



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	19 December 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Update on All-Wales Capital Programme 2023/24 Capital Resource Limit and Capital Financial
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	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 spend against the 2023/24 Capital Resource Limit (CRL)
- Note the additional capital risks
- Note the project updates

Cefndir / Background

This report provides an update on the CRL for 2023/24.

Asesiad / Assessment

Capital Resource Limit 2023/24

The CRL for 2023/24 has been issued with the following allocations:

Allocation	£'m
All Wales Capital Programme (AWCP)	29.751
Discretionary Programme (gross allocation)	5.435
IFRS 16 Leases	0.834
Total	36.020

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

Scheme	£m	Description
Withybush Hospital (WH) - Reinforced Autoclaved Aerated Concrete (RAAC) Fees and Works	(1.160)	Reduction in the current year allocation following detailed work by project team to reassess phasing of expenditure (rephased to next year)

WH Fire Enforcement Phase 1 – additional funding	0.657	Additional funding to cover expenditure in the month of September. Funding is being provided monthly in arrears; at the time of writing this report October's funding had not yet been added to the CRL.
Total	(0.503)	

Current Forecast

The following table illustrates the budget versus forecast of capital schemes with an explanation of the key reasons for any variances.

	Capital Scheme	Budget £'m	Forecast £'m	Variance £'m	Explanation
AWCP	WH Fire Decant	6.999	7.299	0.300	- Overspend on the construction of the Decant ward at Withybush
	WH Fire Phase 2	0.383	0.633	0.250	- Overspend against the allocation for the production of the business case for Withybush Fire Enforcement project phase 2
	Other Schemes	22.369	23.532	1.163	- Planned contributions to the All-Wales Capital Programme (AWCP) schemes and paybacks to Discretionary Capital Projects (DCP)
DCP	All Schemes	5.435	3.722	(1.713)	- Contributions to and paybacks from AWCP
IFRS 16	All schemes	0.834	0.834	0.000	
Total		36.020	36.020	0.000	

This will be updated as the year progresses, and any mitigating actions required to offset variances will be highlighted.

Capital Expenditure Plan

The table below reflects the current expenditure plan as reported to WG. Since funding for the WH Fire Enforcement Phase 1 is being granted monthly in arrears, reported planned spend for the project is capped at that invoiced to the end of November.

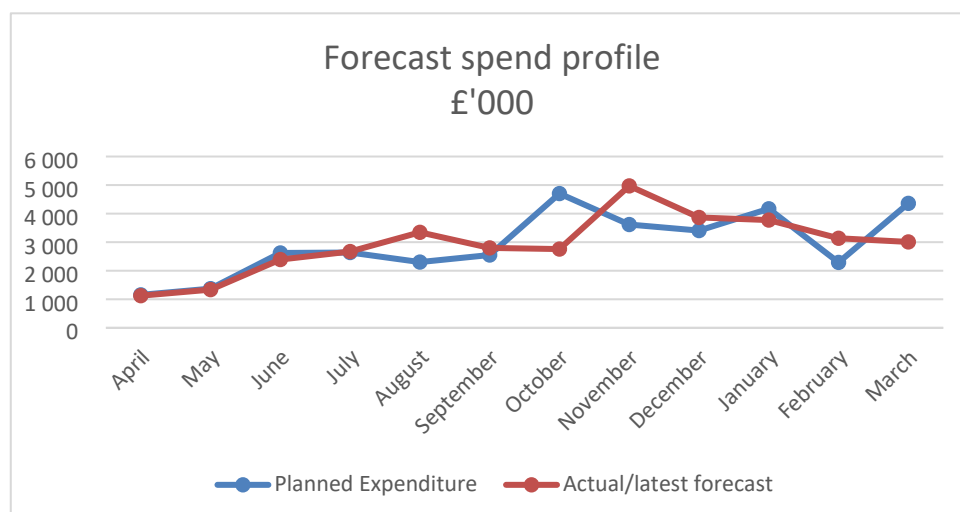
It should be noted that the planned spend reflects any DCP contributions towards AWCP schemes and the payback required between the DCP and AWCP in 2023/24:

Scheme	Planned Spend 2023/24 £'m	Cumulative Spend Apr - Nov £'m	Spend Nov £'m	Remaining balance £'m
AWCP				
WH - Fire Enforcement Phase 1	4.210	4.210	0.696	0.000
WH - Fire Decant	7.299	5.435	1.034	1.864
WH - Fire Enforcement Phase 2 Fees	0.633	0.570	(0.009)	0.063
Glangwili Hospital (GH) - Fire Enforcement Phase 1	6.049	3.713	0.632	2.336
GH - Fire Enforcement works - Phase 2 - Fees	0.496	0.186	(0.009)	0.310

Cross Hands Health and Wellbeing Centre	1.106	0.850	0.035	0.256
Sanctuary Provision for Children and Young People	0.309	0.260	0.002	0.049
Estates Funding Advisory Board (EFAB) - Infrastructure	2.317	0.295	0.009	2.022
EFAB - Fire	0.943	0.226	0.035	0.717
EFAB - Decarbonisation	0.828	0.653	0.025	0.175
National Programme – Decarbonisation	0.076	0.063	0.000	0.013
Women and Children’s Phase 2	0.665	0.629	0.104	0.036
WH - RAAC Fees and Works	6.534	2.144	1.080	4.390
Sub-total AWCP	31.465	19.234	3.634	12.231
Discretionary				
IT	1.004	0.523	0.034	0.481
Equipment	1.447	0.991	0.005	0.456
Estates – Statutory	0.386	0.170	0.052	0.216
Estates Infrastructure	0.402	0.123	0.100	0.279
Other	0.482	0.359	0.033	0.123
Sub-total Discretionary	3.722	2.166	0.224	1.555
IFRS 16 Leases	0.834	0.834	0.000	0.000
TOTAL	36.020	21.786	3.860	14.233

Expenditure Profile Forecast

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



Expenditure was higher than forecast in November primarily due some invoices for some high value discretionary-funded equipment items, the timing of which was uncertain, and the Fire Prevention schemes, the forecasting for which has been challenging owing to a lack of information on cashflow from the supply chain partner.

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. The forecast will be updated as further information is received.

Other Risks Associated with Capital Schemes

Glangwili Hospital (GH) Fire Precaution Works

The latest cost reports for the GH Fire precaution works indicate that this scheme may exceed its total funding allocation.

The assessment of the Project Team however is that there is no significant risk of exceeding funding this financial year. A meeting has been scheduled in December 2023 with NHS Wales Shared Services Partnership (NWSSP) – Specialist Estates Services to discuss arrangements for making a claim to WG for additional funding to cover the forecast overspend.

Impact of Inflation

Prices of commodities and materials have increased significantly over the past few months due to the impact of inflation. The capital programme is beginning to see the impact of this with tendered costs exceeding previous price estimates. As an example, an item of medical equipment was subject to an 11% increase in cost between estimate and quotation.

We would be able to typically mitigate against this risk by utilising the contingency allocation or other identified slippages however this is not currently the case due to forecast overspends noted earlier within the report.

It is anticipated that inflation will impact on the cost of future schemes. 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. It is anticipated that without an inflationary increase in the DCP, the total number of schemes that can be funded via the DCP will be reduced in future years.

Capital Scheme Updates (Schemes greater than £1m)

WH Fire Compliance Work

Work for Phase 1 commenced on site in June 2021 and is currently progressing. The extent of work required regarding over-boarding is greater than envisaged in the original programme. Due to the difficulties in working in a live hospital environment, completion has been significantly delayed and is now expected in December 2023. This compares with the original expected completion date of July 2022. The forecast outturn for project has increased by £0.42m in the month, and whilst this is still contained within the funding available, there remains limited funding available to accommodate any further unforeseen increases.

The Business Case for phase two of the Fire Compliance works is currently being prepared.

GH Fire Compliance Work

The Supply Chain Partner (SCP) is the same as for the WH Fire Compliance Work and work commenced on site in January 2022. The current accepted programme forecasts a completion date of May 2024. This compares with the original expected completion date of April 2023. The project team expects this timetable to slip further, however.

Cross Hands Health & Wellbeing Centre (HWBC)

Funding has been received via the Integrated Regional Care Fund to develop the Full Business Case.

WH Fire Enforcement Decant Ward

In order to progress to Phase 2 of fire enforcement works at WH, a decant ward is required. Approval has been received from WG to proceed with the construction of a modular ward. There is an increased revenue cost of circa £40,000 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. Construction started in March 2023 and completion is expected in January 2024.

WH RAAC Works

Extensive work is underway at WH 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, which are progressing at pace, with work to make safe the six affected wards programmed to complete by March 2024. Following robust review of the programme and cashflow forecasting, funding for the current year has been agreed with WG at £6.5m, with the remainder phased into 2024/25 to undertake work in other areas of the hospital.

Bronglais Hospital (BH) Chemotherapy Day Unit (CDU)

Tenovus Decant Ward has been installed and is providing chemotherapy services at BH. The tenders for the works costs on the unit are due by week ending 15 December 2023. Charitable Funds monies continues to be received. The project works are due to commence in February 2024, to be completed by December 2024.

Argymhelliad / Recommendation

The Sustainable Resources Committee is requested to:

- **NOTE** the CRL for 2023/24
- **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.

Cyfeirnod Cofrestr Risg Datix a Sgôr
Cyfredol:

Corporate Risk 1196 - not be able to provide safe, sustainable, accessible and kind services. This is

Datix Risk Register Reference and Score:	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: Quality and Engagement Act (sharepoint.com)	6. All Apply
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. All apply
X`x` 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: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	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.
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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:	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 / expected to be received in 2023/24 (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		
Women and Children’s Phase 2	0.53	0.53	0.00
Withybush Fire Enforcement - Decant Ward Fees	0.04	0.04	0.00
Cross Hands Health and Wellbeing Centre	0.00	0.00	0.00
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 Fire Fees Phase 2	Business case not yet developed (revenue impact not yet known)		
Glangwili Fire Fees Phase 2	Business case not yet developed (revenue impact not yet known)		
Sanctuary Provision Children and Young People	0.00	0.00	0.00
Withybush - RAAC Fees and Works	Future ongoing costs not yet known		
Sub-total AWCP	0.57	0.57	0.00
Discretionary/receipts			
Estates – Statutory	0.00	0.00	0.00
IT	0.00	0.00	0.00
Equipment	0.14	0.00	0.14
Estates Infrastructure	0.00	0.00	0.00
Other	0.00	0.00	0.00
Sub-total Discretionary	0.14	0.00	0.14
TOTAL	0.71	0.57	0.14

The above table shows the total revenue costs as a consequence of capital expenditure in 2023/24 as £0.71m. Total additional costs are estimated at £0.57m and costs assumed to be included in current revenue budgets, as they are equipment replacements, totals £0.14m.

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.