



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 August 2024
TEITL YR ADRODDIAD: TITLE OF REPORT:	Update on All-Wales Capital Programme 2024/25 Capital Resource Limit and Capital Financial Management
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 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)	26.148
Discretionary Programme (gross allocation)	6.216
Total	32.364

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

Scheme	£m	Description
Diagnostic Equipment	3.202	Funding for replacement of Diagnostic equipment including the MRI at PPH.
Backlog Maintenance	4.061	Funding for several smaller scale schemes addressing backlog maintenance across the estate.

DPIF (Digital Priorities Investment Fund) – RISP (Radiology Informatics System Procurement)	0.374	Funding for hardware purchase associated with the RISP project
Total	7.637	

Capital Expenditure Plan

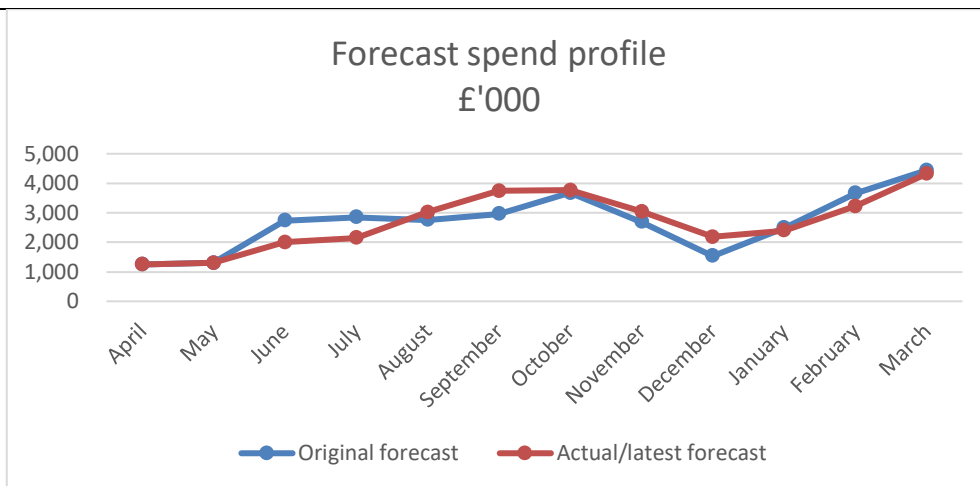
The following table shows the capital expenditure plan for 2024/25 with expenditure incurred to date:

Scheme	Planned Spend 2024/25 £m	Cumulative Spend Apr - July £m	Spend July £m	Remaining balance £m
AWCP				
Estates Funding Advisory Board (EFAB) - Infrastructure	2.858	0.320	0.133	2.538
EFAB - Fire	1.141	0.687	0.157	0.454
WGH - RAAC Works	5.953	0.832	0.271	5.121
GGH - Fire Enforcement Phase 1	7.967	3.337	0.808	4.630
GGH - Fire Enforcement works - Phase 2 - Fees	0.237	0.103	0.097	0.134
Cross Hands Health and Wellbeing Centre	0.080	0.080	0.019	0.000
BGH Digital Radiology X-Ray works	0.290	0.001	0.000	0.289
Diagnostic Equipment 2024-25	3.202	0.000	0.000	3.202
Backlog Maintenance - 2024-25	4.060	0.207	0.207	3.853
DPIF - RISP	0.374	0.000	0.000	0.374
Sub-total AWCP	26.162	5.567	1.692	20.595
Discretionary				
IT	0.852	0.207	0.082	0.645
Equipment	1.408	0.290	0.000	1.118
Estates – Statutory	0.450	0.035	0.025	0.415
Estates Infrastructure	2.697	0.374	0.269	2.323
Other	0.795	0.218	0.076	0.577
Sub-total Discretionary	6.202	1.124	0.452	5.078
TOTAL	32.364	6.691	2.144	25.673

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 July was less than forecast on RAAC and EFAB, however this is not currently expected to present a risk to delivery by March 25.



FINANCIAL RISKS ASSOCIATED WITH CAPITAL SCHEMES IN 2024/25

Glangwili Hospital (GGH) Fire Precaution Works

The previous report noted that WG had provided additional funding for forecast cost overruns on the project. The project team has continued to robustly scrutinise and challenge the Supply Chain Partner (SCP) over its costs and forecasts, including through an in-person formal visit to the SCP's office. Following this the latest forecasts by the SCP indicate a possible underspend against the additional funding provided by WG; this will be monitored on an ongoing basis as the project continues with completion currently forecast in November 2024.

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 November 2024.

This compares with the original expected completion date of April 2023. As noted earlier the spend will exceed the original budget allocated and the request made to WG for additional funding has now been approved.

Cross Hands Health & Wellbeing Centre (HWBC)

Following recent Welsh Government (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 Welsh Government in September 2023.

Withybush Hospital (WGH) Reinforced Autoclaved Aerated Concrete (RAAC) Works

Extensive work is underway at WGH 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 have been 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.

Bronglais Hospital (BGH) Chemotherapy Day Unit

Work on a new Chemotherapy Day Unit at BGH 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.

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; <p>Performance against the Savings Delivery and the Cost Improvement Programme providing assurance on performance against the Capital Resource Limit and cash flow forecasts.</p>
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: Quality and Engagement Act (sharepoint.com)	6. All Apply

Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	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: 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.
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 received in 2024/25:

Scheme	Total £'m	Additional £'m	Costs included in current budgets (replacement) £'m
AWCP			
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 Revenue Consequences of Capital Schemes 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
Sub-total AWCP	0.13	0.00	0.13
Discretionary/receipts			
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
Sub-total Discretionary	0.14	0.00	0.14
TOTAL	0.27	0.00	0.27

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.