

SUMMARY REPORT		ABM University Health Board			
Health Board		Date of Meeting : 25 th January 2018 Agenda item: 3 (ii)			
Subject	Discretionary Capital Plan, Status and Adjustments				
Prepared by	Simon Davies, Assistant Director of Strategy (Capital) Ian MacDonald, Head of Capital Finance				
Approved by	Siân Harrop-Griffiths, Director of Strategy				
Presented by	Siân Harrop-Griffiths, Director of Strategy				
Purpose					
This report provides an update on the status of the approved Health Board's Discretionary Capital Plan for 2017/18 and in-year adjustments applied to the plan. It also provides a review of the governance arrangements for the management of the Capital Plan following establishment of the Investment and Benefits Group.				Decision	
				Approval	X
				Information	X
				Other	
Corporate Objectives					
Excellent Population Health	Excellent Population Outcomes	Sustainable & Accessible Service	Strong Partnerships	Excellent People	Effective Governance
X	X	X	X	X	X
Executive Summary					
<p>This paper provides information to the Health Board on the performance of the approved Discretionary Capital Plan for 2017/18 and details of in-year changes made to the plan, which have been approved by the Investment and Benefits Group.</p> <p>Following the establishment of the Investment and Benefits Group this report provides details of the governance arrangements for the Capital Plan.</p>					
Key Recommendations					
Members are asked to note the performance of the previously approved Discretionary Capital Plan for 2017/18 and additional changes to allocations made during the year and note the role of the newly formed Investment and Benefits Group.					

MAIN REPORT		ABM University Health Board
Health Board		Meeting on 25th January 2018 Agenda item 3 (iv)
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1. PURPOSE

This report:

- **UPDATES** the Board on the performance of the approved discretionary Capital Financial Plan for 2017/18 and details of in-year changes made to the plan
- **UPDATES** the Board on the governance arrangements following the establishment of the Investment and Benefits Group.

2. BACKGROUND

The Health Board approved the 2017-18 Discretionary capital plan on 26th July 2017 for £12.143m, which included a small contingency of £70k. During the year, the Investment and Benefits Group has approved changes to the plan totalling £6.289m, with £4.8m additional discretionary funding and £1.489m changes to approved allocations, providing a revised 2017-18 Discretionary capital plan of £16.943m.

Following a number of changes to standing groups over the last 12 months, in particularly the formation of the Investment and Benefits Group, the report provides details of the current governance arrangements for the Capital Plan.

3. ASSESSMENT

A. Discretionary Capital Plan 2017-18 Adjustments

Following approval of the Discretionary capital plan in July 2017 for £12.143m, monthly monitoring of the Capital Programme has been enhanced through the establishment of the Capital Management Group under the chair of the Director of Strategy and the Investment and Benefits Group jointly chaired by the Directors'- of Strategy and Finance. Additional expenditure allocations of £6.289m have been approved since July 2017, financed through additional capital funding of £4.8m and reductions to approved allocations of £1.489m, as shown below in table 1. The source of funds for the deferral of Morrision Land repayment £1.007m and management of slippage on schemes within the All Wales Capital Programme (AWCP) £1.193m, mean these two items will require to be funded through the Health Board's 2018-19 Discretionary capital plan. The re-investment of £2.6m income received by the Health Board on capital schemes related to VAT recovery and the settlement of the HVS

1B Final Account was approved by WG on 8th January. This has been allocated to a prioritised list of replacement medical equipment and environmental improvements, as recommended by the Capital Prioritisation Group and approved by the Investment and Benefits Group on 29th November 2017. The mechanism for the Health Board to receive these funds is for the income to be paid to Welsh Government via an invoice and then the funds to be issued back to the Health Board via the Capital Resource Limit. Approval for this payment of £2.6m is therefore required from the Board.

Table 1:- Changes to Approved Capital Plan 2017-18, Source & Application of Funds

Source & Application of Funds	£000
Source of Funds	
Reduction to Approved Allocations	1,489
WG Reinvestment (VAT & HVS)	2,600
Morrison Land deferral of repayment	1,007
Management of AWCP Slippage	1,193
Sub Total	6,289
Application of Funds	
Application of Funds	6,289
Sub Total	6,289
TOTAL	0

The total revised 2017-18 Discretionary capital plan presented for information in this paper is £16.943m, with changes to allocations detailed in Appendix 1 and summarised below in table 2.

Table 2:- Summary of Changes to Approved Capital Plan 2017-18

Name of Allocation	Approved By Health Board 26/7/17 '£000	Changes to Allocation '£000	WG Reinvestment '£000	Revised Allocation '£000
A. DISCRETIONARY FUNDING	12,143	2,200	2,600	16,943
B. DISCRETIONARY SCHEME COMMITMENTS B/F 2016-17	2,848	32	0	2,880
C. DISCRETIONARY SCHEME APPROVED COMMITMENTS 2017-18	2,989	-269	0	2,720
D. ALL WALES COMMITMENTS (UNFUNDED BUSINESS CASE FEES)	1,587	-787	0	800
E. DISPOSALS	100	0	0	100
F. DIGITAL STRATEGIC OUTLINE PROGRAMME	1,410	0	0	1,410
G. DEPARTMENTAL REFRESH ALLOCATIONS	2,858	1,107	2,600	6,566
H. PROPOSED NEW SCHEMES	350	-72	0	278
I. ADDITIONAL SCHEMES APPROVED	0	2,088	0	2,088
J. ALL WALES CAPITAL PROGRAMME	0	100	0	100
TOTAL EXPENDITURE	12,143	2,200	2,600	16,943
TOTAL ESTIMATED -UNDER / OVER COMMITMENT	-0	-0	0	-0

B. Discretionary Capital Plan 2017-18 Status

The financial performance of the Discretionary capital plan at month 9, shows an underspend to date against planned expenditure of £1.349m. The main reasons for this underspend to date are minor delays across a number of schemes which are not expected to impact on the forecast outturn: IT schemes £395k, awaiting delivery of ordered equipment

£300k, later than planned spend on environmental improvements including Isolation Room Morryston £653k.

The forecast financial outturn is for a breakeven position, which will continue to be closely monitored by the Capital Management Group.

C. Governance of the Capital Programme

The Investment and Benefits Group established in August 2017 is an Executive-led group chaired jointly by the Directors'- of Finance and Strategy and accountable to the Executive Committee. The approved terms of reference for this group are to review and recommend the annual Discretionary Capital Plan on behalf of the Executive Committee for approval by the Board. Regular updates will be provided to the Board on significant changes to the initial allocation and the application of such funds. The group will also act as the approving group for changes to approved allocations and new capital investment requests. New investment requests over £500k, including business cases for Welsh Government investment, will as required under financial delegations, go via Executive Committee to the Board for approval.

The Performance & Finance Committee will continue to act as an assurance committee, which can request details of the Capital programme and processes in relation to annual performance and financial matters.

The newly appointed Director of Corporate Services is undertaking a review of governance arrangements in relation to all Health Board Committees and Groups. It is expected the governance and delegations of the Capital Programme will form part of this review.

RECOMMENDATION

The Board is asked to :-

- **APPROVE** payment of the £2.6m invoice to Welsh Government to enable the funds to be re-issued into the Health Boards 2017/18 Capital Resource Limit.
- **NOTE** the performance of the approved discretionary Capital Financial Plan for 2017/18 and details of in-year changes made to the plan.
- **NOTE** the governance and delegations arrangements for the Capital Financial Plan following the establishment of the Investment and Benefits Group.

Appendix 1:- Additional Discretionary Capital Plan Allocations 2017-18

Name of Allocation	Approved By Health Board 26/7/17 '€000	Changes to Allocation '€000	WG Reinvestment '€000	Revised Allocation '€000
A. DISCRETIONARY FUNDING				
Discretionary Funding	15,408			15,408
Cefn Coed Sale Proceeds - Los Masarn	1,900			1,900
Repayment of Cefn Coed to WG	-1,732			(1,732)
Repayment of Morriston ARCH Land Purchase Part 2	-2,426			(2,426)
Repayment of Morriston ARCH Land Purchase Part 1	-1,007	1,007		0
Singleton Wireless - AWCP Slippage managed within discretionary		620		620
National Clinical Systems - AWCP Slippage managed within discretionary		573		573
VAT & HVS Final Account - Reinvestment			2,600	2,600
TOTAL INCOME	12,143	2,200	2,600	16,943
B. DISCRETIONARY SCHEME COMMITMENTS B/F 2016-17				
Cefn Coed Rationalisation	370	70		440
Llansamlet Laundry	460	17		477
Mobilising Community Workforce	1,536			1,536
Carry forward schemes	482	(55)		427
Sub Total	2,848	32	0	2,880
C. DISCRETIONARY SCHEME APPROVED COMMITMENTS 2017-18				
Staff Costs, Capital Planning	368	(316)		52
Lifecycle Annual Cost, Neath Port Talbot Hospital	2,031	90		2,121
Isolation Rooms, Morriston Hospital	590	(43)		547
Sub Total	2,989	(269)	0	2,720
D. ALL WALES COMMITMENTS (UNFUNDED BUSINESS CASE FEES)				
Hybrid Theatre, Morr (BJC)	200	(190)		10
ARCH	182	(170)		12
Orthopaedics Elective Centre, Morr (SOC)	100	10		110
Pathology Phase 2, Morriston Hospital (SOC)	30			30
Car Parking, Morriston Hospital (SOC)	50	(50)		0
Environmental Modernisation (BJC 2)	100			100
Additional Temporary Ward Capacity Princess of Wales Hospital (BJC)	172	(65)		107
Additional Temporary Ward Capacity Morriston, (BJC)	234	(100)		134
Additional Ward Capacity Morriston - Physio Template (BJC)	200	(100)		100
Centralisation of Breast Unit Design Fees (BJC)	200	(200)		0
Replacement Programme for Linear Accelerators (BJC)	90	(40)		50
Transitional Care Unit, Singleton, (BJC)	30	118		148
Sub Total	1,587	(787)	0	800
E. DISPOSALS				
Cefn Coed Disposal Costs	100			100
Sub Total	100	0	0	100
F. DIGITAL STRATEGIC OUTLINE PROGRAMME				
Digital SOP Schemes	1,410			1,410
Sub Total	1,410	0	0	1,410
G. DEPARTMENTAL REFRESH ALLOCATIONS				
Estates	600	9	119	728
Medical Equipment	350	327	1,846	2,523
DDA	30			30
Decontamination	29			29
Facilities	200			200
Radiology	700		425	1,125
Unit Allocations	200			200
Pathology	150			150
Informatics Refresh	600	771	210	1,581
Sub Total	2,858	1,107	2,600	6,566
H. PROPOSED NEW SCHEMES				
Andrews Report, Princess of Wales Hospital (Ward 20)	100	88		188
Morriston Car Parking Phase 1 - Demolition Site	100	(100)		0
Gorseinon Hospital Wall	80			80
Contingency	70	(60)		10
Sub Total	350	(72)	0	278
I. ADDITIONAL SCHEMES APPROVED				
Ystalyfera		60		60
Endoscopy, POW (JAG Accreditation)		6		6
Kitchen Dishwasher & Flooring Morriston		40		40
DSU Bocum Park		186		186
Chillers Morriston		1,177		1,177
Additional Medical Equipment		149		149
Enabling Works Mobile Units - Morriston		150		150
Ward J, Morriston Flooring		75		75
Penclawdd Design		30		30
Murton Design		20		20
Clinical Coding, Princess of Wales		100		100
Intermediate Care Fund Schemes		95		95
Sub Total	0	2,088	0	2,088
J. ALL WALES CAPITAL PROGRAMME				
Endoscopy - Princess of Wales & Singleton		100		100
Sub Total	0	100	0	100
TOTAL EXPENDITURE	12,143	2,200	2,600	16,943
TOTAL ESTIMATED - UNDER / OVER COMMITMENT	-0	-0	0	-0

Key to Abbreviations Appendix 1

ARCH	A Regional Collaboration for Health
AWCP	All Wales Capital Programme
BJC	Business Justification Case
DDA	Disability Discrimination Act
DSU	Delivery Support Unit
HVS	Health Vision Swansea
JAG	Joint Accreditation Group
SOC	Strategic Outline Case
SOP	Strategic Outline Programme
WG	Welsh Government