



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 June 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Update on All-Wales Capital Programme 2022/23 Capital Resource Limit and Capital Financial Management
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	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)	23.661
Discretionary Capital Programme (DCP)	5.290
Total	28.951

Capital Expenditure Plan

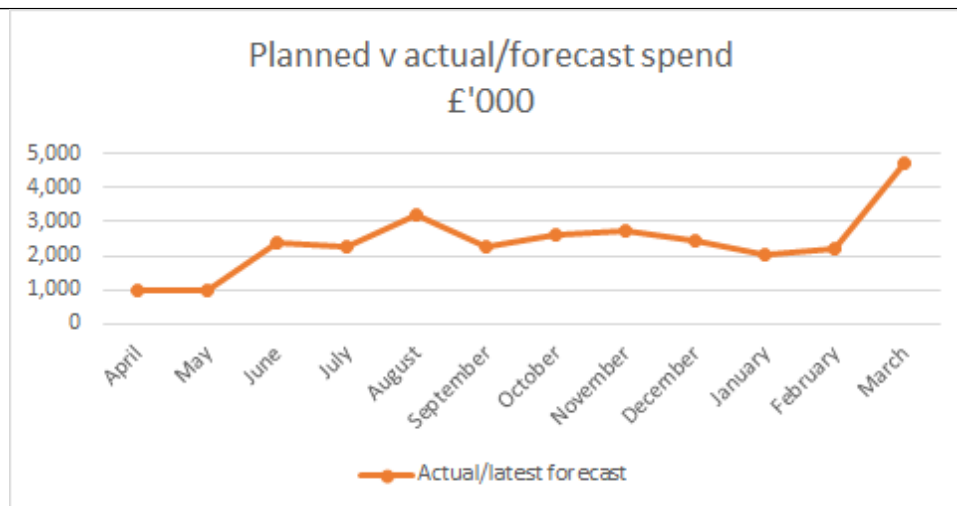
The table below reflects the additional DCP contributions / payback required to the AWCP programme in 2022/23:

Scheme	Planned Spend 2022/23 £m	Cumulative Spend Apr - May £m	Spend May £m	Remaining balance £m
AWCP				
Glangwili - Fire Enforcement works - Phase 1	7.005	0.395	0.280	6.610
Withybush - Fire Enforcement works - Phase 1	4.285	0.779	0.451	3.506
Neonates - Phase II - main	1.231	0.221	0.094	1.010
I2S - Multi-site projects	0.322	0.000	0.000	0.322
PPH Demountable	1.899	0.374	0.000	1.525
Fire Enforcement Works - WGH Hospital- Decant Ward Fees	0.188	0.068	0.065	0.120
WGH - Fire Enforcement works fees - Phase 2	0.935	0.006	0.006	0.929
National Programme - Decarbonisation	0.632	0.000	0.000	0.632
National Programme - Fire	0.125	0.008	0.003	0.117
National Programme - Mental Health	0.421	0.000	0.000	0.421
National Programme - Imaging	0.256	0.04	0.024	0.216
National Programme - Imaging - CT Scanner PPH	1.385	0.002	0.002	1.383
National Programme - Imaging - CT Scanner BGH	1.384	0.004	0.004	1.380
National Programme - Imaging - DR Rooms	1.068	0.001	0.001	1.067
National Programme - Imaging - Fluoroscopy Rooms	2.820	0.000	0.000	2.820
Cross Hands Primary Care scheme	0.075	0.014	0.014	0.061
Sub-total AWCP	24.031	1.912	0.944	22.119
Discretionary				
IT	0.200	0.034	0.034	0.166
Equipment	2.124	0.000	0.000	2.124
Estates – Statutory	0.895	0.002	0.002	0.893
Estates Infrastructure	1.701	0.041	0.038	1.660
Other	0.000	0.000	0.000	0.000
Sub-total Discretionary	4.920	0.077	0.074	4.843
TOTAL	28.951	1.989	1.018	26.962

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.



Where information has been provided by project managers and other advisers on cashflow this is incorporated into the above chart, otherwise the forecast is based on the prior year cashflow, and consequently shows highest monthly expenditure in March 2022. The forecast will be updated as further information is received.

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. Total costs agreed to date with the Supply Chain Partner are £0.596m. Following the review undertaken by NWSSP-Estates on these costs, they have agreed that they are reasonable and have advised Welsh Government (WG). WG have confirmed that their policy is to fund COVID-19 related costs. The total quantum of additional COVID-19 costs will be reviewed in light of the amended WG social-distancing legislation, and it is expected no further costs will be incurred.

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) are scheduled to commence in July 2022 and 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. However, a revised programme has not yet been accepted by the Project Manager.

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 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 July 2022.

Cross Hands Health & Wellbeing Centre (HWBC)

The Cross Hands HWBC Outline Business Case was approved by the Board on 26th May 2022 and has since been submitted to WG, awaiting approval. The annual revenue costs associated with the scheme are cost neutral. The below table illustrates the current revenue costs incurred for all services to be included in the Cross Hands HWBC, compared with the revenue costs of the preferred option.

	CURRENT COSTS £m	PROPOSED £m	VARIANCE £m
Premises	0.045	0.344	0.299
Digital	0	0.057	0.057
Clinical Equipment Maintenance	0	0.013	0.013
GMS	0.065	0.049	-0.016
Other – Rent	0.249	0	-0.249
Income	0	-0.105	-0.105
Total	0.358	0.358	0.000

The estimated increase in premises running costs of £0.299m is offset by the reduction of current rental cost of facilities in Eastgate in Llanelli, Parcyrhun in Ammanford and other clinical areas as well as proposed income from our partners – Local Authority (Library and Early Years services), Pharmacy facilities, Police and Third Sector parties.

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:	<p>3.1 Undertake detailed scrutiny of the organisation's overall:</p> <ul style="list-style-type: none"> • 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. <p>3.6 Receive assurances in respect of Directorate performance against annual budgets, capital plans and the Cost Improvement Programme and innovation and productivity plans.</p>
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: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	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.

Partion / 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
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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
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

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)
AWCP			
Glangwili Fire Enforcement works – Phase 1	Business Case assumed no additional costs		
Withybush Fire Enforcement works – Phase 1	Business Case assumed no additional costs		
Womens 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	Revenue Costs incurred whilst decant ward will be capitalised. Future use will be subject to a separate business case		
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
Sub-total AWCP	1.15	0.53	0.62
Discretionary/receipts			
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
Sub-total Discretionary	0.18	0.00	0.18
TOTAL	1.33	0.53	0.80

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.