

## PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	17 December 2024
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Update on All-Wales Capital Programme 2024/25 Capital Resource Limit and Capital Financial Management
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Sarah Welsby, Senior Finance Business Partner Planning and Major Projects

**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 2024/25 Capital Resource Limit (CRL)
- Note the risks being managed
- Note the project updates
- Note and scrutinise the potential revenue consequences of capital schemes

#### Cefndir / Background

This report provides an update on the CRL for 2024/25

#### Aseiad / Assessment

##### Capital Resource Limit 2024/25

The CRL for 2024/25 has been issued with the following allocations:

Allocation	£'m
All Wales Capital Programme (AWCP)	28.508
Discretionary Programme (gross allocation)	6.216
IFRS 16 Leases	0.618
<b>Total</b>	<b>35.342</b>

Since the last report the following amendments have been made to the CRL:

Scheme	£m	Description
EFAB Infrastructure	(0.050)	Reduction as part of October CRL fixing exercise to reflect expected outturn by 31 March 2025.

Withybush - RAAC Fees and Works	(0.500)	Reduction to reflect the forecast underspend against the original WG allocation
GGH Fire Enforcement Phase 2 - Fees	(0.182)	Reduction in in-year funding to reflect slippage of programme to 2025/26
Backlog Maintenance 2024-25	(0.660)	Reduction in in-year funding to reflect slippage of programme to 2025/26
DPIF (Digital Priorities Investment Fund) – RISP (Radiology Informatics System Procurement)	(0.150)	Reduction to reflect the forecast underspend against the original WG allocation
Year End Funding – October 2024	1.474	Additional funding provided by WG for various projects deliverable by 31 March 2025.
Aberystwyth Sexual Assault Referral Centre	0.708	Funding to commence works for the scheme following WG approval of the business case
Picton Terrace	1.150	Funding to purchase the leasehold of Picton Terrace from WG
DPIF - Electronic Prescribing and Medicines Administration (EPMA)	0.500	Funding for the roll out of the EPMA project
IFRS 16 Leases	0.455	Funding for capitalisation of the lease of the building for the new SARC project
<b>Total</b>	<b>2.745</b>	

In addition to the above, Welsh Government has confirmed allocation of an additional £4.527m of year end funding for items deliverable by 13 March 2025, not yet reflected in the CRL.

### Capital Expenditure Plan

The following table shows the capital expenditure plan for 2024/25 with expenditure incurred to date:

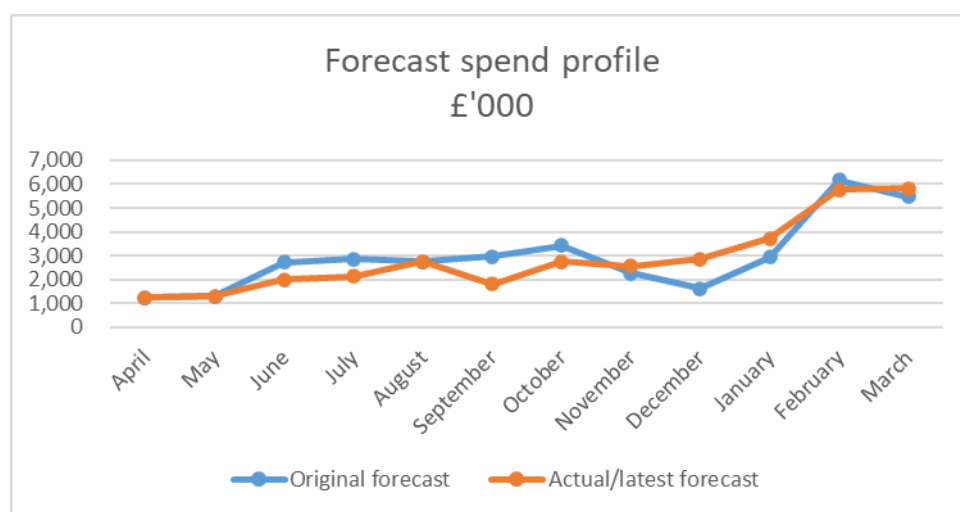
Scheme	Planned Spend 2024/25 £m	Cumulative Spend Apr - Nov £m	Spend Nov £m	Remaining balance £m
<b>AWCP</b>				
Estates Funding Advisory Board (EFAB) - Infrastructure	2.858	1.438	0.267	1.420
EFAB - Fire	1.091	0.925	0.000	0.166
WGH - RAAC Works	5.453	3.227	0.393	2.226
GGH - Fire Enforcement Phase 1	7.967	6.776	1.056	1.191
GGH - Fire Enforcement works - Phase 2 - Fees	0.055	0.042	-0.068	0.013
Cross Hands Health and Wellbeing Centre	0.177	0.177	0.012	0.000
BGH Digital Radiology X-Ray works	0.290	0.237	0.187	0.053
Diagnostic Equipment 2024-25	3.202	0.131	0.017	3.071
Backlog Maintenance - 2024-25	3.164	0.442	0.139	2.722
DPIF - RISP	0.224	0.005	0.000	0.219
Fishguard Health and Wellbeing Centre	0.070	0.000	0.000	0.070
Year End Funding – October 2024	1.474	0.000	0.000	1.474

Aberystwyth Sexual Assault Referral Centre	0.708	0.003	0.000	0.705
Picton Terrace	1.150	0.000	0.000	1.150
DPIF - Electronic Prescribing and Medicines Administration (EPMA)	0.500	0.000	0.000	0.500
<b>Sub-total AWCP</b>	<b>28.383</b>	<b>13.403</b>	<b>2.003</b>	<b>14.980</b>
<b>Discretionary</b>				
IT	1.350	0.386	0.071	0.964
Equipment	1.668	1.449	0.567	0.219
Estates – Statutory	0.450	0.145	0.027	0.305
Estates Infrastructure	2.193	0.661	0.032	1.532
Other	0.680	0.512	0.050	0.168
<b>Sub-total Discretionary</b>	<b>6.341</b>	<b>3.153</b>	<b>0.747</b>	<b>3.188</b>
<b>IFRS 16 Leases</b>	<b>0.618</b>	<b>0.163</b>	<b>0.000</b>	<b>0.455</b>
<b>TOTAL</b>	<b>35.342</b>	<b>16.719</b>	<b>2.750</b>	<b>18.623</b>

Further details on the revenue consequences of these schemes are noted in Appendix 1.

### Expenditure Profile Forecast

The below chart shows current forecast expenditure compared with the original forecast. Expenditure for November was slightly higher than forecast.



### Financial Risks associated with Capital Schemes in 2024/25

#### End of Year funding allocations

The additional capital funding received in early December will address some of the significant backlog replacement liability which the Health Board has, however there may be a risk associated with the delivery of some of these goods by the 31<sup>st</sup> March.

The procurement team are working with Directorates and suppliers to ensure that firm delivery dates are received for all items.

Close monitoring will occur to ensure that if there are any risks identified, mitigating measures are put in place to ensure that capital spend is maximised.

A corresponding risk will be raised on the Corporate Risk Register to highlight the risk of underspending against our CRL.

### ***Withybush Fluoroscopy Room Project***

Tendered costs for this scheme are circa £1.9m over the original budget. This is due to significant infrastructure upgrades which are required within Withybush to install the equipment. These were not known at the time of preparing the budget cost. We are working with the WG capital team to find a solution to the budget shortfall. There will be a requirement to bond the equipment over year end, if we proceed with the scheme.

### ***Glangwili General Hospital (GGH) Fire Precaution Works***

As reported previously, additional funding has been provided by WG for the overspend on the scheme against the original allocation. The scheme's expected completion date has slipped slightly since the last report and is now mid February 2025. The latest cost adviser report forecasts the scheme to be within the revised allocation. This will be closely monitored by the project team as the project nears completion.

### **Impact of Inflation**

The Health Board continues to experience the impact of inflation with tendered costs exceeding previous price estimates.

Where bids are made for AWCP funding, discussions are held with WG with regard to the potential impact of inflation between pre and post tender contractual awards and the means available to manage that risk such as an additional contingency held by WG.

For any schemes which are delivered via alternative funding sources such as the DCP additional contingency allowances are made to account for the uncertainty associated with inflation.

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

#### ***GGH Fire Compliance Work***

Work commenced on site in January 2022 and the current accepted programme forecasts a completion date of February 2025. The original expected completion date was April 2023. As noted earlier the spend will exceed the original budget allocated and the request made to WG for additional funding has been approved.

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

Following recent WG correspondence, the Health Board is reviewing the Full Business Case, which is under development, to ensure that it is deliverable within the new guidance issued on budgetary constraints by WG in September 2023.

#### ***WGH Reinforced Autoclaved Aerated Concrete (RAAC) Works***

Extensive work is underway at Withybush to make safe the roof following surveys assessing the extent of RAAC used in its original construction. £12.8m has been awarded by WG to undertake the works. Works required to six of the affected wards were completed by March 2024. The remaining works are due to complete during 2024/25. Forecast costs for the remainder of the project were robustly reviewed as part of the CRL fixing process and £0.5m of the original funding returned to WG.

### **Bronglais Chemotherapy Day Unit**

Work on a new Chemotherapy Day Unit at Bronglais Hospital commenced in May 2024. The scheme will remodel part of the existing floor area and repurpose accommodation to ensure the needs of staff and patients are met to deliver a modern and welcoming facility. The majority of the scheme has been funded via charitable funds with a £0.32m contribution from the Health Board's discretionary capital programme.

### **Aberystwyth Sexual Assault Referral Centre (SARC)**

Following WG approval of the business case for the Aberystwyth SARC, £3.354m funding has been provided with work due to start in December 2024 and complete in 2025/26. Forecast costs for the current year are £0.7m.

### **Argymhelliad / Recommendation**

The Sustainable Resources Committee is requested to:

- Note the CRL for 2024/25
- Note the capital risks being managed
- Note the project updates.

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

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

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3 Receive assurances over the delivery of the financial plan. This will be achieved through scrutiny of the monthly finance report. This report shall ensure clarity in: 3.5.3 Performance against other financial metrics, such as cash management, capital management and Public Sector Payment Policy.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Corporate Risk 1196 - not be able to provide safe, sustainable, accessible and kind services. This is caused by insufficient investment to ensure we have appropriate facilities, medical equipment and digital infrastructure of an appropriate standard. Score 16
Galluogwyr Ansawdd: Enablers of Quality: <a href="#">Quality and Engagement Act (sharepoint.com)</a>	6. All Apply
Parthau Ansawdd: Domains of Quality <a href="#">Quality and Engagement Act (sharepoint.com)</a>	7. All 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	5a Estates Strategies 5c Digital Strategy 8a Decarbonisation & Sustainability
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022</a>	9. All HDdUHB Well-being Objectives apply

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termau: 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

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Capital values noted within the report. Included within individual business cases and Capital prioritisation process.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Included within individual business cases and Capital prioritisation process
<b>Gweithlu: Workforce:</b>	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>	Included within individual business cases and Capital prioritisation process



## Appendix 1 Revenue Consequences of Capital Schemes

The below table summarises the revenue consequences of capital schemes of which funding has been received in 2024/25:

Scheme	Total £'m	Additional £'m	Costs included in current budgets (replacement) £'m
<b>AWCP</b>			
Estates Funding Advisory Board (EFAB) - Infrastructure	0.00	0.00	0.00
EFAB - Fire	0.00	0.00	0.00
EFAB - Decarbonisation	0.00	0.00	0.00
Withybush - RAAC Fees and Works	Future ongoing survey and other costs not yet known		
GGH Fire Enforcement Phase 1	0.00	0.00	0.00
GGH Fire Enforcement works – Phase 2 - Fees	0.00	0.00	0.00
Cross Hands Health and Wellbeing Centre	See Capital Scheme Updates (Schemes greater than £1m) section		
BGH Digital Radiology X-Ray works	0.00	0.00	0.00
Diagnostic Equipment 2024-25	0.13	0.00	0.13
Backlog Maintenance 2024-25	0.00	0.00	0.00
DPIF – RISP	0.00	0.00	0.00
Fishguard Health and Wellbeing Centre	Business case under development – revenue consequences of project not yet known		
<b>Sub-total AWCP</b>	<b>0.13</b>	<b>0.00</b>	<b>0.13</b>
<b>Discretionary/receipts</b>			
IT	0.00	0.00	0.00
Equipment	0.14	0.00	0.14
Estates Statutory	0.00	0.00	0.00
Estates Infrastructure	0.00	0.00	0.00
Other	0.00	0.00	0.00
<b>Sub-total Discretionary</b>	<b>0.14</b>	<b>0.00</b>	<b>0.14</b>
<b>TOTAL</b>	<b>0.27</b>	<b>0.00</b>	<b>0.27</b>

The above table shows the total revenue costs as a consequence of capital expenditure in 2024/25 as £0.27m. Total additional costs are estimated at £0.00m and costs assumed to be included in current revenue budgets, as they are equipment replacements, totals £0.27m.

The following assumptions were 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.