



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

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>01 April 2021</b>	<b>Agenda Item</b>	<b>2.4</b>
<b>Report Title</b>	<b>Information on the Estates backlog maintenance works and condition appraisal survey.</b>		
<b>Report Author</b>	Simon Davies, Assistant Director of Strategy (Capital Planning), Des Keighan, Assistant Director of Operations – Estates, Mark Parsons, Assistant Director of Health and Safety		
<b>Report Sponsor</b>	Chris White, Chief Operating Office Christine Williams, Interim Director of Nursing & Patient Experience Siân Harrop-Griffiths, Director of Strategy		
<b>Presented by</b>	Des Keighan, Assistant Director of Operations – Estates		
<b>Freedom of Information</b>	Open		
<b>Purpose of the Report</b>	The purpose of the report is to update the committee on the backlog maintenance position together with the required six facet survey/condition appraisal which will inform the draft Estates Plan and also to ensure that the Health Board is best placed to maximise the utilisation of its estate and to make strategic decisions about how its buildings support the delivery of the Clinical Services Plan.		
<b>Key Issues</b>	<p>The Health Board needs to have a thorough understanding of the condition of its estate to ensure that it is best placed to maximise the utilisation of the estate and to make strategic decisions about how its buildings support the delivery of the clinical strategy.</p> <p>We know we need to provide decant capacity to undertake any deep cleaning of the existing estate and accommodate any ward refurbishment or refresh works on the Morriston site. Currently we do not have an up to date condition survey to support our strategic decisions - unlike the majority of Health Boards in Wales. This means that when we are developing business cases we are not in a position to provide detailed information on how those developments will affect or backlog maintenance risks.</p>		

	<p>The provision of a condition appraisal (six facet survey) is required by WHBN 00-08 (NHS Estatecode) and is the foundation upon which the Health Board's draft Estates Plan is based. Historically, this has always been regarded as the 'minimum data set' of information necessary on which to base intelligent decisions about the future of a Health Board's Estate.</p> <p>It is recommended in "Estatecode supplement: Land and Property Appraisal and Estate Performance Indicators" that a detailed property appraisal is completed every five years, or whenever there has been a major change in the property portfolio. The Health Board has not completed a condition appraisal since 2009, relying on desktop survey work to inform the condition appraisal information submitted as part of the EFPMS returned to Welsh government.</p>			
<b>Specific Action Required</b> <i>(please choose one only)</i>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Recommendations</b>	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the capital bids submitted to Welsh Government for targeted funding for backlog maintenance and environmental improvements, and the limited funding available within the 21/22 discretionary capital programme.</li> <li>• <b>NOTE</b> the identified backlog maintenance works highlighted in the report and the resources section of Admin Control.</li> <li>• <b>NOTE</b> the requirement for revenue funding of the six facet survey and condition appraisal work together, recognising that there will be additional resources required to manage statutory compliance requirements i.e. asbestos, fire, legionella and general Health and Safety matters including updated risk assessments.</li> </ul>			

## **ESTATES BACKLOG / RISK REDUCTION PLAN UPDATE 2021/22**

### **1. INTRODUCTION**

The purpose of the report is to set out the current estates backlog maintenance position and six facet survey work required to inform the Estates Plan going forward, indicating the condition of our estate and highlighting the high-level estates planned backlog maintenance works to be carried out in 2021/22.

### **2. BACKGROUND**

Although significant investments have been made over the last few years in new and refurbishment estate across the Health Board, concern remains with a number of out of date buildings which require urgent repairs and major refurbishments. One problem identified, apart from funding, is the lack of decant capacity on our acute sites. This has also been raised by the Infection Control team who have highlighted that the inability to go into an empty ward to undertake any deep cleaning reduces their ability to tackle outbreaks. It has also been recorded in Wales BBC reports that most Health Boards cannot even afford to fund reviews (six facet survey work) of their backlog maintenance which is required at a five year frequency.

The cost to undertake a condition survey is around £250k - £300k. The last backlog maintenance survey work was carried out in 2018. However, it only covered the Bridgend estate which was transferring to Cwm Taf Morgannwg. Therefore, no up to date information is available to show a base line position for the estate condition and accurate backlog maintenance costs.

The recommendation to complete a full condition appraisal has been echoed by Internal Audit who have advised that a condition appraisal should be undertaken as a matter of urgency. The Health Board has not carried out a full condition appraisal for nearly 10 years, relying on desk top exercises utilising standard industry cost estimates to update its condition appraisal information year-on-year.

### **3. ASSESSMENT**

Whilst Estates try to manage their revenue position to prioritise urgent maintenance works, they heavily rely on support funding from the Health Board discretionary capital funding each year which is always over committed but still ensures the presentation of a balanced plan.

The current backlog maintenance costs were reported for 19/20 as £25.6m in the high significant risk categories, out of a total backlog of £67.5m. These include old engineering systems and fabrics / finishes. Historically there has only been enough money to meet statutory guidance e.g. fire, asbestos, legionella and not to tackle the backlog.

The overall position is detailed in the table below. This identifies not only the cost per category but also the risk adjusted back log. When you calculate the risk-adjusted backlog maintenance figures for the high and significant risks they have their costs

included in total, whereas medium and low risk costs are divided by the expected life the building or asset.

Example: If there is a high risk cost of £1m against the building with a lifecycle (expected life) of 10 years. It is reported as the backlog risk adjusted figure of £1m. If the same building has a medium risk of £1m, the risk adjusted backlog maintenance figure would be reported as £100k.

Level of risk	£
Cost to eradicate High Risk Backlog	12,056,000
Cost to eradicate Significant Risk Backlog	13,545,411
Cost to eradicate Moderate Risk Backlog	34,029,362
Cost to eradicate Low Risk Backlog	7,822,097
Total Backlog maintenance Cost	67,452,870
Risk Adjusted Backlog Cost 19/20	27,298,012

The risk adjusted backlog is developed from the condition survey and provides the cost to repair the building or assets listed along with the risk that the failure would present. The backlog maintenance survey covers six defined areas.

Physical condition: The physical condition profile examines the building structure and fabric together with mechanical and electrical engineering installations. It identifies what proportion of the building area is in a particular condition category, detailed below:

- A as new and can be expected to perform adequately to its full normal life
- B sound, operationally safe and exhibits only minor deterioration
- B(C) currently as B but will fall below B within five years
- C operational but major repair or replacement is currently needed to bring up to condition B
- D operationally unsound and in imminent danger of breakdown
- X supplementary rating added to C or D to indicate that it is impossible to improve without replacement

**Statutory Compliance:** There is a wide range of statutory standards relating to hospitals and a number of non-statutory standards required by the Department of Health, with which compliance is required through controls assurance and will result in a Risk Register. These include some Welsh Health Technical Memoranda (WHTM) and Welsh Health Building Notes (WHBN), and all Firecode documents. This facet is split into fire compliance and health and safety, and whilst it is assessed separately

the overall results are included in the physical condition element of the survey and the costs to bring up to the appropriate standard are included in the backlog maintenance.

**Functional Suitability:** The functional suitability analysis describes how effectively a site, building or part of a building supports the delivery of a specified service, in terms of space relationships, services, amenity, location, environmental conditions and overall effectiveness.

It is from this review that we develop the backlog maintenance costs to address the short comings within the estate and bring it up to condition B which is defined as “sound, operationally safe and exhibits only minor deterioration”. This is risk assessed and prioritised. From this information the Health Board can make informed decisions on how it utilises its estate to best deliver the Clinical Strategy.

Within the Health Board risk register (ID:2159 – HBR 64), this outlines insufficient resources and capacity of the health and safety team to maintain legislative and regulatory compliance. This covers health & safety; fire; manual handling; violence & aggression – security & case management. A business case is being submitted to address current resource levels and will require significant investment to provide an appropriate level of resource in line with other health boards.

#### High Risks

Internal Drainage

Pitched/Flat Covering

AHU/Ventilation Systems

Emergency Lighting

Automatic Doors - Site Wide

Backlog - Theatre Wall

BMS

CCTV System

Electrical Infrastructure

Electrical Infrastructure

Electrical Infrastructure - The Generator in Sub-3 needs to be replaced due to the fact additional capacity is required

Fire Alarm System

Fire Dampers

Fire Door Replacement

DHW Systems – PRMS

Infrastructure Works - Distribution Panels and Boards

Infrastructure works - Grease Trap Catering

Infrastructure Works -Heating Systems - PRMS

LV/Generator

Medical Gases Upgrades

Nurse Call System

Statutory - Void Access for Central Ward Block and Undercroft

Steam Infrastructure

UPS/IPS

Waste Yard - Rear of Estates Building.

Water Management Systems

Whole Site - Fire Dampers.

### **Capital and Estates Plan**

The Health Board is required to hold a Capital and Estates Plan. This provides a 5 -10 year plan detailing how the Health Board plans to develop its clinical services and detail how those service changes will affect the existing Estate. The challenges of COVID-19 have brought forward new ways of working, with technology being used to assist in service provision, removing the need for direct patient contact in some services. Following the approval of our Clinical Services Plan in January 2019 it is essential that we have a Capital and Estates Plan to deliver the clinical services in a modern and compliant infrastructure.

Prior to commencing this it is essential that the Health Board commissions a six facet survey. This will provide the necessary information enabling the Board to make informed decisions on the estate.

Some initial work has already been completed including a review of existing information through K&L Estates Management Limited, this provided a gap analysis and action plan that has assisted in developing a draft Plan.

### **Opportunity for Funding for Targeted Backlog maintenance Improvements in The NHS Estate in Wales**

The Welsh Government's Targeted Funding Programme of Investment is intended to assist NHS organisations in Wales to respond to the following drivers:

- a) An ongoing trend of escalating physical condition and statutory compliance backlog costs across the NHS estate (including Fire Safety in particular)
- b) An increasing need for investment in the upkeep and development of infrastructure engineering services across healthcare sites
- c) Pressures on the mental health estate, manifesting through increased risks to health and safety
- d) Welsh Government's commitment to achieve net-zero carbon by 2030.

The Welsh Government Targeted Improvements funding programme amounts to a total of £37m and is available for FY 2021/22.

The table below provides an estimated profile of the funding available, although Welsh Government may elect to change the apportionment, subject to the nature of applications made:

Funding Programme Profile Details 2021/22	
Fund Category	Budget Total £ (Inc VAT)
Estates Fire Safety backlog	5,000,000
Estate Infrastructure	10,000,000
Mental Health Estate	6,000,000
Decarbonisation	16,000,000
<b>Totals</b>	<b>37,000,000</b>

All awarded amounts are to be used by the applicant NHS body as Capital, as defined in the Capital Accounting Manual. Applicants will be liable for any associated revenue costs that may be incurred.

It is also worth noting that Health Boards are encouraged to submit priority bids for funds from each of the categories. Organisations can submit several bids for a series of projects within a category, or if they are part of a programme, combine them into one for a category.

On the 26<sup>th</sup> of February the Health Board submitted the following prioritised list of backlog maintenance and decarbonisation works that we could realistically undertake during 21/22 -

Infrastructure		
Site	Bid	Value
Morrison	ED Digital Security System	£252,000
HQ Baglan	New Roof	£537,240
Morrison	Flooring Ground	£330,000
NPT Resource Centre	Ventilation Provision COVID	£ 93,600
Morrison	AHU Repairs	£ 72,000
Morrison	Flooring Lower Ground	£132,000

Fire		
Site	Bid	Value
Singleton	Compartmentation	£ 42,000
Morrison	Emergency Lighting	£ 65,000
Morrison	Fire Doors Ground Floor	£429,000
Morrison	Fire Doors Lower Ground Floor	£165,000

Decarbonisation		
Site	Bid	Value
Morrison	AC to Server Room	£ 518,400
Health Board	EC Fans	£ 390,411
Health Board	LED Lighting	£2,149,397
Singleton	Calorifier Replacement	£ 396,000

Mental Health		
Site	Bid	Value
LD Bungalows, Bryn Afon	Refurbish inc anti-lig	£585,948
LD Bungalows, Swn Yr Afon	Refurbish inc anti-lig	£585,948
LD Bungalows, Meadow Court	Refurbish inc anti-lig	£585,948
LD Bungalows, Dan Y Bont	Refurbish inc anti-lig	£585,948
LD Bungalows, Ty Garth Newydd	Refurbish inc anti-lig	£645,150

A full list of bids has been included in the resources section of Admin Control which is circa £14m in total. It was important that we qualified that this work would be completed within the financial year 21/22.

Early indications are that the Health Board will receive a total of £6.1m to undertake backlog maintenance works. However, this has yet to be formally confirmed by Welsh Government so that works can start early April 21.

### **Discretionary Funding supporting backlog maintenance works for 21/22.**

A draft discretionary capital programme for 2021/22 was presented to the Senior Leadership Team on 17<sup>th</sup> March 2021. The main source of funding is the £11.167m discretionary funding received from WG. Subject to agreement of the annual plan priorities the following schemes have been identified for funding in 2021/22 from the plan:-

#### Ward and Theatre Refurbishments

An allocation of £400k is proposed to undertake a light touch refurbishment across a number of patient environment areas. Over the last few years it has been particularly challenging to undertake full ward refurbishments due to bed pressures, leading to planned ward areas being unavailable and no opportunities to use a decant ward to free up the space to undertake any refresh or maintenance works. Two years ago, only light refurbishments (flooring, painting & lighting) in patient areas within a ward environment were possible. The situation deteriorated further last year with any light refurbishment works in wards only able to be undertaken primarily in non-patient areas. To ensure sufficient improvements are made, the provision of decant capacity remains a high priority.

In addition to the proposed light refurbishment works, there are two business cases planned for submission to WG over the next few months for major refurbishments in Morryston for Ward G and ITU.

#### Backlog Estates Maintenance

A proposed programme has been constructed from the high and significant risks recorded in the Oakleaf Estates backlog maintenance system. The minimum proposed investment is £735k. It should be noted that further work is being undertaken on the actions identified in risk assessments, which may alter this proposal taking into account any WG Estates programme funding backlog bids as mentioned previously.



As highlighted last year, the Health Board has been successful in attracting major capital investment from WG following approval of the 2015 approved SOP (Strategic Outline Programme). There is a proposal to submit business case 2.2 from this SOP, for a major £9m investment in a new Sub Station 6 at Morriston. WG have advised that following this case any further significant investment will require a refresh of the SOP, which in itself will require the completion of our Estates Strategy and a revenue investment in a health board wide condition appraisal survey (six facet survey).

### Facilities

A rolling programme of investment in catering facilities was approved by the Executive Team in 2019. Works on phase 1 for the Morriston servery and refurbishment of the Singleton Coffee Shop were completed in 2020/21. The remaining priorities have been split into two further phases:

- Major equipment purchases for £390k including blast freezers, dishwashers and cooking centres have been brought forward from the 2021/22 plan and were purchased in Q4 2020/21.
- Design work will commence in 2021/22 to undertake remaining refurbishments of islands 1 and 2 in the Morriston dining room, as the need for decant areas mean these works are best undertaken alongside a planned roof replacement and electrical rewiring. Design work will also commence on the Singleton dining room refurbishment. The plan would be to include both schemes in a future Environmental Infrastructure BJC, with a view to commencing works in 2022/23. As described above the acceptance of the BJC will require the completion of the Capital and Estates Plan and condition appraisal survey.

### **GOVERNANCE AND RISK ISSUES**

The provision of a condition appraisal (six facet survey) is required by WHBN 00-08 (NHS Estatecode) and is the foundation upon which the Health Board's Capital and Estates Plan is based. Historically, this has always been regarded as the 'minimum data set' of information necessary on which to base intelligent decisions about the future of a Health Boards Estate.

Failure to have an up-to-date condition appraisal or six facet survey, and **Equality Act 2010** information results in strategic decisions on the provision of clinical services within the Health Board's Estate possibly being made based on information that is flawed or inaccurate. The level of risk associated with backlog maintenance effects the calculation of backlog maintenance costs for a building.

The risk around lack of resources is held within the Risk Register and a Business Case is being prepared around the resource required to support the Estates function.

### **4. FINANCIAL IMPLICATIONS**

The cost of procuring a condition appraisal can vary, however, industry standards dictate a cost for a six facet survey plus Equality Act review of between £0.90 to £1.10 a metre squared. Which gives a budget cost of between circa £243k to £297k. Approval has been previously given by the Executive team to develop the specification and procure a six facet survey and Equality Act review of the Health Boards estate.

This was approved last year however due to funding constraints this work was not completed. Based against the previous costs obtained a budget of around £250k to £300k plus VAT will be required.

## 5. RECOMMENDATION

Members are asked to:

- **NOTE** the capital bids submitted to Welsh Government for targeted funding for backlog maintenance and environmental improvements, and the limited funding available within the 21/22 discretionary capital programme.
- **NOTE** the identified backlog maintenance works highlighted in the report and the resource section of Admin Control.
- **NOTE** the requirement for revenue funding of the six facet survey and condition appraisal work together, recognising that there will be additional resources required to manage statutory compliance requirements i.e. asbestos, fire, legionella and general Health and Safety matters including updated risk assessments.

<b>Governance and Assurance</b>		
<b>Link to Enabling Objectives</b> <i>(please choose)</i>	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	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"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	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"/>
<b>Health and Care Standards</b>		
<i>(please choose)</i>	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"/>
<b>Quality, Safety and Patient Experience</b>		
Good financial governance will provide the support needed across the health board to deliver statutory compliance and regular reporting to highlight Health and safety matters.		
<b>Financial Implications</b>		
Note the potential Welsh Government Funding Programme for Targeted improvements. Support the revenue costs for undertaking the 6 facet survey works and condition appraisal.		
<b>Legal Implications (including equality and diversity assessment)</b>		
There are no legal implications to highlight.		
<b>Staffing Implications</b>		
Additional resources required to undertake statutory compliance works.		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
Robust financial governance arrangements will ensure the right decisions are made for the long-term future of the health board.		
<b>Report History</b>	This is the third formal report on condition appraisal and identified risks to the health board, together with verbal updates provided by the Assistant Director of Operations – Estates.	

<b>Appendices</b>	<b>*In the Resources Section*</b> <b>Appendix A</b> Full Health Board bids for Welsh Government Funding Programme for Targeted Improvements 21/22.  <b>Appendix B</b> Areas covered in Six Facet Survey
-------------------	--