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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	3rd December 2018	Agenda Item	4a
Report Title	Backlog Maintenance Thematic Review		
Report Author	Des Keighan – Assistant Director of Operations – Estates		
Report Sponsor	Chris White – Chief Operating Officer		
Presented by	Des Keighan – Assistant Director of Operations – Estates		
Freedom of Information	Open		
Purpose of the Report	This paper sets out to report on the Health Board’s performance with regard to Backlog Maintenance. The paper details the current position with regard 5 Facet Review and highlights plans to address Backlog Maintenance.		
Key Issues	<p>The Department is required to undertake a formal 5 Facet Review of Backlog Maintenance every 5 years. However, as with the majority of Health Boards in Wales, it has not completed such a review since the Health Board’s formation in 2009. The reason for this has been the lack of funding. Welsh Government did provide Aneurin Bevan monies to complete the survey, but have not afforded other Health Boards the same funding. The anticipated cost to complete the survey for the Health Board is approximately £247,500 plus VAT.</p> <p>The backlog is currently calculated on the basis of industry standard cost per metre squared and local knowledge. A number of themes have been identified, one of which being the age of the Estate, which means that there are a number of engineering services that have passed their normal life cycle.</p> <p>Plans have been developed to try and address these issues.</p>		
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance
			✓
Recommendations	<p>Members are asked to :-</p> <ul style="list-style-type: none"> • SUPPORT the plans to utilise Capital Infrastructure Programme over the next 10 years to address the backlog issues. • SUPPORT the application for the Green Growth Initiative which will see significant investment of approximately £10 million and the Solar Farm Initiative of approximately £3.4 million. 		

	<ul style="list-style-type: none">• SUPPORT the approach to continue to review its backlog maintenance utilising its existing methodology until funding can be made available to commission a 5 Facet Review.
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BACKLOG MAINTENANCE THEMATIC REVIEW

1. INTRODUCTION

The report sets out the Health Board's performance with regard to Backlog Maintenance. The paper details the current position with regard 5 Facet Review and highlights some of the main themes within the schedule of Backlog Maintenance.

2. BACKGROUND

The Health Board is required to provide an annual update to Welsh Government on its backlog maintenance costs. These are broken down into 4 categories: -

- High
- Significant
- Medium; and
- Low

The backlog maintenance costs are risk adjusted with both High and Significant risks calculated on a total cost basis, whereas Medium and Low risks are then divided by the life of the building to which they are attributed. Therefore, a backlog maintenance cost of £1 million at Medium Risk for a building of 10 years life would be recorded as £100K.

Whilst the Health Board has not undertaken a full review it does update its costs on an annual basis. These costs are based on SPONDS, which is an industry standard pricing structure. This is supported by using cost intelligence from projects undertaken within the Health Board. The current backlog costs are for financial year 2017/18 for the Health Board is as follows:-

	£
High	1,097,000
Significant	1,015,000
Medium	11,516,911
Low	15,394,281
TOTAL RISK ADJUSTED COST:	14,594,275

The High Risks currently relate to the following issues:-

- Electrical capacity in Morriston Hospital – will be addressed as part of Environmental Instructure Capital Programme
- Singleton Void Access – controlled procedures in place
- Cladding at Singleton Hospital – this has its own dedicated process which is currently underway
- Electrical distribution Singleton Hospital – covered by infrastructure works
- Compartmentation – part of an ongoing capital allocation

However, there are a number of themes that are common within the backlog. The engineering services are traditionally seen to have a normal working life of between 20-25 years. Both the Princess of Wales Hospital and the Morriston Hospital nucleus development are approximately 30 years old, which means that engineering services are now beyond their normal life cycle.

The second issue is the completion of the condition review. Under the Welsh Health Technical Memorandum (WHTM) – 00-08, the Health Board is required to do a full condition review every 5 years. However, as with a number of Health Boards within Wales this review has not been undertaken due to cost. The approach adopted by the Health Board to date has been to identify the costs based on industry standard cost per metre squared utilising SPONDS. SPONDS provide costs for building and engineering services which provide quantity surveyors with the base data against which costs can be assessed. This is supported by local knowledge. An example being where the Health Board has a nurse call system updated, if that cost is deviated away from SPONDS, this is used to update the database to ensure they are as accurate as possible. Whilst this approach does not meet the requirements of the WHTM guidance document it does provide an informed view of the backlog maintenance conditions costs.

3. GOVERNANCE AND RISK ISSUES

The Health Board has recognised the risk arising from the age and lifecycle of the engineering services; however one of the biggest problems it faces is access to undertake the work. Due to the way that a number of engineering services are designed it is not possible to undertake work on them a room at a time, which means that whole Departments would be affected as part of any upgrading project. One of the biggest challenges we face as an organisation is the fact that we do not have decant facilities on any of the main sites, which means that we have to manage the work in different ways which can increase the cost to ensure they do not impact on services.

The Estates team, working with Capital colleagues, have developed business cases totalling £60 million for the three main acute sites. This provided a planned £2 million investment on each of the sites over a 10 year period. As a result the Estates Department, working with Capital colleagues, has developed a planned programme of work which seeks to address our Significant and High Risks. Estates risks have a number of differing issues. The Health Board is also in the process of tendering under the Green Growth Initiative, which will see investment in excess of £10 million starting in the next financial year, specifically targeted at improving the energy performance within the Morriston and Singleton sites, which will also see a number of our existing risks addressed.

The Estates function had an allocation from Discretionary Capital of £1 million in 2018/19, of which £75K was targeted at water management issues, £350K was targeted at fire compartmentation and emergency lighting as well as £75K to address asbestos management issues, £200 on lift repairs with the rest of the funding addressing Estates issues. Whilst this work is high priority, it is not sufficient to address the ongoing backlog maintenance costs, it simply allows cover for statutory maintenance responsibilities. It is only by delivering the Capital Programme over

the next 10 years and the completion of the Green Growth Initiative will we hope to address the issues within the Estate.

From an audit point of view the Health Board has recently commissioned a 4 Facet Survey of the Bridgend Estate as part of the transfer of services to Cwm Taf. Traditionally, a condition review includes building condition, statutory compliance, environmental performance, space utilisation and functional suitability. However, the survey in Bridgend is omitting the space utilisation due to the fact that the survey is only a point in time review and therefore a more effective approach has proven to be the use of presence sensors which are not only cheaper but get a far better picture of the utilisation of the Estate.

Whilst this is being completed for the Bridgend properties, capital bids have been made to support the undertaking of a similar review for the rest of the Estate, however, unfortunately the review does not fall into the classification of capital expenditure and would therefore be a revenue pressure for the Health Board. Whilst Welsh Government has supported the provision of funding for Aneurin Bevan University Health Board to complete a review, this funding has not been made available currently to other Health Boards. Therefore, the Department is working with the Chief Operating Officer to try to see how funding can be made available to undertake a full review of the Estate.

4. FINANCIAL IMPLICATIONS

The Health Board has made bids for £60M capital investment for the 3 main hospital sites as part of a 10 year plan for the Estate. Whilst the Health Board received the first year of funding, in line with the initial programme, due to other Welsh Government commitments, the Health Board did not receive the full presumed allocation this financial year. Some works have been undertaken this year, however, preparation is being made to start the next phase of the programme next financial year, with the priority being the resolution of electrical capacity issues at the Morriston Hospital site.

Recognising the demands of the Estate and on Discretionary Capital the Health Board is the first in Wales to be developing the Green Growth Initiative. This is supported by Welsh Government and provides an interest free grant for energy and environmental improvements. Any initiative has to meet the criteria of the scheme, which is an 8 year pay back and a reduction in carbon. The agreement sees the successful contractor providing guaranteed savings to the Health Board. In the event these are not achieved the contractor would have to cover any shortfall. The scheme will include replacement of all lighting, upgrading of boilers and air conditioning systems and the optimisation of the latest building management technology.

The Health Board is also working with Welsh Government through the Communities Initiative on the Development of the Solar Farm 2 miles from Morriston Hospital, at an approximate cost of £3.4M, with the intention that this would provide around 20% of the hospital's electrical demand. The criteria for the funding from Welsh Government is the same as for the Green Growth Initiative, with an 8 year pay back and a defined reduction in carbon.

With regard to the costs to undertake the 5 Facet Condition Survey other Health Boards have had this money provided via Welsh Government. Unfortunately, Welsh Government's position at present is that they are not able to support this initiative. The cost to undertake the survey for the properties within the Estate that will not transfer to Cwm Taf is in the region of £210K plus VAT. This is a revenue cost and is not within existing budgets. However, the Department is working with the Chief Operating Officer and the Director of Strategy to see how best to fund the completion of the survey in line with the recommendations of Internal Audit.

5. RECOMMENDATION

Members are asked to :

- **SUPPORT** the plans to utilise Capital Infrastructure Programme over the next 10 years to address the backlog issues.
- **SUPPORT** the application for the Green Growth Initiative which will see significant investment of approximately £10 million and the Solar Farm Initiative of approximately £3.4 million.
- **SUPPORT** the approach to continue to review its backlog maintenance utilising its existing methodology until funding can be made available to commission a 5 Facet Review.

Governance and Assurance							
Link to corporate objectives <i>(please ✓)</i>	Promoting and enabling healthier communities		Delivering excellent patient outcomes, experience and access	Demonstrating value and sustainability	Securing a fully engaged skilled workforce	Embedding effective governance and partnerships	
			X				
Link to Health and Care Standards <i>(please ✓)</i>	Staying Healthy	Safe Care	Effective Care	Dignified Care	Timely Care	Individual Care	Staff and Resources
							X
Quality, Safety and Patient Experience							
<p>The Estates Department is responsible for monitoring the backlog maintenance condition of the Estate. Both the Princess of Wales and the nucleus part of Morriston Hospital are nearly 30 years old, with nearly 35% of the Estate over 30 years old.</p> <p>The Department has worked with Capital colleagues to develop the Environmental Infrastructure Capital Programme for the next 10 years, along with the Green Growth Initiative to address the majority of our backlog maintenance issues.</p> <p>The Committee is also asked to note the plans in place to address the backlog risks identified, but note the difficulties in doing this without formal decant facilities within the Estate.</p>							
Financial Implications							
<p>The majority of the Estates' risks relate to the Estate. The Health Board has submitted a £60 million bid to Welsh Government for infrastructure monies over the next 10 years, which will address the majority of the Estates risks. This is supported by the refit programme capital programme which will see approximately £10 million investment in Singleton and Morriston Hospitals specifically targeted at improving our energy performance at the same time, will address the majority of the High and Significant Backlog Maintenance Risks.</p> <p>To undertake a formal 5 Facet Survey will cost in the region of £210K plus VAT. Due to the capital rules this would have to be funded via a revenue stream which is currently not within the Estates budget. The requirement to undertake an audit of the condition of the Estate is set out under WHTM 00-08, however, this is a guidance document only and whilst will be flagged by Internal Audit as not compliant with best practice, there is not a statutory obligation to undertake this review. However, under the Health & Safety at Work Act an employer has a responsibility to ensure that their staff work in a safe environment and that all risks have been effectively assessed which our current approach sets out to provide.</p>							
Legal Implications (including equality and diversity assessment)							
<p>Should Welsh Government not provide capital funding to address the backlog issues there is the risk that failures within the Estate will impact clinical services. Currently, however, the anticipation is that funding will be made available for the Environmental Infrastructure Capital Programme. With the funding for the Green</p>							

Growth Initiative being a grant, the Health Board has already had provisional acceptance for both the £10 million for the Green Growth Initiative and the £3.4 million for the Solar Farm scheme, therefore it is not anticipating any risks in addressing these issues.

Staffing Implications

The programme will require additional Project Management staff, however, this will be funded through the funding streams either the Capital Infrastructure Programme or the Green Growth Initiative.

Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015 - <https://futuregenerations.wales/about-us/future-generations-act/>)

The Refit initiative will see investment which comes with strict criteria on the reduction of our CO2 emissions tendering process has required bidders to respond as to how they will engage with local companies. They have also been required to explain how they will interact with the local community and the training of apprentices which will help us deliver on some of the aspirations of the Well-being of Future Generations (Wales) Act 2015, 5 ways of working.

Report History

Appendices