



## PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	22 October 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)	26.218
Discretionary Programme (gross allocation)	6.216
IFRS 16 Leases	0.163
<b>Total</b>	<b>32.597</b>

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

Scheme	£m	Description
Fishguard Health and Wellbeing Centre	0.070	Funding for costs associated with the business case for the Fishguard Health and Wellbeing Centre

IFRS 16 Leases	0.163	Funding for capitalisation of new and renewed leases under IFRS 16 covering the period April to July 2024.
<b>Total</b>	<b>0.233</b>	

## Capital Expenditure Plan

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

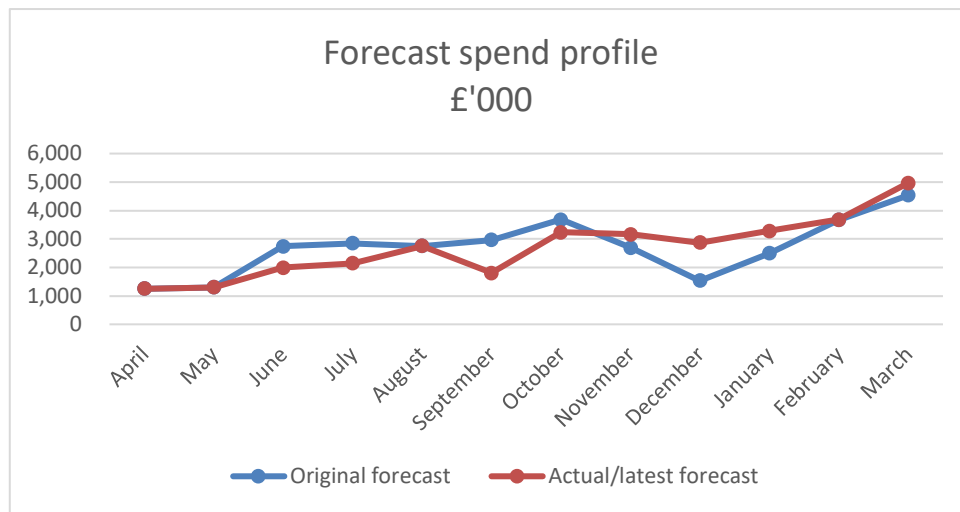
Scheme	Planned Spend 2024/25 £m	Cumulative Spend Apr - Sept £m	Spend Sept £m	Remaining balance £m
<b>AWCP</b>				
Estates Funding Advisory Board (EFAB) - Infrastructure	2.858	0.737	0.091	2.121
EFAB - Fire	1.142	0.921	0.206	0.221
WGH - RAAC Works	5.953	2.387	0.541	3.566
GGH - Fire Enforcement Phase 1	7.967	5.071	0.715	2.896
GGH - Fire Enforcement works - Phase 2 - Fees	0.237	0.107	0.003	0.130
Cross Hands Health and Wellbeing Centre	0.114	0.114	0.010	0.000
BGH Digital Radiology X-Ray works	0.290	0.018	0.005	0.272
Diagnostic Equipment 2024-25	3.202	0.006	0.006	3.196
Backlog Maintenance - 2024-25	3.826	0.226	0.004	3.600
DPIF - RISP	0.374	0.000	0.000	0.374
Fishguard Health and Wellbeing Centre	0.070	0.000	0.000	0.070
<b>Sub-total AWCP</b>	<b>26.033</b>	<b>9.587</b>	<b>1.581</b>	<b>16.446</b>
<b>Discretionary</b>				
IT	1.350	0.259	0.036	1.091
Equipment	1.669	0.428	0.007	1.241
Estates – Statutory	0.450	0.075	0.028	0.375
Estates Infrastructure	2.324	0.542	0.068	1.782
Other	0.608	0.357	0.081	0.251
<b>Sub-total Discretionary</b>	<b>6.401</b>	<b>1.661</b>	<b>0.219</b>	<b>4.740</b>
<b>IFRS 16 Leases</b>	<b>0.163</b>	<b>0.163</b>	<b>0.163</b>	<b>0.000</b>
<b>TOTAL</b>	<b>32.597</b>	<b>11.411</b>	<b>1.963</b>	<b>21.186</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 September was less than forecast on the All Wales funded RAAC, EFAB and Backlog Maintenance schemes, however this is not currently expected to present a risk to delivery by March 2025. Discretionary capital spend was also lower than forecast; year to date

discretionary capital spend is £1.6m which represents 25% of the net discretionary allocation after contributions to all Wales schemes. The comparable figure for 2023/24 was 12%.



### Confirmation of CRL by end of October

The Health Board is required to confirm end of year capital scheme forecasts by the end of October to Welsh Government (WG). The CRL is then fixed for the financial year. Any changes to the CRL following that would only occur due to new approved funding allocations. The risk of over / under spending against the CRL materialises at this point. There are no specific risks highlighted at this stage. This will be monitored closely over the remaining months of the financial year.

## FINANCIAL RISKS ASSOCIATED WITH CAPITAL SCHEMES IN 2024/25

### 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 latest cost adviser report forecasts that there is potential for the scheme to underspend against the revised allocation. With the scheme expected to complete in January 2025, the Health Board will need to fix its funding for the project with WG as part of the CRL fixing exercise in October 2024. A series of meetings have therefore been arranged with the project team in order to develop a robust forecast to the end of the project.

### 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.

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)**

### **GGH Fire Compliance Work**

Work commenced on site in January 2022 and the current accepted programme forecasts a completion date of January 2025. The expected completion date has slipped by four working weeks since the last report, caused by delays to the programme of work in underground ducts. The project team are providing robust challenge to the Supply Chain Partner to minimise any further slippage of the programme.

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, which are progressing at pace. Works required to six of the affected wards were completed by March 2024. The remaining works are due to complete during 2024/25. Costs of the work are currently forecast to be within allocation. Several meetings are scheduled for October to formulate a robust forecast to inform the CRL fixing process.

### **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.

## **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.

<b>Objectives: (must be completed)</b>	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.1 Undertake detailed scrutiny of the organisation's overall: <ul style="list-style-type: none"> <li>Monthly, quarterly and year-to-date financial performance;</li> </ul> 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: 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 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

<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.