



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 October 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)

Er Gwybodaeth/For Information

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)	28.490
Discretionary Capital Programme (DCP)	7.271
Total	35.761

Sales receipts of £0.389m are also available for utilisation, which increases the total funding available for prioritisation:

Allocation	£m
CRL	35.761
Sales receipts	0.389
Total	36.150

Capital Expenditure Plan for 2021/22

The table below reflects the additional Discretionary Capital Programme (DCP) contributions/payback required for the All Wales Capital Programme (AWCP) in 2021/22

Scheme	Planned Spend 2021/22 £m	Cumulative Spend Apr - Sept £m	Spend Sept £m
AWCP			
Women and Children Phase II	3.681	2.007	0.227
MRI Withybush General Hospital (WGH)	2.559	2.189	0.111
Cross Hands Primary Care Scheme	0.075	0.000	0.000
Fire Prevention Works Glangwili General Hospital (GGH)	0.787	0.220	0.152
WGH Fire Compliance Works	6.998	1.371	0.512
National Programmes – Estates Funding Advisory Board	5.428	0.135	0.065
National Programmes - Imaging	4.179	0.233	0.154
E-Prescribing System	0.195	0.000	0.000
GGH Fire Enforcement Works	0.463	0.240	0.037
WGH Fire Enforcement - Decant Ward Fees	0.460	0.000	0.000
COVID-19 Recovery 2021-22	4.824	0.000	0.000
Sub-total AWCP	29.649	6.395	1.258
Discretionary/receipts			
Estates - Statutory	1.255	0.183	0.065
IT	0.811	0.362	0.113
Equipment	0.885	0.091	0.000
Estates Infrastructure	3.233	0.477	0.014
Other	0.317	0.037	0.031
Sub-total Discretionary	6.501	1.150	0.223
TOTAL	36.150	7.545	1.481

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

Since the last report, AWCP funding has been received for the following schemes:

- GGH Fire Enforcement Works – funding has been received to complete the Business Justification Case (BJC) for Phase 1 works. The allocation includes repayment of costs incurred in the previous financial year of £133,000. There are no expected revenue implications for this project.
- WGH Fire Enforcement – Decant Ward Fees – funding has been received to complete the BJC for a Decant ward at WGH. A temporary decant ward is required for Phase 2 of the works (Phase 1 is currently in progress). There are no revenue costs associated with the production of the business case. Operating costs of the decant ward will be capitalised.
- COVID-19 Recovery Funding – this comprises a mix of schemes for both estates schemes and equipment. Equipment bids were for the replacement of equipment and therefore it is assumed that there are no associated increased revenue costs and no additional revenue costs have been identified for the Estates schemes. However, full

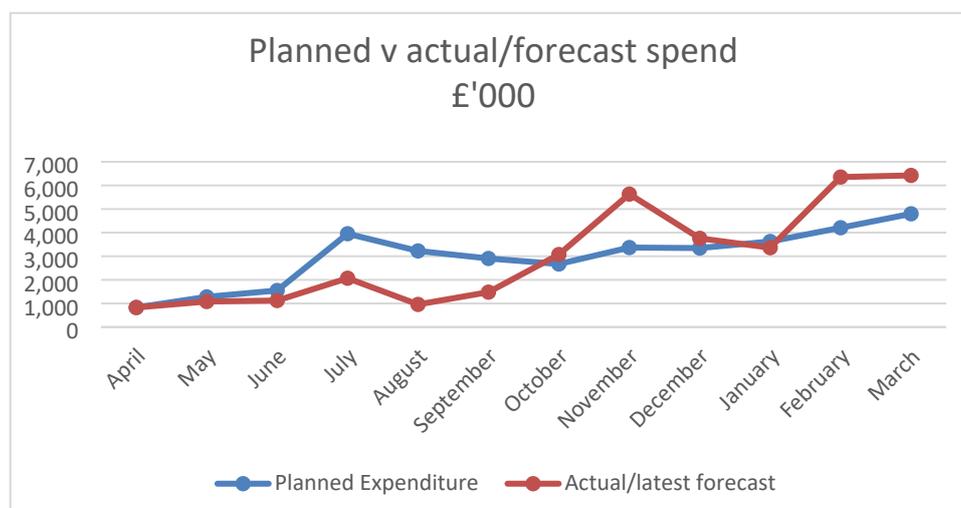
utilisation of funds has not yet been allocated, therefore any revenue implications will need to be reviewed as this is undertaken.

The revenue implications of these new allocations are summarised in the table below:

Scheme	2021/22	2022/23	2023/24
GGH Fire Enforcement Works	0	0	0
WGH Fire Enforcement – Decant Ward Fees	0	0	0
COVID-19 Recovery Funding	TBC	TBC	TBC
Total	TBC	TBC	TBC

Expenditure profile forecast

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



The graph shows actual spend to Month 6 and current forecast spend profile in red, against the original profile estimate from Month 1. The difference between the original forecast for July to September 2021 and actual spend, as shown above, is primarily due to the fact that the Month 1 forecast was based on a large degree of estimation due to a lack of information available, rather than any genuine significant slippage.

The spikes in November 2021 and February 2022 are primarily due to the expected delivery dates for the two CT scanners at GGH and 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. This will also inform the exercise to fix the CRL for AWCP schemes required by Welsh Government (WG) by the end of October 2021.

Capital Scheme Updates (Schemes greater than £1m)

Women & Children Phase II

Since the update to the Committee at its meeting on 23rd August 2021, the Supply Chain Partner (SCP) has informed Hywel Dda University Health Board (HDdUHB) and the Project Manager that their appointed structural engineers had not undertaken critical assessment work of the existing structure as part of the Section 2 work. It has been confirmed in writing that the building is safe however, further assessment work has been instructed to confirm if additional

work is required to ensure long term stability of the building. Significant delay to the project remains with the completion date currently expected as November 2022. The anticipated handover of section 2 continues to be delayed beyond October 2021 compared to the original handover date of May 2021.

WGH MRI replacement

Following scheme slippage from the previous into the current financial year, the MRI was delivered in July 2021, and became operational in September 2021.

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

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

COVID-19 Recovery Funding

A submission was made to WG in August 2021 for capital COVID-19 recovery funding. The total submission was £8.9m, of which £4.8m has been approved by WG. These comprise a number of estates and equipment schemes valued individually at less than £1m.

Due to the time delay in approval of schemes, the delivery of some of the estates schemes before the 31st March 2022 is at risk, therefore WG approval has been provided to reallocate the funding if required.

Financial Risks

Women & Children Phase II (GGH)

The delivery timeline has been impacted by several issues since the commencement of construction. Some of these relate to site and ground complexities, which could not have been foreseen by the contractor. Other elements of the scheme delay are associated with the contractor, whereby the cost consequences of delay will remain with the contractor.

The current estimated cost of the work, which will be undertaken by the SCP with no financial recompense from the Health Board, is £1.23m. HDdUHB has sought advice from NHS Wales Shared Services Partnership - Estates (NWSSP) for support in dealing with the SCP performance during this period. The advice provided is that HDdUHB's options appear to be limited to:

- Ensuring that the Project Manager is as proactive as possible
- Instruct the SCP to quote for acceleration of works at an increased price
- Refusal by the SCP to progress the work would be a breach of contract. HDdUHB would then have the right to terminate the contract.

SCP have stated their commitment to completing the works and Framework Managers will be meeting with the SCP bi-monthly.

There is an estimated additional cost implication for the scheme of £1.695m due to the implementation of social distancing legislation as a consequence of COVID-19. These costs

have not yet been agreed with the SCP. Following review, NWSSP-Estates has agreed that the costs are reasonable and have advised WG. WG have confirmed that their policy is to fund COVID-19 related costs.

Project Bank Accounts

The WGH Fire Precaution Works is the HDdUHB's first AWCP funded scheme for which payments to the SCP are required to be made through a Project Bank Account. The Trust Deed required to set up an account has been signed by the SCP and the Health Board and the project team is currently waiting for the Bank Mandate to be issued by the bank for review and approval.

AWCP cash requirement

WG require a forecast cash requirement for AWCP funded schemes to be provided in October 2021, which will fix the resource provided on these schemes for the year to March 2022. A robust assessment of forecast costs for schemes will therefore need to be devised with Health Board's advisors.

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)

<p>Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:</p>	<p>3.1 Undertake detailed scrutiny of the organisation's overall:</p> <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. <p>3.6 Receive assurances in respect of Directorate performance against annual budgets, capital plans and the Cost Improvement Programme and innovation and productivity plans.</p>
<p>Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:</p>	<p>Risk 624 (score 20) – Risk to the ability to maintain and address backlog maintenance and develop infrastructure to support long term strategic objectives.</p>
<p>Safon(au) Gofal ac Iechyd: Health and Care Standard(s):</p>	<p>All Health & Care Standards Apply</p>
<p>Amcanion Strategol y BIP: UHB Strategic Objectives:</p>	<p>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</p>

	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:	
Ar sail tystiolaeth: Evidence Base:	Capital allocation and prioritisation process. Capital Investment procedure All relevant Welsh Government guidance.
Rhestr Termiau: Glossary of Terms:	Included within 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)	
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