been revenue funding received for 2020/21 for £2.06m, however there is a backlog of revenue items needed by the HB and this sum does not cover the total needed. This backlog can be evidenced in the tables in the report.

The current position in June 2021 identifies:

- 31,405 devices with an estimated replacement cost of £91.82m.
- 5,222 Medical Devices identified as potentially Due/Overdue/ Requiring Replacement with an estimated replacement cost of £35.40m

From the report, it was advised that the tables evidenced the need for a plan being in place for the replacement of devices below £5000.

The sub-committee acknowledged that in comparison to other organisations the Health Board has a significantly higher number of devices and needs to explore the possibility of reducing the total in use.

Whilst the focus tends to be on the high risk devices there is still a significant concern regarding the low to medium risk devices.

It was noted that there is currently no funding strategy to address the problem of medical device capital replacement although the Health & Care strategy business cases will provide a potential route. The sub-committee agreed the need for this paper to be shared with WG capital colleagues.

GGH Fire Enforcement BJC

A paper was presented to the CEIM&T SC on GGH Fire Enforcement.

A similar paper was presented to the sub-committee previously in the year on WGH Fire Safety. This paper was for Phase 1 work at GGH and the Business Case is included in the papers for this sub-committee.

Work has begun on site with advanced works contract and support by WG with c£800K. The Business Justification Case for Phase 1 indicates a completion date of December 2022. This date is beyond the requested date by Fire Services, but they will revisit the site to review extending their deadline.

The Capital costs of the project are as follows:

Basic Project Outturn - £13,138,441

Total Quantified Risk Contingency - £3,311,062

Total Outturn Cost - £16,449,503

An explanation was provided regarding the quantified risk contingency. The Sub-Committee agreed that in presenting the business case to SDODC the report should include the advice given for the contract type, particularly clauses relating to damages within the submission.

Diagnostic Imaging Update

The Sub-Committee was presented with a paper on the Diagnostic Imaging Update

The paper highlighted the current position and ongoing issues of the backlog in imaging equipment and outlined the priorities for investment. Funding for Two CT scanners have been received from WG; however there is a need to replace all 5CT scanners.

The Sub-Committee was advised that the All Wales Diagnostic Imaging Board will continue to look at the equipment replacement needs in Wales, and that the items listed in the report will be the priority items for HDdUHB.

Papers for information

The CE&IM&TSC noted the following papers for information:

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- Capital Review Meeting - Minutes of meeting held on 24th March 2021.
- Capital Review Meeting - Minutes of meeting held on 24th May 2021.
- Capital Planning Group – Minutes of meeting held on 19th May 2021.
- Capital Planning Group – Minutes of meeting held on 17th June 2021.
- Capital Monitoring Forum – Minutes of meeting held on 11th May 2021.
- Capital Monitoring Forum – Minutes of meeting held on 8th June 2021.

Matters Requiring Strategic Development and Operational Delivery Committee Level Consideration or Approval:

All other key capital matters are included in the separate DCP update reports on the SDODC agenda.

Risks / Matters of Concern:

Capital Resource Limit and Discretionary Capital Allocations 2021/22: The capital allocation remains insufficient to provide SDODC with full assurance on the management of infrastructure and backlog risks for the 2021/22 year. A separate paper is included on the SDODC agenda regarding this issue.

Capital Projects: To note the capital projects included in this report currently reporting a high risk. Further detail is included in the separate DCP 2021/22 and Capital Governance report on the SDODC agenda.

Planned Sub-Committee Business for the Next Reporting Period:

Future Reporting:

- Update on the prioritisation of capital schemes and expenditure for 2021/22.
- Project Governance Update
- Capital Governance Review
- Post Project Evaluation Feedback
- A Healthier Mid & West Wales - Programme Update.

Date of Next Meeting:

26th October 2021