

PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 23 August 2021 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Update on All-Wales Capital Programme – 2021/22 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)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

This update report is presented to Sustainable Resources Committee to:

- Note the Capital Resource Limit (CRL) for 2021/22
- Note the project updates
- Note the risks being managed

Cefndir / Background

This report provides an update on the CRL for 2021/22.

Asesiad / Assessment

Capital Resource Limit 2021/22

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

| Allocation | £m |
|---------------------------------------|---------------|
| All Wales Capital Programme (AWCP) | 22.610 |
| Discretionary Capital Programme (DCP) | 7.271 |
| Total | 29.881 |

Additionally, sales receipts of £0.389m are available for utilisation, which increases the total funding available for prioritisation.

| Allocation | £m |
|----------------|---------------|
| CRL | 29.881 |
| Sales receipts | 0.389 |
| Total | 30.270 |

The Capital Expenditure Plan for 2021/22 is detailed in the table below.

This reflects the additional Discretionary Capital Programme (DCP) contributions / payback required of the All Wales Capital Programme (AWCP) programme in 2021/22.

| Scheme | Planned Spend 2021/22 £m | Cumulative Spend Apr - Jul £m | Spend July £m |
|--|---------------------------------|--------------------------------------|----------------------|
| AWCP | | | |
| Women and Children Phase II | 3.681 | 1.524 | 0.305 |
| MRI Withybush Hospital | 2.559 | 2.050 | 1.364 |
| Cross Hands Primary Care Scheme | 0.075 | 0.000 | 0.000 |
| Fire Prevention Works Glangwili Hospital | 0.787 | 0.045 | 0.002 |
| Withybush Hospital Fire Compliance Works | 6.998 | 0.596 | 0.212 |
| National Programmes – Estates Funding Advisory Board | 5.428 | 0.050 | 0.040 |
| National Programmes – Imaging | 4.515 | 0.000 | 0.000 |
| E-Prescribing System | 0.195 | 0.000 | 0.000 |
| Sub-total AWCP | 24.238 | 4.266 | 1.923 |
| Discretionary/receipts | | | |
| Estates – Statutory | 1.290 | 0.091 | 0.039 |
| IT | 0.765 | 0.116 | 0.025 |
| Equipment | 0.797 | 0.091 | -0.006 |
| Estates Infrastructure | 2.709 | 0.294 | 0.069 |
| Other | 0.472 | 0.263 | 0.019 |
| Sub-total Discretionary | 6.033 | 0.855 | 0.146 |
| TOTAL | 30.270 | 5.121 | 2.069 |

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

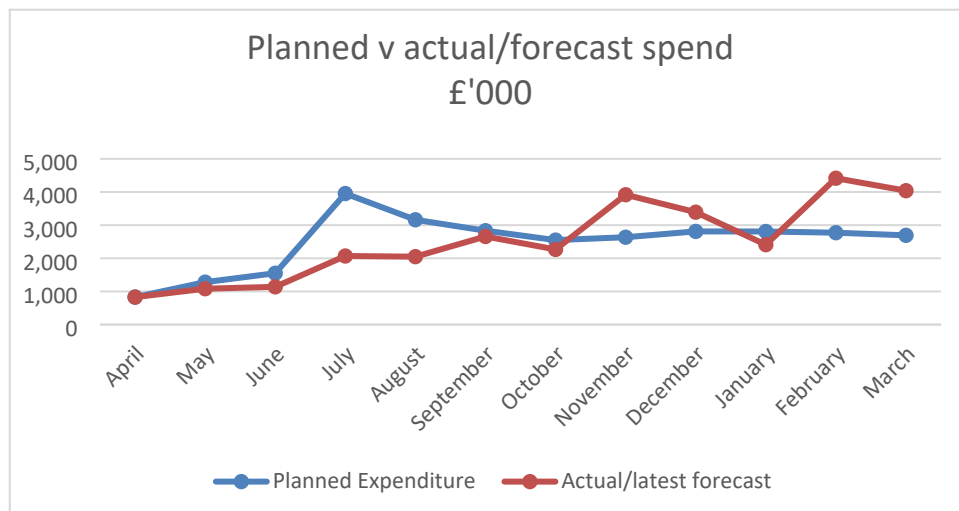
Since the previous report to the Committee in June 2021, AWCP funding has been received for the Fire Compliance scheme at Withybush Hospital. The scheme involves improvement works at the hospital in response to enforcement notices issued by the Fire Service, which are required to be addressed within a defined timescale.

Recurrent revenue costs are not anticipated to arise from the scheme.

Capital charges for depreciation and impairment will be fully funded by Welsh Government (WG) in line with other capital charges.

Expenditure profile forecast

The graph below illustrates performance of actual / forecast versus original planned spend.



The graph shows actual spend to Month 4 and current forecast spend profile in red, against the original profile estimate from Month 1. The Month 1 forecast was based to a large degree on estimation as accurate cashflow information on the capital programme is not available at the start of the financial year. This accounts for the difference between the original forecast for July 2021 and actual spend rather than any genuine significant slippage.

The spikes in November 2021 and February 2022 are primarily due to the expected delivery dates for the computerised tomography (CT) scanners at Glangwili General Hospital (GGH) and Withybush General Hospital (WGH), respectively.

As in previous years, expenditure is weighted towards the end of the year, which increases the risks in delivering against the CRL. To mitigate this risk, regular monthly meetings are being held between Finance and principal project leaders and the Estates team, with the aim of identifying slippages at the earliest opportunity to facilitate corrective action and reprioritisation, and to improve general information exchange.

Capital Scheme Updates (Schemes greater than £1million)

Women & Children's Phase II

There remains a significant delay to the project with an anticipated completion date of September 2022. Risks to the handover of phase 2 by the end of July 2021 were discussed at the most recent project meetings and actions to mitigate these risks were accepted by the Project Board. However, handover was not achieved due to unresolved defects and therefore, the project meetings being held in August 2021 will discuss options available to resolve and achieve handover.

WGH Magnetic Resonance Imaging (MRI) Scanner Replacement

Following scheme slippage from the previous financial year into the current financial year, the MRI scanner was delivered in July 2021. Installation is currently in progress with the anticipation that the scanner will be operational from mid-August 2022.

National Programmes

The project to deliver additional CT scanner facilities at GGH and WGH is currently at the design stage. The project team are not currently reporting any risks to delivery.

The Estates Advisory Board funding is for numerous smaller schemes, which are mainly at the design/tender stage.

WGH Fire Compliance Work

WGH Fire Compliance work commenced on site in June 2021 and is currently progressing with no risks flagged regarding delivery. A cashflow forecast for the year has been provided by the project Cost Adviser against which progress will be monitored.

Financial Risks

Women & Children Phase II (GGH)

There is an estimated additional cost implication of £1.920m for the scheme due to the implementation of social distancing legislation as a consequence of COVID-19. These costs have not yet been agreed with the Supply Chain Partner. Following review of these additional costs by NHS Wales Shared Services Partnership (NWSSP)-Estates, they have agreed that the additional costs are reasonable and have advised WG as such. WG have confirmed that their policy is to fund COVID-19 related costs.

Argymhelliad / Recommendation

The Sustainable Resources Committee is requested to:

- Note the Capital Resource Limit for 2021/22
- Note the project updates
- Note the risks being managed

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: <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. 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: | 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. 5. Deliver, as a minimum requirement, outcome and delivery framework work targets and specifically |

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| | eliminate the need for unnecessary travel & waiting times, as well as return the organisation to a sound financial footing over the lifetime of this plan |
| 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: | |
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| 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, Estates and IM&T Sub-Committee |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
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| 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 |