

Main Report		ABM University Health Board
Health Board		29th March 2018 Agenda item 2iii.
Subject	Discretionary Capital Financial Plan 2018/19	
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1. SITUATION

The Investment and Benefits Group has agreed the discretionary capital financial plan for 2018/19, and this paper seeks formal Board approval of the plan for inclusion within the Annual Plan

2. BACKGROUND

The Health Board has received the initial 2018/19 capital funding allocation from Welsh Government by way of the Capital Resource Limit. The total allocation is £15.317m, of which £14.618m is the recurring discretionary allocation and £0.699m relates to schemes approved through the All Wales Capital Programme.

This report sets out the proposed discretionary allocations agreed at the meeting of the Investment and Benefits Group on 28th February 2018.

3. ASSESSMENT

The draft discretionary capital plan for 2018-19 incorporates capital commitments, Capital Priority Group (CPG) risk assessments and to support Service & Corporate Units priorities from the One-Year Delivery Plan. The summary plan shown below in Table 1 and detailed in Appendix A contains a number of funding assumptions, including disposals, other Welsh Government (WG) funding sources and risks on completion of WG business cases.

In presenting a balanced plan, a temporary hold has been applied to some high-risk items of £2.637m, as shown below in Table 2. These temporary holds have been agreed with the Service Delivery Units as a reasonable and proportionate approach given the funding available. The assumptions on additional Welsh Government funding are based on ring fenced national programme funding that Welsh Government have available over the next 3 years including Imaging and Digital, albeit these allocations may be insufficient to manage the requirements of all Health Boards and Trusts. However, it would be reasonable to assume an element of in-year slippage and reinvestment funding from WG, which has provided an additional £5m in 2016-17 and over £5m to date in 2017-18.

A table of the summary allocations providing the balanced plan is shown below, with Appendix 1 showing the detailed analysis.

Table 1:- Summary of Proposed Allocations

Allocation Headings	Proposed Final Allocations £000
PART A - FUNDING AND EXPENDITURE COMMITMENTS	
A. Discretionary Funding	14,126
B. Discretionary Scheme Commitments b/f 2017-18	2,564
C. Discretionary Scheme Approved Commitments 2018/19	4,091
SUB TOTAL EXPENDITURE COMMITMENTS (Part A)	6,655
TOTAL ESTIMATED NET - UNDER / OVER COMMITMENT (Part A)	-7,471
PART B - FUNDING REQUESTS	
D. All Wales Capital Programme Business Case Fees	279
E. Disposal Costs	280
F. Digital Programme	143
G. Departmental Refresh Allocations	3,362
H1. Proposed New Schemes (General)	2,748
H2. Proposed New Schemes (Unit Plans on a Page)	159
H3. Proposed New Schemes (Investment Fund)	500
SUB TOTAL EXPENDITURE COMMITMENTS (Part B)	7,471
TOTAL ESTIMATED NET -UNDER / OVER COMMITMENT	0

Table 2:- Temporary Holds

Name of Allocation	Original Allocation £000	Temporary Hold £000	Net Allocation £000
Decontamination/Infection Control	242	-122	120
Estates	2,352	-1,352	1,000
Pathology	459	-289	170
Pharmacy	488	-378	110
Radiology	575	-175	400
Informatics	1,171	-321	850
TOTAL	5,286	-2,637	2,649

The Board is asked to note the following assumptions used in drawing up the plan;

- Section A: Discretionary Funding £12.143m.** As detailed below in Table 3, the final repayment of £1.007m is due to Welsh Government for the previously approved acquisitions of strategic land to the north of the Morryston Hospital site. The plan assumes the disposal of Fairwood and Coelbren will complete in 2018-19 and that the Health Board retains the funds.

Table 3:- Section A - Discretionary Funding

A. DISCRETIONARY FUNDING	Allocation £000
Discretionary Capital Funding (Recurring)	14,618
Repayment of Morryston ARCH Land Purchase Part 1	-1,007
Fairwood Disposal	350
Coelbren Disposal	165
TOTAL	14,126

- **Sections B & C: Discretionary Scheme Commitments £6.655m.** These schemes are largely committed. The main delivery risk is on the creation of a new Isolation Room within Morryston Emergency Department, as this will require the unit to release trolley space during the year. The planned annual lifecycle costs for Neath Port Talbot Hospital £1.451m are included
- **Section D: All Wales Capital Programme Business Case Fees £0.279m.** There are a number of schemes which it is assumed will be funded within the All Wales Capital Programme and which will initially require discretionary funding to support design fees and production of business cases. Welsh Government will only provide reimbursement on fees once the initial business case is approved. The plan assumes that funding of £434k is received for business case fees expended in 2017/18 on; the Singleton Neo Natal Transitional Care Unit, which was presented to the Welsh Government Investment Board on 28th February and the costs expended on the case for the replacement of the Singleton Linear Accelerator B. This section also assumes the plan will provide £450k year one design costs to support the new Morryston Access Road. A bid to WG has also been made through the ARCH Programme Office to provide support towards the costs of developing the access road. Discussions with Swansea University on the City Deal monies, and development of the Morryston Health Campus may also support this development. Design costs of £200k are also included to support the design work associated with the Singleton Cladding scheme.
- **Section E: Disposal Costs £305k.** These include the estimated costs of disposal for Fairwood and Coelbren, both included in section A. There is also a requirement to complete the remainder of the decommissioning work on the unoccupied part of the old Cefn Coed site and to undertake further planning work on disposal of the remaining part of the old site.
- **Section F: Digital Strategic Outline Programme £143k.** The Informatics Programme Board has approved work being undertaken on a number of national schemes. For both WCCIS (Welsh Community Clinical Information System) and WCP (Welsh Clinical Portal) it has been assumed that the estimated costs of £1.365m can be recovered through national programme funding streams, although further clarity has been requested through NIMB (National Informatics Management Board) on the process for the allocation of funds in 2018/19. If sufficient funding is not available for these national priorities, the Informatics Programme Board will need to reassess the priorities in utilising its core Project Management resource.

- **Section G: Departmental Refresh £3.362m.** The Capital Prioritisation Group has scrutinised the risk profile of the bids for replacement of the existing asset base. The plan assumes the replacement of high end imaging equipment (MRIs, CTs etc.) is funded through the National Imaging Capital Allocation. However, as it is highly unlikely that all of the requested £6.4m will be affordable for Welsh Government, the service has prioritised the replacement of two MRI Scanners at a cost of £3.6m through WG funding.
- **Section H1: Proposed New Schemes £2.748m.** Includes a notional £1m allocation for ward refurbishments and £750k for risk assessed anti-ligature work on Mental Health and Learning Disabilities premises. An allocation of £450k has been included for the phase 1 Electrical Supply sustainability works in Morriston, which will be subject to additional business cases to Welsh Government, as part of the approved Environmental Infrastructure Programme.
- **Section H2: Proposed New Schemes £159k.** Contains bids from the Service Unit One-Year Delivery Plans for modernisation and service change works.
- **Section H3: Investment Fund £500k.** Includes the notional £500k allocation as part of the approved internal Health Board Investment Fund, which contains a 2-year payback window. This section already includes a number of invest to save proposals contained within the Service Unit One-Year Delivery Plans.

Given the scale of the asset base and the large number of bids that could not be funded at this stage, the relatively small contingency of £318k is highly unlikely to be sufficient to cover off new risks that materialise during the year. The Capital Prioritisation Group will continue to monitor the risk status of bids and the Capital Monitoring Group will monitor the spend profiles of approved schemes.

Work is on going to ensure that alternative funding streams in Welsh Government are fully utilised as well as the use of Charitable Funds where appropriate. The over programming of a capital plan is a normal occurrence, given the changes to schemes and funding opportunities that arise during the year. The schemes that have been placed on hold will be retained ready for commencement should funding opportunities arise during the year. Should additional funding become available during the year, it is proposed that the Capital Prioritisation Group would oversee the re-allocation of the temporary holds, subject to approval of the Investment and Benefits Group.

4. RECOMMENDATION

The Board is asked to-

- **APPROVE** the balanced 2018/19 Capital discretionary financial plan and the proposal for the allocation of additional discretionary funding/slippage to be coordinated through the Capital Prioritisation Group subject to approval of the Investment and Benefits Group.

Appendix 1:- Proposed Capital Allocations

PART A - FUNDING & EXPENDITURE COMMITMENTS	Capital Allocations £000
A. DISCRETIONARY FUNDING	
Discretionary Capital Funding (Recurring)	14,618
Repayment of Morriston ARCH Land Purchase Part 1	-1,007
Fairwood Disposal	350
Coelbren Disposal	165
Ogmore Vale Disposal	0
Ty Penfro Disposal	0
Sub Total	14,126
B. DISCRETIONARY SCHEME COMMITMENTS B/F 2017-18	
Alteration to Renal Unit, Morriston	150
Chillers, Morriston	178
Aseptics	35
AWCP 17-18 Slippage - Wireless Singleton	560
AWCP 17-18 Slippage - National Digital Strategy Pathfinder (e-prescribing)	573
NPT DR Room Works Room 2 & 4	240
Mobilising Community Workforce	200
IMT SOP - National Digital Strategy Pathfinder (e-prescribing supplier costs)	300
Dexa Scan Trailer	78
Carry forward schemes	250
Sub Total	2,564
C. DISCRETIONARY SCHEME APPROVED COMMITMENTS 2018/19	
Capital Planning Project Management	611
Informatics Project Management	900
PFI Annual Cost, Neath Port Talbot	1,451
Isolation Room (ED), Morriston	700
Modernise Health Records (RFID) Invest to Save Balance	429
Sub Total	4,091
Sub Total Expenditure Commitments (Part A)	6,655
Total Estimated Net -Under/Over Commitment (Part A)	-7,471

PART B - FUNDING REQUESTS	Capital Allocations £000
D. ALL WALES CAPITAL PROGRAMME BUSINESS CASE FEES	
ARCH - Morryston Access Road	450
Replacement Programme for Linear Accelerators B, Singleton (BJC)	-53
Replacement Programme for Linear Accelerators C, Singleton (BJC)	53
Just in Time Theatre Stock Control System (BJC)	10
Cladding, Central Ward Block, Singleton	200
Transitional Care Unit, Singleton, (BJC)	-381
Sub Total	279
E. DISPOSAL COSTS	
Cefn Coed - Disposal Costs	200
Cefn Coed - Decommissioning	50
Fairwood	20
Coelbren	10
Sub Total	280
F. DIGITAL STRATEGIC OUTLINE PROGRAMME	
Business Intelligence - licences	143
WCCIS (Welsh Community Clinical Information System) - Assumed WG Funding	0
WCP (Welsh Clinical Portal) - Assumed WG Funding	0
Sub Total	143
G. DEPARTMENTAL REFRESH ALLOCATIONS	
Decontamination/Infection Control	120
Estates	1,000
Facilities	29
DDA	30
Health & Safety	215
Medical Equipment (Wards, Theatres & Outpatients)	438
Pathology	170
Pharmacy	110
Radiology	400
Informatics	850
Sub Total	3,362
H1. PROPOSED NEW SCHEMES (General)	
Porthcawl Primary Care Centre - Equipment	50
Vale of Neath Primary Care Centre - Equipment	50
Enviromental BJC 2 Morryston Electrical	450
Ward Refurbishments	1,000
Mental Health Anti Ligature	750
Space Utilisation Software	130
Contingency	318
Sub Total	2,748
H2. PROPOSED NEW SCHEMES - UNIT PLANS	
MH & LD	
Implementation of Strategic framework based on optimum model of services for adult mental health	59
MH & LD	
Implementation of actions following HIW visits and other such report recommendations	100
Sub Total	159
H3. PROPOSED NEW SCHEMES - Investment Fund	
Investment Fund Balance (£500k)	96
MH & LD	
Redesign of LD Services (Phase 1 Repatriation scheme)	144
NPT	
Patient Infotainment Service	160
MH & LD	
Increased capacity for gender specific locked rehabilitation provided by ABMU Health Board.	100
Sub Total	500
Sub Total Expenditure Commitments (Part B)	7,471
TOTAL ESTIMATED NET -UNDER/OVER COMMITMENT	0