

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	15 December 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Discretionary Capital Programme (DCP) 2021/2022 & Capital Governance Update Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies, Director of Strategic Development & Operational Planning
SWYDDOG ADRODD: REPORTING OFFICER:	Paul Williams, Assistant Director of Strategic 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

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

- The report on the 2021/22 Capital Programme and investments planned.
- The capital schemes governance update.

Cefndir / Background

This report tracks the approved Discretionary Capital Programme (DCP) for 2021/22 and follows on from the report and discussion at the SDODC meeting held on 26th October 2021 and the Capital Estates and IM&T Sub-Committee (CEIM&TSC) meeting held on 25th November 2021. The report also captures the outcome of additional allocations received from Welsh Government (WG).

The allocation of the programme is set within the context of:

- Continuing risks associated with backlog pressures.
- Capital expenditure associated with the recovery phase of COVID-19.

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 fire code; maintaining the fabric of the estate; and the timely replacement of equipment’.

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

Asesiad / Assessment

Capital Resource Limit (CRL) 2021/22

The current CRL for 2021/22 has been issued with the following allocations:

Allocation	£m
All Wales Capital Programme (AWCP)	24.814
DCP	7.271
Total	32.085

Sales receipts of £0.389m are also available for utilisation, which increases the total funding available for prioritisation:

Allocation	£m
CRL	32.085
Sales receipts	0.389
Total	32.474

Capital Expenditure Plan for 2021/22

The table below reflects the additional DCP contributions/payback required for the AWCP in 2021/22:

Scheme	Planned Spend 2021/22 £m	Cumulative Spend Apr - Oct £m	Spend Oct £m
AWCP			
Women and Children Phase II	2.875	2.108	0.101
MRI Wthybush General Hospital (WGH)	2.559	2.188	0.000
Cross Hands Primary Care Scheme	0.075	0.000	0.000
Fire Precaution Works Glangwili General Hospital (GGH)	0.787	0.221	0.000
Fire Precaution Works WGH	4.473	1.549	0.178
National Programmes – Estates Funding Advisory Board (EFAB)	5.008	0.278	0.144
National Programmes - Imaging	3.865	0.467	0.234
E-Prescribing System	0.195	0.000	0.000
Fire Precaution Works (fees) GGH	0.463	0.249	0.009
Fire Decant fees WGH	0.460	0.000	0.000
COVID-19 Recovery	4.824	0.002	0.002
I2S multi-site	0.389	0.000	0.000
Sub-total AWCP	25.973	7.062	0.668
Discretionary/receipts			
Estates - Statutory	1.332	0.282	0.098
IT	1.011	0.529	0.167

Equipment	1.032	0.091	0.000
Estates Infrastructure	2.433	0.720	0.189
Other	0.694	0.000	0.017
Sub-total Discretionary	6.502	1.622	0.471
TOTAL	32.474	8.684	1.138

The table above includes £0.389m of expenditure funded from capital receipts.

Since the previous report, AWCP funding has been received for the following schemes:

- Fire Enforcement Works, GGH.
- End of year capital allocation.

Capital Programme 2021/22

Since the last report to the Committee, WG have confirmed funding of £4.824m for COVID-19 related schemes and £0.142m for Same Day Emergency Care (SDEC). Work has been undertaken with Estates and Operational Services to establish what schemes are now deliverable before 31st March 2022.

The allocation of the COVID-19 funding and a review of the status of schemes in the 2021/22 programme has released £1m of funding back into our programme for redistribution

As part of the process of fixing the CRL with WG, Hywel Dda University Health Board (HDdUHB) were also asked to submit a bid for end of year monies.

The CPG met at the end of October 2021 to review the bids that were currently on the prioritisation matrix to agree the allocation of the £1m DCP and the bids for submission to WG.

The highest priority issue for the DCP currently relates to the replacement of the pharmacy robots in Bronglais General Hospital (BGH) and WGH totalling £1.2m. This slightly over-commits the DCP, but indications point to the likelihood of further slippage rather than overspend between now and year-end 2021/22 and the Capital Monitoring Group (CMG) will need to monitor this position monthly. Further work is currently being undertaken to confirm the procurement process for the works required for these projects. There may be the requirement to bond the WGH robot at circa £0.7m.

The year-end bids submitted to WG were as follows:

Scheme		£m
IT & Digital	Network refresh, equipment for roll out of Welsh Nursing Care Record, network to support All Wales Critical Care service system, replacement uninterruptable power supply to hub rooms & telephony modernisation	1.000
Patient Monitors	Replacement of out of service equipment across BGH, GGH & Prince Philip Hospital (PPH)	0.979
Anaesthetic Machines	Replacement of out of service equipment in GGH & PPH in line with replacement plan	0.642
Visual Ultrasounds	Replacement of ultrasound	0.600
Total		3.221

The backlog positions would normally lead us to bid for more at this stage, but current supply issues add a significant unknown into the process for this year end. It is currently anticipated that the IT should be deliverable, but the level of funding requested allows HDdUHB to manage the risk if up to 50% of the medical equipment becomes a challenge at end of year.

WG confirmed that these bids were successful on 15th November 2021.

In the period since the last Sub-Committee meeting, HDdUHB were also asked to submit their diagnostic imaging priority list to be delivered over the remainder of 2021/22 and 2022/23.

The following funding has been confirmed and HDdUHB is in the process of identifying the programme of works and expenditure profile that will be required to deliver these schemes.

Scheme	Sites	£m
CT Replacement	PPH	2.400
CT Replacement	BGH	2.400
DR Room	WGH, PPH & BGH	2.200
DR/Fluoroscopy	GGH & BGH	2.820
Ultrasound & Image Intensifier Replacements	All acute sites	2.292
Total		12.112

Capital Programme 2022/23

The Capital Planning Group (CPG) which includes representation from Executive portfolios has commenced its work on planning the use of HDdUHB's DCP for 2022/23. The current planning assumption is that HDdUHB will have £7.421m available in 2022/23 in line with previous years allocation.

Currently due to commitments already made and slippage between financial years, the following items are being flagged as precommitments against this allocation.

Scheme	£m
Women and Children Phase II	0.562
EFAB – Electric Cars	0.208
EFAB - Fire	0.125
Fire Works BGH	0.400
Decant Ward WGH	0.054
Hybrid Working	0.269
CDU BGH	0.346
WGH & GGH Pharmacy robot building works	0.400
Primary Care	0.700
Cross Hands Land	0.075
Total	3.139

There may be an opportunity to recover some of the fire works costs from WG in 2022/23 and the £0.7m for primary care may not all be a commitment against capital as some of the cost may be classed as repair and maintenance.

Work has been undertaken by the CPG on refining the prioritisation matrix developed for use to allocate an element of the Discretionary Capital for 2022/23.

The principles that it is currently working to are that:

- The approach being used to allocate funds reflects HDdUHBs desire to provide safe, sustainable, accessible and kind services
- Each spending proposal across the following areas is able to be scored on an equitable basis against the criteria being suggested:
 - Digital
 - Equipment
 - Estates Infrastructure
 - Estates Statutory
- An acknowledgement that the prioritisation process must consider the risk appetite of HDdUHB

The scoring methodology being used is as follows:

Is the item being scored creating a detrimental impact on business continuity?	25%
Is the item being scored creating a safety issue for patients, staff or the public?	50%
Is the item being scored generating an impact on reputation? Adverse patient experience, adverse audit or inspection reports	25%

The CPG will be meeting in November and December 2021 to develop a prioritised DCP programme for 2022/23.

A change that could impact on future capital planning decisions is the impact of International Financial Reporting Standard (IFRS) 16, a new accounting standard which is due to be implemented on 1st April 2022.

The main impact is that all leases (for assets valued at greater than £5k and for a duration of greater than one year) will become Right of Use Assets and will need to be included on HDdUHB's Balance Sheet.

WG have not issued formal guidance on the future budgeting implications of leases, however the assumption for the 2022/23 IMTP process will be that there will be no change to the current budgeting process for leases and that they will be accounted for as revenue funding. There is a possibility that leases from 2023/24 onwards would be funded via capital funding streams. Leases valued at over a certain threshold may be subject to WG business case approval in a similar way to traditional capital schemes. Further updates will be provided as guidance is developed by WG.

Capital Governance – Project Updates

At the November 2021 meeting of the CEIM&TSC, updates were considered from all of the projects listed below.

The following projects are in progress:

- Women and Children Phase II
- Fire Enforcement Work, WGH
- A second CT at GGH

- Estates Advisory Board Funding Schemes
- PPH Modular Theatres (COVID-19 recovery scheme)

The Board approved the development of the PPH Modular Theatres at its meeting on 25th November 2021, with confirmation received from WG to secure the circa £20m funding for the project.

Contracts will be awarded to the supply chain partner shortly once confirmation of the programme as per the tender requirements is received.

A project group has been established with governance arrangements being firmed up to ensure that the scheme is monitored effectively given the scale and deliverability challenges by end of year.

Site works have commenced led by the principal contractor, in order to prepare the groundwork that will be completed in early January 2022.

The technical team are in the process of managing issues on site, including the need to infill historic coal seams which will utilise some of the budgeted contingency funds. At the time of writing, all activity including the coal seam issue do not affect the deliverability of the programme by 31st March 2022.

Following approval of the Business Continuity (Major Infrastructure) Programme Business Case (PBC) with an estimated capital value of circa £87m, which was reported to the last Committee meeting, work is now underway to agree the priorities and identify the resources required to progress with the first business cases.

The following project remains subject to further feedback from WG:

- Aseptic Strategic Outline Case (SOC).

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

- CT replacement WGH.
- Fire Enforcement Work GGH.
- Cross Hands Health Centre
- Carmarthen Hwb – Partnership Project led by Carmarthenshire County Council (CCC), levelling up funding approved by UK Government on 27th October 2021.

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.
- Neyland Integrated Primary and Community Development.
- Chemotherapy Day Unit, BGH.
- Regional Cellular Pathology services.

Projects with a red RAG status are reported as follows:

- Cross Hands Health Centre.
- Women & Children Phase II.

Additionally, two significant schemes are being rescope and these will require revised or new business cases to be progressed.

- Cylch Caron – new project governance arrangements reflecting a partnership between HDdUHB and Ceredigion County Council have been presented at the Project Group. A “meet the buyer” event was hosted by the Project Group on 17th November 2021 to explore the opportunities available to progress this scheme.
- Transforming Adult Mental Health - the subject of a report to the July 2021 Board meeting. The Transforming Mental Health (TMH) Programme Business Case was originally submitted to WG in December 2019. In light of the service changes implemented during COVID-19, scoping meetings have taken place with Strategic Planning colleagues to begin the process of reviewing the capital ask for the TMH PBC. A new working group is being established within revised governance arrangements to take this work forward.

SDODC is asked to note the **red** RAG status for the projects listed as follows:

Cross Hands Health Centre	RAG Status	Risk Category		
		Funding	Timescales	Other
		✓	✓	
	Timescale for improved RAG rating	The underlying reasons for the red rating for the scheme remain unchanged due to timeline delay. An update to the Outline Business Case (OBC) is currently being progressed to incorporate updated Capital Costs which reflect the Decarbonisation Strategy issued by WG. It is anticipated that revised capital costs will be available in early February 2022.		

Risk Update:

Refreshed design options have been developed and tested with Service Leads with a formal update to be issued to the Project Team by the end of November 2021. The revaluation of the land has been instructed and is awaited. ARCHUS, have been appointed to undertake some further work to refresh the OBC. It is anticipated that the updated capital cost will be available for HDdUHB in early February 2022. The timeline has been reviewed for the programme and provided as follows:

Re-agree land value 11th February 2022, OBC submission to WG 31st March 2022, FBC submission 2nd March 2023, Final date for land purchase 31st May 2023, Construction starts 12th June 2023, Construction completes 3rd December 2024.

A communications piece has been developed ready for release and discussions are progressing with NHS Wales Shared Services Partnership (NWSSP) Specialist Estates Services (SES) and Supply Chain Partner on the required decarbonisation strategy. A draft revision of the OBC has been received from ARCHUS that will need internal review and then a further update once the design work is completed and costings known. The risk register for the project has been reviewed and updated. The Finance Sub Group has been re-established together with a new Service Design, Digital and Workforce Sub Group.

Women & Children's Phase 2	RAG Status	Risk Category		
		Funding	Timescales	Other
		✓	✓	
	Timescale for improved RAG rating	The underlying reasons for the red rating are unchanged from the previous report. Work is ongoing to resolve outstanding financial and time related risks.		
Risk Update The additional structural engineering work in Section 2 is currently being undertaken. The current expected handover of Section 2 is 20 th December 2021.				
Programme Update				
Revision C36 of the construction programme remains the last accepted programme. Tilbury Douglas (TD) have now issued C39 that has not been accepted due to a fundamental change in the sequencing of works. The HDdUHB appointed Project Manager is working to understand why TD have chosen to do this and has issued a formal Early Warning Notice on the matter.				
Until this is resolved it is difficult to accurately predict an overall completion date for Phases 3 and 4 of the project. TD are currently stating a target Section 2 completion date of 20 th December 2021.				

Post Project Evaluation & Lessons Learnt

At the August 2021 meeting of SDODC, the following plan for undertaking the Post Project Evaluations (PPEs) was shared and the outputs of these evaluations will be reported to the appropriate CEIM&TSC meeting.

Project	Undertaken	Reported to CE&IM&TSC
Women & Children Phase II – Lessons Learnt	Complete	July 2021
Ward 9/10	Complete	September 2021
*Cardigan	September/October 2021	November 2021
Front of House	November 2021	January 2022
Aberaeron Integrated Care Centre	February 2022	March 2022
BGH MRI	March 2022	May 2022

* Cardigan ICC will be subject to a full Gateway 5 review by WG Assurance Hub in March 2022.

In line with this plan, a Lessons Learnt Report has been produced and considered for Women & Children Phase II, Ward 9 & 10 and Cardigan schemes. These have been very comprehensive processes from which lessons have been learnt both for future PPEs and for future projects.

Argymhelliad / Recommendation

The Strategic Development and Operational Delivery Committee is asked to:

- Note the interim over-commitment against the CRL
- Note the additional capital bids submitted and approved by WG

- Note the work being undertaken on the 2022/23 capital prioritisation
- Note the Capital Governance update
- Note the PPE reports completed in line with timetable

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.11 Consider proposals from the Capital, Estates and IM&T 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:	Risk 956 - Risk to delivery of the CRL for 2020/21. Risk 624 – Risk to the ability to maintain and address backlog maintenance and develop infrastructure to support long term strategic objectives.
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners.
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report	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:	CEIM&TSC and Sustainable Resources Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian:	Capital values noted within the report. Included within

Financial / Service:	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 assessment are included within individual business cases and Capital prioritisation process when required.