



## PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	22 August 2022
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Update on All-Wales Capital Programme 2022/23 Capital Resource Limit and Capital Financial Management
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Huw Thomas, Director of Finance

**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 update report is presented to the Sustainable Resources Committee to:

- Note the Capital Resource Limit (CRL) for 2022/23
- Note the project updates
- Note the risks being managed

#### Cefndir / Background

This report provides an update on the CRL for 2022/23.

#### Asesiad / Assessment

##### **Capital Resource Limit 2022/23**

The current CRL for 2022/23 has been issued with the following allocations:

Allocation	£m
All Wales Capital Programme (AWCP)	25.359
Discretionary Capital Programme (DCP)	5.290
<b>Total</b>	<b>30.649</b>

In addition, £0.273m of VAT recovery is available for use following completion of the review of the 2021/22 programme, and capital receipts of approximately £0.150m are expected from the sale of two CT scanners which are being replaced.

Since the previous report, the following changes to the CRL have been made:

- Glangwili - Fire Enforcement works - Phase 1 allocation has been reduced by £0.976m to reflect the revision to the cashflow forecast developed with the Project Team in July 2022

- Withybush - Fire Enforcement works - Phase 1 allocation has been increased by £2.674m to reflect the revision to the cashflow forecast developed with the Project Team in July 2022 and draw down of project contingency previously held separately by Welsh Government.

## Capital Expenditure Plan

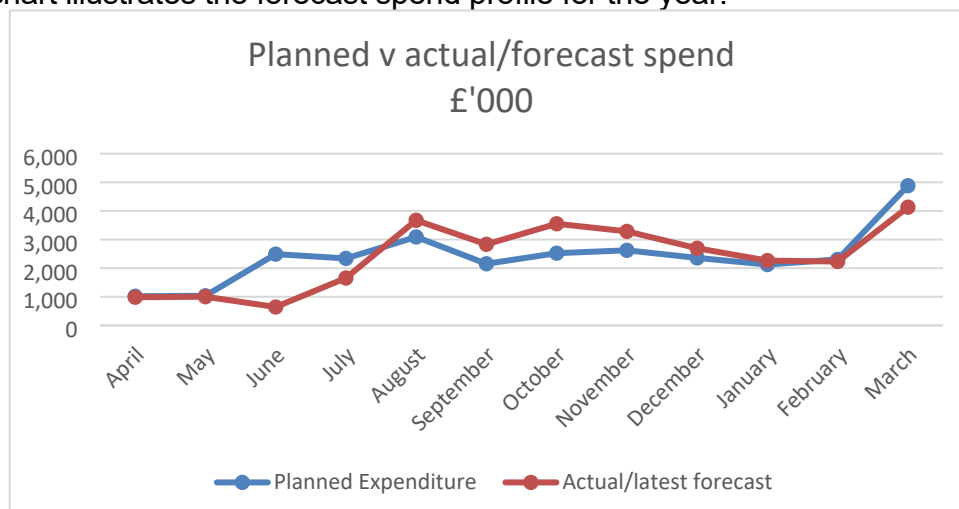
The table below reflects the additional DCP contributions / payback required to the AWCP programme in 2022/23:

Scheme	Planned Spend 2022/23 £m	Cumulative Spend Apr - Jul £m	Spend Jul £m	Remaining balance £m
<b>AWCP</b>				
Glangwili - Fire Enforcement works - Phase 1	6.027	1.239	0.550	4.788
Withybush - Fire Enforcement works - Phase 1	6.959	1.526	0.746	5.433
Neonates - Phase II - main	1.067	0.288	0.040	0.779
I2S - Multi-site projects	0.322	0.000	0.000	0.322
PPH Demountable	1.899	0.574	0.056	1.325
Fire Enforcement Works - WGH Hospital- Decant Ward Fees	0.188	0.118	0.048	0.070
WGH - Fire Enforcement works fees - Phase 2	0.935	0.011	0.003	0.924
National Programme - Decarbonisation	0.655	0.034	-0.010	0.621
National Programme - Fire	0.125	0.033	0.033	0.092
National Programme - Mental Health	0.420	0.048	0.048	0.372
National Programme - Imaging	0.256	0.089	0.042	0.167
National Programme - Imaging - CT Scanner PPH	1.384	0.009	0.006	1.375
National Programme - Imaging - CT Scanner BGH	1.386	0.006	0.001	1.380
National Programme - Imaging - DR Rooms	1.069	0.064	0.033	1.005
National Programme - Imaging - Fluoroscopy Rooms	2.820	0.000	0.000	2.820
Cross Hands Primary Care scheme	0.097	0.050	0.006	0.047
Patient monitors	0.423	0.000	0.000	0.423
<b>Sub-total AWCP</b>	<b>26.033</b>	<b>4.089</b>	<b>1.602</b>	<b>21.943</b>
<b>Discretionary</b>				
IT	0.200	0.073	0.022	0.127
Equipment	1.703	0.000	0.000	1.703
Estates – Statutory	0.512	0.009	0.002	0.503
Estates Infrastructure	1.915	0.025	0.014	1.890
Other	0.286	0.092	0.015	0.194
<b>Sub-total Discretionary</b>	<b>4.616</b>	<b>0.199</b>	<b>0.053</b>	<b>4.417</b>
<b>TOTAL</b>	<b>30.649</b>	<b>4.288</b>	<b>1.655</b>	<b>26.361</b>

The revenue implications of these allocations are detailed at Appendix 1.

## Expenditure Profile Forecast

The below chart illustrates the forecast spend profile for the year.



The above graph shows actual expenditure to date and update forecast in red against that forecast at the start of the year in blue. The forecast at the beginning of the year was primarily based on the expenditure profile for the prior year in the absence of other information, consequently high expenditure forecast is shown for March. The forecast will be updated as more information becomes available from project managers.

The main reasons for the underspend against forecast in June are as follows:

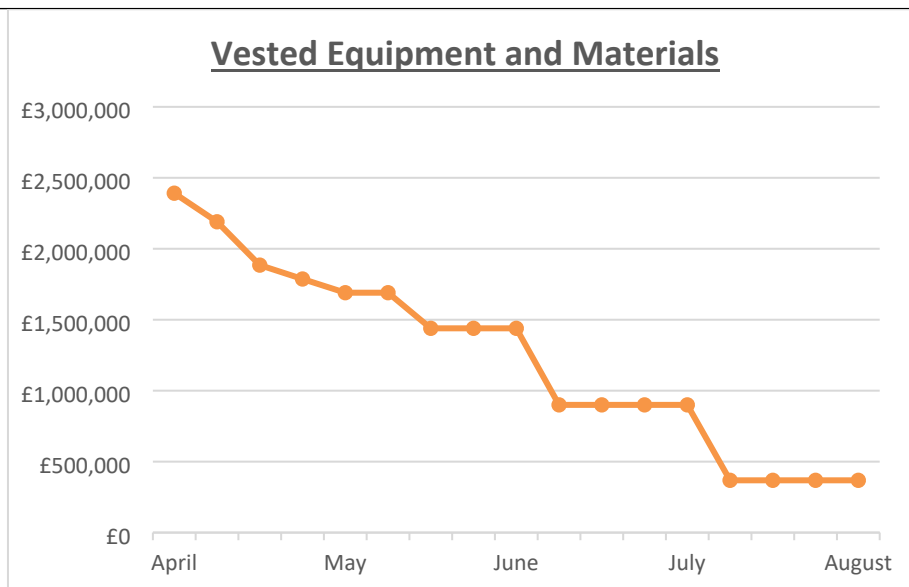
- slippage on the Prince Philip Hospital Modular Theatre scheme £0.36m; this is expected to complete by September 2022
- delay in delivery of equipment £0.42m; delivery is expected in August 2022
- slippage on the Fire Precaution schemes £0.43m; the cashflow forecasts for these are under regular review

Discretionary Capital Programme (DCP) year to date spend of £0.199m represents just under 5% of the full year allocation, however expenditure against the DCP has historically been heavily weighted to the latter half of the financial year. Regular meetings are in place with relevant project managers to monitor expenditure plans and cashflow forecasts.

### Update on Vested Equipment

The Health Board planned to have Imaging / Diagnostic Equipment and Pharmacy robots in bonded storage at the end of March 2022 to ensure Supply Chain availability and to assist in managing the Capital Resource Limit in 2021/22. This equipment will be delivered to the Health Board in line with planned construction programmes through the course of 2022/23.

Additionally, there was a requirement to vest a significant number of additional equipment / materials as a result of delays at ports due to Brexit, construction delays and suppliers being unable to meet original delivery timelines. The below weekly tracker shows that significant progress has been made in reducing the number to be delivered to the Health Board.



The remaining balance of £368k, is made up of £254k of Digital Equipment (predominantly videoconferencing kit) and part of an order for Electrocardiogram (ECG) monitors. Health board service leads are in regular communication with suppliers to ensure that delivery is prioritised.

### **Financial Risks Associated with Capital Schemes**

#### Women & Children Phase II (GGH)

There is an estimated additional cost implication for the scheme due to the implementation of social distancing legislation as a consequence of COVID-19 of £0.692m. These costs have been agreed by WG and funding has been approved. No further costs are expected in relation to COVID-19. This risk is therefore considered closed and will not be further reported on.

#### WGH and GGH Fire Precaution Works

The form of contract for this scheme is a “cost-plus” contract which, together with the high degree of uncertainty involved in the works required to comply with fire regulations, mean that forecasting of costs will be difficult as the scheme progresses, requiring close working with the HB’s cost adviser and project manager.

### **Capital Scheme Updates (Schemes greater than £1m)**

#### **Women & Children Phase II**

Work has now started on Phase 3. The most recent programme for the remainder of the project (Phases 3 and 4) submitted by the Supply Chain Partner (SCP), Tilbury Douglas, forecasts a completion date of July 2023.

#### **Imaging Programmes**

Enabling works on the installation of replacement CT scanners at Prince Philip Hospital (PPH) commenced in July 2022 and are scheduled to commence at Bronglais General Hospital (BGH) in September 2022. Additionally, the replacement of Digital Radiography (one for each main site) and the Fluoroscopy machine in BGH will be undertaken during the year.

#### **Withybush General Hospital (WGH) Fire Compliance Work**

Work for Phase 1 started on site in June 2021 and is currently progressing. The extent of work required regarding over-boarding is expected to be greater than envisaged in the original programme, and together with the difficulty in working in a live hospital environment is expected to result in delay to the completion date, with the latest programme forecasting completion in February 2023. The Business Case for the next phase of works (Phase 2) is currently being prepared.

### **Glangwili General Hospital (GGH) Fire Compliance Work**

The SCP is the same as for WGH Fire Compliance Work and work started on site in January 2022. The current accepted programme forecasts a completion date of April 2023.

### **PPH Modular Build**

Progress against the planned programme has been delayed slightly. The Modular Theatres are expected to be available for use from September 2022.

### **Cross Hands Health & Wellbeing Centre (HWBC)**

The Health Board has received scrutiny comments from Welsh Government with regards to the recent Outline Business Case submission. Responses are currently being collated.

### **WGH Fire Enforcement Decant Ward**

In order to progress to Phase 2 of fire enforcement works at WGH, a decant ward is required and Business Justification Case (BJC) will be submitted to WG for construction of a modular ward. The BJC highlights a slight increased revenue cost of circa £40k for the facility compared to current costs of wards being decanted. This is necessary in order to procure a “future proof” facility. Following completion of the fire prevention works the ward will be hibernated, however it will be able to be reopened should future need arise.

### **Argymhelliad / Recommendation**

The Sustainable Resources Committee is requested to:

- Note the CRL for 2022/23
- Note the risks being managed
- Note the project updates.

### **Amcanion: (rhaid cwblhau)**

### **Objectives: (must be completed)**

Committee ToR Reference:

Cyfeirnod Cylch Gorchwyl y Pwyllgor:

3.1 Undertake detailed scrutiny of the organisation’s overall:

- Monthly, quarterly and year-to-date financial performance;
- Performance against the Savings Delivery and the Cost Improvement Programme providing assurance on performance against the Capital Resource Limit and cash flow forecasts.

3.6 Receive assurances in respect of Directorate performance against annual budgets, capital plans and the Cost Improvement Programme and innovation and productivity plans.

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Risk 624 (score 20) – 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):	All Health & Care Standards Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	3. Striving to deliver and develop excellent services 6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	4S Improvement in Population Health 5C_22 Business Cases for A Healthier Mid and West Wales 6G_22 Decarbonisation and green initiatives plan 6K_22 workforce, clinical service and financial sustainability
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	9. All HDdUHB Well-being Objectives apply

### Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termiau: Glossary of Terms:	Explanation of terms is included in the main body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Capital Monitoring Forum Capital Planning Group Individual Project Boards of Capital Schemes Welsh Government Capital Review Meeting Capital Sub-Committee

### 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

<b>Risg: Risk:</b>	Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB
<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

## Appendix 1 – revenue consequences of capital schemes

The below table summarises the revenue consequences of capital schemes of which funding has been / expected to be received in 2022/23 (all figures £m):

Scheme	Total	Additional	Costs included in current budgets (replacement)
<b>AWCP</b>			
Glangwili Fire Enforcement works – Phase 1	<b>Business Case assumed no additional costs</b>		
Withybush Fire Enforcement works – Phase 1	<b>Business Case assumed no additional costs</b>		
Women and Childrens Phase 2	0.53	0.53	0.00
I2S – Multi-site projects	0.00	0.00	0.00
PPH Demountable	Costs developed as a part of Health Board's recovery plans		
Withybush Fire Enforcement - Decant Ward Fees	<b>Revenue Costs to level of current costs will be capitalised, additionality will be revenue expensed. Future use will be subject to a separate business case</b>		
National Programme – Decarbonisation	0.00	0.00	0.00
National Programme – Fire	0.00	0.00	0.00
National Programme – Mental Health	0.00	0.00	0.00
National Programme – Imaging	0.22	0.00	0.22
National Programme – Imaging – CT Scanner PPH	0.11	0.00	0.11
National Programme – Imaging – CT Scanner BGH	0.11	0.00	0.11
National Programme – Imaging – DR Rooms	0.12	0.00	0.12
National Programme – Imaging – Fluoroscopy Rooms	0.06	0.00	0.06
<b>Sub-total AWCP</b>	<b>1.15</b>	<b>0.53</b>	<b>0.62</b>
<b>Discretionary/receipts</b>			
Estates – Statutory	0.00	0.00	0.00
IT	0.00	0.00	0.00
Equipment	0.18	0.00	0.18
Estates Infrastructure	0.00	0.00	0.00
Other	0.00	0.00	0.00
<b>Sub-total Discretionary</b>	<b>0.18</b>	<b>0.00</b>	<b>0.18</b>
<b>TOTAL</b>	<b>1.33</b>	<b>0.53</b>	<b>0.80</b>

The above table shows the total revenue costs as a consequence of capital expenditure in 2022/23 as £1.33m. Total additional costs are estimated at £0.53m and costs assumed to be included in current revenue budgets as they are equipment replacements totals £0.80m

### Assumptions made

- Medical Equipment replacement assumed at 10% of capital cost.
- Any Estates work to existing buildings are assumed to be revenue neutral unless the building footprint increases or changes significantly.
- Some capital investments will lead to longer term revenue savings (such as decarbonisation initiatives and digital investment) however it has been assumed that these will be included as a part of directorate savings plans.