



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>07 July 2021</b>		<b>Agenda Item</b>	
<b>Report Title</b>	<b>Update on the Discretionary Capital Plan 2021-22</b>			
<b>Report Author</b>	Ian MacDonald, Head of Strategic Capital Finance			
<b>Report Sponsor</b>	Darren Griffiths, Director of Finance and Performance (interim)			
<b>Presented by</b>	Ian MacDonald, Head of Strategic Capital Finance			
<b>Freedom of Information</b>	Open			
<b>Purpose of the Report</b>	The purpose of the report is to update the Management Board on the financial position of the 2021/22 discretionary capital plan.			
<b>Key Issues</b>	<p>The capital plan was approved by the Board in March 2021.</p> <p>Previous Management Boards have been advised that the service and financial elements of capital plans are subject to natural change during any given year. This report provides a routine update on the position.</p> <p>The Health Board has been made aware that the Welsh NHS capital position is constrained and that further allocations of capital in-year are currently unlikely. Discussion are ongoing at Government level.</p> <p>This revised plan creates funding to deliver the capital funding of £3m for the redesign of Enfys and Tawe wards at Morriston hospital as key enablers for the redesign of urgent emergency care for the Health Board. In maintaining a balanced financial plan, the schemes within the plan have been adjusted to accommodate the strategic priority.</p> <p>This revised plan has been updated and contingency remains in place, but the balanced position assumes the receipt of disposal income and income from Welsh Government for business case fees; albeit this is a low risk.</p>			
<b>Specific Action Required (please choose one only)</b>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Recommendations</b>	Members are asked to:			

	<ul style="list-style-type: none"> <li>• <b>NOTE</b> the updated balanced 2021/22 discretionary capital plan and the emerging risks and opportunities.</li> <li>• <b>APPROVE</b> a new allocation of £3m for the establishment of the AMAU unit in Enfys Ward.</li> <li>• <b>NOTE</b> the service agreement on deferred schemes of £880k and <b>APPROVE</b> those values as a carry forward commitment in the 2022/23 discretionary capital plan.</li> </ul>
--	--

## UPDATE ON THE DISCRETIONARY CAPITAL PLAN 2021-22

### 1. INTRODUCTION

The purpose of the report is to set out the current financial position for the 2021/22 discretionary capital plan.

### 2. BACKGROUND

The 2020/21 discretionary capital plan was approved by the Health Board in March 2021. This plan provided a balanced financial position, along with a contingency and assumed income from disposals and business case fees from Welsh Government.

### 3. ASSESSMENT

Following the successful closure of the 2020/21 year-end position, the approved plan has been rolled forward and updated for brought forward commitments. The projected outturn at month 2 continues to show a balanced position. Within this balanced position there are a number of items to highlight;

- Disposal income of £0.552m is assumed for a number of property disposals
- Business Case fee income £1.593m is assumed from Welsh Government.
- Contingency £0.989m previously available for allocation.
- Approved annual plan schemes with no commitments £1.065m
- Capital budget of £0.994m is available from the 2020/21 Welsh Government COVID funding for the decommissioning of the COVID critical care capacity at Morriston Hospital (Enfys and Tawe wards)
- The plan does not include funding for potential COVID recovery schemes which require capital investment £5.366m; i.e. enabling works for modular theatres, UEC funding for Enfys, Tonna design fees
- Bids received through the Capital Prioritisation Group with risk scores 16 and 20 total £3.760m. Balance of discretionary plan available to meet these demands in priority order.

**Table 1: Month 2 2021/22 Capital Position**

CAPITAL PLAN HIGH LEVEL SUMMARY - 2021/22	
Item	£k
CRL Issued on 30/04/2021	(38,511)
Other Income	(552)
<b>Total Income</b>	<b>(39,063)</b>
Net Capital Expenditure	40,656
<b>Total (Under)/Over Commitment</b>	<b>1,593</b>
Options Included in Position	(1,593)
<b>Forecast Outturn (Under)/Over Commitment</b>	<b>0</b>
CONTINGENCY ANALYSIS	
<b>Available Contingency</b>	<b>990</b>

#### 4. PLAN CHOICES

The table below shows the revision made to the discretionary capital plan which require consideration in the context of the balanced plan. Further expansion of the content of these areas is included after the table.

**Table 2: Risks. Choices and Opportunities**

Category	Reconciliation
	£000
<b>Balanced Position</b>	<b>0</b>
Uncommitted Annual Plan Allocations	1,065
Uncommitted Spend to Save Allocation	220
Available Contingency	989
Enfys & Tawe Decommissioning (only available for those areas)	994
<b>Total [A]</b>	<b>3,268</b>
Allocate to AMAU in Enfys Morriston - Decision	-3,000
<b>Total [with decision]</b>	<b>268</b>
<b>Proposals to create additional contingency</b>	
Defer Morriston Pharmact Robot installation until Q1 22-23	480
Defer Morriston Data Centre Cooling works until Q1 22-23	400
<b>Total [B]</b>	<b>1,148</b>

Due to the scarcity of additional Welsh Government capital support, the Health Board has a number of options and choices to make when considering the balance of risk between service change and sustainability priorities in the context of the capital funding available.

A key service change priority for the Board is to redesign of Enfys and Tawe wards at Morriston hospital as key enablers for the redesign of urgent emergency care. The current assessment of the capital cost for the building redesign (to be committed in totality in 2021/22) is circa £3m. Table 2 shows that by aggregating the uncommitted annual plan allocations, uncommitted spend to save allocations, contingency and the decommissioning provision for Enfys and Tawe, £3.268m can be reallocated to support the redesign. Effectively this leaves £0.268m for contingency. Taking this choice will mean that: -

- Annual plan projects will not be able to be committed (table 4)
- COVID recovery plans will not progress unless funded by welsh Government (table 5)
- Capital Prioritisation Group (CPG) equipment replacement for risks 20 and 16 will be addressed by the balance of £1.148m in priority order, but not all risks can be funded in 2021/22 (table 6)

Whilst it is hoped the national capital funding constraints may improve during the year, in order to retain a balanced capital programme (subject to known disposal and business case fee income risks), discussions have taken place with service leads on the deferral of two schemes. Both services have confirmed their support to proceed on this basis, alongside a commitment from the Management Board that the funding will be allocated in the 2022/23 discretionary capital programme.

- **Pharmacy Robot Replacement Singleton.** Undertake all design and building works as planned this year, but delay installation of the robot from March 2022 to April 2022. This will free up £480k in the plan this year.
- **Data Centre Cooling Works Morriston.** Undertake all design works this year as planned, but delay building works until Q1 2022/23. The scheme was planned to

complete in November 2022 and mitigations have been agreed with the service to install an additional cooling unit and the purchase of spare parts. This proposal will free up £400k in the plan this year.

This will leave a remaining contingency of £1.148m. This is likely to be required in the short-term to manage the CPG risks and also allocate design fees for the COVID recovery schemes (Tonna MH, Imaging, Singleton Modular Theatres and NPT Modular Theatres) in advance of any Welsh Government support.

#### Assumed Income WG Business Case Fees

The approved plan has a level of assumed income from Welsh Government for business case fees of £1.593m. Although the funding position in Welsh Government remains challenging, our assessment suggests the majority of the funding is deemed to have a high probability of receipt.

**Table 3: Expected Welsh Government Business Case Fee Income**

Project	Probability of Receipt £000			
	High	Medium	Low	Total
Environmental Modernisation SOP BJC 2.2 Sub Station 6 Morriston	(1,121)	0	0	(1,121)
Adult Acute Mental Health I/P SOC	0	(130)	0	(130)
Ward G Refurbishment, Morriston BJC	0	(93)	0	(93)
ITU Refurbishment, Morriston BJC	0	0	(68)	(68)
Linacc C BJC	0	(57)	0	(57)
Regional Pathology OBC	(49)	0	0	(49)
Orthopaedics SOC	0	(31)	0	(31)
Thoracics SOC	0	0	(31)	(31)
Hybrid Theatre SOC	0	0	(14)	(14)
<b>Business Case Fees Total</b>	<b>(1,169)</b>	<b>(310)</b>	<b>(114)</b>	<b>(1,593)</b>

#### Annual Plan Projects

The approved plan had a number of priorities from the annual planning process, with an allocation of £1.065m. No commitments have been made against these allocations as yet. Work is ongoing with Service Groups to understand their requirements against this mixture of equipment and estates infrastructure projects.

**Table 4: Annual Plan Projects still to be Committed**

Project	£000
Implement sustainability plan for Pancreatic surgery	46
Obstetrics Central Monitoring System	450
Ligature Point Replacement	20
Dedicated SEPSIS Equipment, Trolleys	10
Increasing and Sustaining Radiotherapy Treatment Capacity	159
SARC: Development of Paediatric Hub in Swansea – 2022/23	40
Childrens Emergency Unit, PAU - Refurbishment of Morriston Short Stay Area	300
Refurbishment of Paediatric Wards, Morriston Hospital - Design Fees	40
<b>Total</b>	<b>1,065</b>

#### COVID Decommissioning

As part of the agreed funding COVID resources from Welsh Government, £994k capital funding was received in 2020/21 for the decommissioning of the Morriston COVID areas, Enfys & Tawe. This funding is available this year as part of the year-end provision but only to be used for these two areas. Early design work has recently commenced against a budget of £3m. The gap of £2m has been included in the COVID recovery bids to WG.

## COVID Recovery

The COVID recovery schemes which are planned for submission to Welsh Government alongside our final 2021/22 annual plan, have estimated capital requirements this year of £5.3m. The current capital plan does not include any allocations for these schemes, except the £994k decommissioning provision available for Enfyys and Tawe. The capital cost estimates have already been reduced down, by assuming that certain costs can be treated as revenue by delivery through a number of managed service type/lease contracts. Whilst it is possible these can be treated in this way, the accounting treatment will need to be reviewed once further detail is available on the substance of the commercial contracts.

- Orthopaedics NPT, assumed £630k infrastructure and £3m equipment treated as revenue
- 4 Modular Theatres Singleton, assumed £2m infrastructure and £3m equipment treated as revenue.
- Imaging. Reviewing feasibility of longer term managed service contracts for a replacement CT and new 2<sup>nd</sup> MRI in Morriston. As a backstop a capital requirement has been included within the recovery plans for delivery in early 2022/23.

**Table 5: Proposed COVID Recovery Schemes**

Scheme	Detail	Estimated Capital Cost	
		2021/22	2022/23
		£000	
Orthopaedics NPTH	Capital works	1.459	
	Capital equipping	0.000	
4 Modular Theatres Singleton	Capital works	0.500	
	Capital equipping	0.000	
UEC - Virtual Wards	Capital equipping	0.074	
UEC - Recommissioning of Enfyys Morriston as AMAU	Capital works	3.000	
Diagnostics - Radiology	Capital works & equipping		4.500
Older Persons Mental Health Tonna	Capital Works	0.300	4.300
Other Mental Health Recovery Schemes	Capital equipping	0.033	
Total		5.366	8.800

## Capital Prioritisation Group

The Capital Prioritisation Group met on 25<sup>th</sup> May 2021 to review the updated bids from the CPG SharePoint portal. Although many of the bids still require further assessment of the risk scores by the SDUs, it is worth highlighting that bids received with risk scores of 16 and 20 total £3.7m. The current discretionary plan does not make any allowance for these requests. In reviewing the level of contingency and uncommitted funding available, it would not be unreasonable to assume a conversion rate of at least 25%, which would require funding of c£900k this year. This will be the first call against the £1.148m available.

**Table 6: Capital Prioritisation Group Risks**

SDU	Risk Score			
	15	16	20	Total
£000				
Mental Health & LD	0	0	663	663
Morriston	220	2,333	373	2,926
Singleton & NPT	325	320	31	675
Primary Care	18	0	40	59
<b>Total</b>	<b>563</b>	<b>2,653</b>	<b>1,107</b>	<b>4,323</b>

### All Wales Capital Programme

The funding and status of projects with funding provided by Welsh Government for schemes in the All Wales Capital Programme is detailed in Appendix A. There are no material risks at this point in the year with delivery against the £27.3m allocation.


## **5. FINANCIAL IMPLICATIONS**

The financial implications are set out in the assessment.

## **6. RECOMMENDATION**

Members are asked to:

- **NOTE** the updated balanced 2021/22 discretionary capital plan and the emerging risks and opportunities.
- **APPROVE** a new allocation of £3m for the establishment of the AMAU unit in Enfys Ward.
- **NOTE** the service agreement on deferred schemes of £880k and **APPROVE** those values as a carry forward commitment in the 2022/23 discretionary capital plan.

Governance and Assurance		
Link to Enabling Objectives (please choose)	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
Good financial governance will provide the support needed across the health board to deliver services which are of sound quality and safety and provide the right patient experience.		
Financial Implications		
Consider the projected outturn on the 2021/22 discretionary capital plan.		
Legal Implications (including equality and diversity assessment)		
There are no legal implications to highlight.		
Staffing Implications		
There are no staffing implications to highlight.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
Robust financial governance arrangements will ensure the right decisions are made for the long-term future of the health board.		
Report History	Report brought to Senior Leadership Team in March 2021 on the draft 2021/22 Discretionary Capital Plan.	
Appendices	Appendix A Welsh Government Capital Monitoring Return Month 2 2021/22   Appendix A Welsh Government Capital	