

Estates Condition Final Internal Audit Report November 2023

Hywel Dda University Health Board

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Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

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Executive Summary

Purpose

The NHS in Wales faces unprecedented challenges balancing the management of the current estate condition against other competing priorities and within existing funding constraints – whilst also developing a deliverable estate strategy for the future.

The backlog maintenance figures for NHS Wales recently exceeded £1bn (the substantial element being “High” and “Significant” risks) and is likely to increase further due to the aging estate in Wales.

The latest nationally reported data (2021/22) for the UHB confirmed a total backlog maintenance requirement of £105m – although the capital investment requirement to clear the backlog is likely to be materially higher.

The audit sought to evaluate the arrangements put in place by the UHB to identify and manage key risks associated with the existing estate and the implementation of resulting strategies to manage/mitigate the risk.

Overview

Key to understanding the challenge is the quality of the baseline data. The UHB’s current estates condition baseline data was developed from a 2017 estates baseline assessment which had been updated annually by a programme of mainly internally resourced estate surveys. Experience of other NHS organisations suggests that when detailed costed surveys have been undertaken, this is likely to result in an increase in the reported data. Further concerns have been raised on the comparability of the Estates and Facilities Performance Management System (EFPMS) data, given the significantly varied methods of computation by each NHS organisation in Wales.

In the short to medium term, the UHB had utilised a combination of all Wales capital funding, targeted EFAB funding, planned/ reactive maintenance, and discretionary funding to address identified high-priority areas (**see Tables 2 & 3**).

The UHB successfully secured Estates Facilities Advisor’s Board (EFAB) funding of £5.7m across 2023/24 & 2024/25 to tackle significant backlog priorities. The UHBs contribution to EFAB during 2023/24 was £1.2m, with an additional £500k

Report Classification

Limited

More significant matters require management attention.

Moderate impact on residual risk exposure until resolved.

Assurance summary

Assurance objectives	Assurance
1 Governance	Reasonable
2 Baseline Information	Reasonable
3 Estates Strategy	Limited
4 Funding Strategy	Limited
5 Monitoring & Reporting	Reasonable
6 Risk Management	Limited

The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Key Matters Arising	Assurance Objective	Priority
1 Appropriate estates surveys are required at all sites to inform an updated backlog baseline position.	2	Medium
2 Estate plans require reviewing in several areas including performance indicators.	3	Medium
3 Increased corporate assurance/reporting is required surrounding the Estates plans and unapproved Capital Plans	4	High
4 A review of the estate workforce, coupled with	4	High

allocated within the 2023/24 discretionary capital programme for backlog maintenance (over and above UHB contributions to EFAB funding).

Across NHS Wales, due to pre-commitments and other pressures on the discretionary capital funding, the allocation for backlog maintenance had historically been insufficient to effectively manage the position.

UHB resources were targeted at the priority planned and reactive maintenance areas. The UHB reported above average investment in 'Total Building & Engineering Maintenance Cost per Occupied Floor Area (£/m²)'. However, despite this the UHB's total backlog maintenance had increased by circa £40m between 2018/19-2021/22. This increase was primarily attributed to improved intelligence on the fire precautions programme of work.

An infrastructure Programme Business Case (PBC) seeking approval for investment across the UHB's estate was submitted in 2018 totalling £528m. A reduced PBC (£129m) was submitted to Welsh Government in April 2022 detailing the priority infrastructure work required to eliminate the risk to service delivery. In March 2023 investment requirements were further reviewed to consider the highest priority areas est. £47m.

In the longer-term, The UHB were developing a 'A Healthier Mid and West Wales Transforming our Hospitals Programme Business Case' (AHMWW). Which was subject to a clinical strategy review at the time of reporting.

Noting the scale of the investment required and the priorities across NHS Wales, there was significant risk to the UHB that these business cases were not deliverable. At the time of the current review, no assurances had been received as to the availability of funding.

A corresponding revised revenue strategy was required for maintenance, as continued investment at historic levels is likely to result in the UHB's estate being in a further deteriorating position requiring increased levels of capital investment.

An overall **limited assurance** has been determined due to the concerns that identified estate risks cannot be managed within existing funding. This assurance opinion is in line with that determined across NHS Wales, given the common challenges faced by each organisation.

the development of a clear long term financial model for the revenue support within the estate is required.

5	A review of the categorisation process for the EFPMs returns is required.	5	Medium
6	Controls within the Board Assurance Framework (BAF) to reduce the risk associated with the capital assets should be reviewed.	6	High

Further matters arising concerning the areas for refinement and further development have also been noted (see **Appendix A**).

Whilst not a specific focus of this review, the recently nationally reported Reinforced Autoclaved Aerated Concrete (RAAC) issues have further increased the risk profile of the NHS Wales estate. The centrally commissioned surveys have identified areas within the UHB requiring urgent attention. At the time of reporting, these were primarily located within Withybush General Hospital (WGH) and Bronglais General Hospital (BGH).

1. Introduction

- 1.1 The audit forms part of the 2023/24 Internal Audit Plan agreed with Hywel Dda University Health Board (*The UHB*).
- 1.2 The effective and efficient management of the NHS Wales estate is essential for the delivery of quality health care services.
- 1.3 The audit was undertaken to evaluate the processes and procedures put in place by the UHB to support the management, condition, and performance of the estate.
- 1.4 The potential risks considered in the review were as follows:
 - The Board may be unaware and/ or may not be adequately informed to effectively assess and manage the risks associated with backlog maintenance (particularly statutory requirements).
 - Appropriate funding may not be in place.
 - The status and value of backlog maintenance may not be adequately defined, and the probability and impact may not be fully understood.
 - Information may not be interrogated to ensure focus is prioritised on the key risks.
 - Performance in addressing identified priorities may not be monitored, potentially impacting organisational objectives.
- 1.5 The Estates and Facilities Performance Management System (EFPMS) enables the UHB to submit its annual declaration on key data to Welsh Government. The UHB reported position over the last three years, against NHS Wales averages, was as follows:

Table 1

Measure	2019/20	2020/21	2021/22
UHB Cost to eradicate High Risk Backlog (£)	0	0	0
UHB Cost to eradicate Significant Risk Backlog (£)	41,918,330	66,998,226	88,509,339
UHB Total Backlog Cost (£)	62,227,603	81,591,953	105,744,916
NHS Wales average: Total Backlog Cost (£)	78,098,898	97,385,329	113,007,158
UHB Risk Adjusted Backlog Cost (£)	43,212,781	67,968,519	90,679,218
UHB Total Building & Engineering Maintenance Cost per Occupied Floor Area (£/m ²)	23.91	29.08	38.84

NHS Wales average: Total Building & Engineering Maintenance Cost per Occupied Floor Area (£/m ²)	23.86	27.43	28.77
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- 1.6 EFPMS data for 2022/23 was not due to be submitted at the time of the current review.
- 1.7 Additional estate performance data across NHS Wales is presented at **Appendix B**, taken from the NHS Estate Dashboard Report for 2021/22 (published by NWSSP: Specialist Estates Services).
- 1.8 Our audit work was reliant on the above information. We have not sought to provide assurance over the accuracy of supplied information; however, we have commented within the body of this report on the consistency in approach with other NHS Wales Organisations.

2. Detailed Audit Findings

- 2.1 Our detailed audit findings are set out below. All matters arising and the related recommendations and management actions are detailed in **Appendix A**.

Governance: *Assurance that robust governance arrangements are applied to ensure the organisation stays abreast of matters and associated risks relating to the estates condition.*

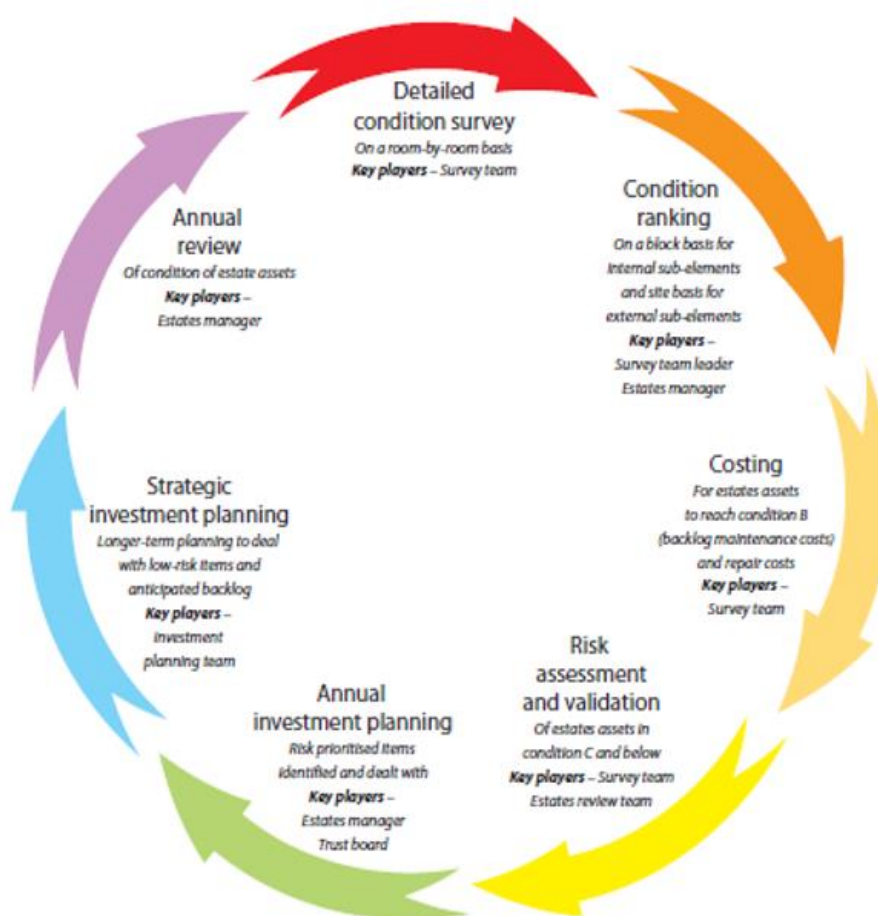
- 2.2 Welsh Government issued Welsh Health Circular (WHC/2021/002) in January 2021 that discontinued the role of the Board estate's champion. However, since 2021 the profile of the NHS estate at both a local and national level has increased significantly. Good practice has been evidenced at other Health Boards within NHS Wales whereby an Independent Member with responsibility for both capital and estates has been appointed to the Board. This has highlighted increased Board oversight to the capital and estates provisions. The UHB has considered the allocation of the capital and estates champion role, however, at the present time this has not been introduced recognising existing Independent Members workload and that current Welsh Government guidelines does not require the same.
- 2.3 Appropriate executive leadership was provided by the Director of Operations (with responsibility for the key areas of both Capital and Estates) and the Executive Director of Strategy and Planning. Oversight was provided by both the Health and Safety Committee and the Capital Sub-Committee – both forums included independent membership.
- 2.4 Board assurance had been informed via the inclusion of estate condition risks at the Corporate/Principal Risk Register (see **risk management** section) and discussions surrounding this at both Board and subcommittee level. Several recommendations had been made throughout this report which are aimed at

strengthening the level of assurance received by the Board in respect of the significant estate condition risks faced by the UHB (see, **MA3, MA6**).

- 2.5 Local and national resource constraints were evident. The UHB had strengthened their design team to ensure that several estates projects would be available to progress in the event of any residual monies being made available by Welsh Government. In acknowledging the ageing estate workforce, management were seeking to implement an apprenticeship programme together with internal staff development.
- 2.6 Acknowledging that the UHB was seeking significant investment to modernise facilities and services (namely 'A Healthier Mid and West Wales Transforming our Hospitals Programme Business Case') which may take a considerable time to come to fruition; estates risks will continue to increase without appropriate investment in the interim period. Recognising the same and the need to develop appropriate interim service plans, there will be a need to align an estates workforce review with any such programme. There will also be a need to ensure that any modified estate is maintained to an appropriate level (**MA4**).
- 2.7 Whilst no significant issues were identified with the governance arrangements in place, sound decision making is predicated upon the quality of management information. Accordingly, noting the issues raised within the subsequent sections of this report associated with management information, **reasonable assurance** has been determined in relation to the current estate governance arrangements.

Baseline Information: *To obtain assurance that the UHB has detailed records of the condition of the estate based on a combination of robust condition surveys and risk assessments. The information is managed and retained within robust management systems that are subject to regular review.*

- 2.8 The key guidance in relation to assessing backlog: 'A risk-based methodology for establishing and managing backlog' (updated March 2013), describes the steps involved in establishing and managing backlog, as follows:



2.9 In respect of the detailed condition survey, the guidance recommends that:

*"NHS organisations carry out a detailed survey of their assets on a five-yearly basis."*¹.

2.10 An estates baseline report for hospitals and community premises was produced during 2017-2018, which was used to inform the UHBs 'A Healthier Mid and West Wales Transforming our Hospitals Programme Business Case'. The UHB has subsequently produced a tracker of completed and planned surveys across the estate including e.g., building services, building condition, space utilisation etc. It was noted that most of these surveys had either been undertaken or planned to be undertaken by UHB staff. There may be a need to ensure that these surveys are appropriately focused to appropriate estate localities (acknowledging future service plans) and recognising the resources available to the UHB.

2.11 Where other NHS Wales Health Bodies had recently commissioned externally delivered costed surveys, the backlog maintenance figures had significantly increased. This presents the potential for other Health Bodies (including HDUHB) to be underestimating the cost implications of their backlog maintenance (**MA1**).

- 2.12 Ongoing statutory compliance surveys (fire, water etc.) had been undertaken on a routine basis, and issues captured on internal systems and escalated accordingly.
- 2.13 Once the UHB establishes an accurate baseline, it is important that this is maintained to enable effective monitoring, reporting, and investment. The guidance also states:

"You should update the findings of your detailed survey on an annual basis. This will inform your investment planning process and ensure your assets are safe and fit for purpose."

- 2.14 It was therefore concluded that the UHB had a programme for surveying its estate. However, there was a need to ensure appropriate costing to inform the EFPMS (noting the need for national consistency to ensure comparability). Accordingly, **reasonable assurance** had been determined in relation to the adequacy of baseline information.

Estates Strategy: *To obtain assurance that a tailored estates strategy is in place including linkage to major investment, estates condition, statutory compliance, decarbonisation requirements, service needs etc. The strategy reflects emerging risks.*

- 2.15 Welsh Health Building Note 00-08 'Estatecode' highlights that:

"Once a comprehensive analysis of the condition and performance of the existing estate has been completed, the organisation will have the baseline data used when developing an estate strategy.

An estate strategy should represent the vision for the future of the organisation's estate...in order to deliver and satisfy the current and perceived business plans, the expected operational service requirements, aligned with objectives of contributors to health and social care delivery.

The estate strategy should be reviewed annually using EFPMS data and the information from the five-facet survey. The clinical strategy should be the driver of the estate."

- 2.16 The UHBs Annual Plan 2023/24 included 'Strategic Objective 5: World Class Infrastructure' with specific deliverable and measures/outputs stated relating to an estate's strategy.
- 2.17 The UHB had subsequently produced a Property Asset Strategy that was submitted to the Board in May 2023 providing an overview of the UHB's current land and property estate baseline. It also captured the planned and proposed strategic property developments for the period 2023 – 2026.
- 2.18 The above combined with the 'A Healthier Mid and West Wales Transforming our Hospitals Programme Business Case' provided the component parts of an estate's

strategy. To ensure further alignment with the Estatecode, several additional areas have been recommended for inclusion within the Property Asset Strategy (**MA2**).

- 2.19 Recognising the significant risks to the UHB in obtaining the funding required to deliver it's 'Strategic Objectives', namely AHMWW & the UHB's infrastructure PBC (see **Table 2**), **limited assurance** has been determined in relation to the achievement of the estate's strategy.

Funding strategy: *To obtain assurance that there is a co-ordinated approach to the targeting of All-Wales, Estates Funding Advisory Board (EFAB) and Discretionary funding to implement the estates strategy.*

- 2.20 There has been historical under-investment across NHS Wales in this area, resulting in the deterioration of the NHS estate condition. The UHB's backlog maintenance was estimated as £105,744,916 in 2021/22 (see **Table 1**). Following the end of audit fieldwork, this figure had been revised to £136,719,042.74 for 2022/23 (and includes provisions for identified High risk backlog £12.8m RAAC).

The UHB had submitted its 'A Healthier Mid and West Wales Transforming our hospitals' Programme Business Case (PBC) to the Welsh Government for scrutiny. However, at the time of reporting, Welsh Government had requested a review of the clinical strategy underpinning the Programme.

The UHB has also sought Welsh Government agreement for capital investment to address infrastructure issues at the four District General Hospitals (DGH) i.e.

Table 2

Date	Investment Requirement	Details
2018/19	£528m	PBC submitted to return the UHBs four District General Hospitals (DGHs) up to Estate Code condition B.
March 2020	£246m	Revised PBC to progress the "do minimum" priority works essential to keep the DGHs operational whilst the A Healthier Mid and West Wales Transforming our Hospitals' programme was delivered.
June 2021	£87m	Revised submission required to carry out the identified priority works during years 1-4, excluding elements which would be included in the 'A Healthier Mid and West Wales Transforming our Hospitals' programme and elements being undertaken as part of Fire Precaution Upgrade Phase 1 schemes at WGH &GGH.
April 2022	£129m	Revised submission required to carry out proposed priority schemes for the next 10 years to demonstrate the potential impact on patient safety. This revised budget reflected significant movement in related indices post covid.
March 2023	£47m	A joint review (with NWSSP-SES and UHB Operational Teams) to identify the "highest" of the high priority works to be funded.

Corresponding funding at any of the levels outlined above had not been secured and no assurances had been received that funding would be made available. There remained therefore a material risk that the estates strategy and capital plan was unaffordable, noting the current financial climate and considering total funding requirements across NHS Wales (**MA3**).

- 2.21 All Wales capital funding had been secured in relation to other strategic risk i.e., fire compliance programme. Additionally, at the time of reporting business cases were being developed for further fire compliance works across the UHB and the RAAC issues identified at WGH:

Table 3

Project	Financial Value (September 2023)	Status (September 2023)
WGH Fire Precautions: Phase 1	Estimated outturn cost £17.6m to £20.1m.	Anticipated completion by September/October 2023.
GGH Fire Precautions: Phase 1	Estimated outturn cost £17.8m to £20.4m.	Anticipated completion was January 2024. Although this was likely to be extended further (current est. May 2024): so, costs likely to be at the upper end of the range.
WGH Fire Precautions Phase 1 Decant	£8.7m	Decant ward scheduled for opening in January 2024
WGH Fire Precautions Phase 2	Cost estimate was presented to the fire authority, £15m to £20m outturn.	Business Justification Case being prepared, although full sign off from the fire authority had yet to be received.
GGH Fire Precautions: Phase 2	A potential outturn cost based WGH Phase 2 of £20m to £25m. Note this estimate had yet to be fully developed.	A preferred option was being developed with a targeted start on site in Summer/Autumn 2024. However, at the time of reporting, this had not been shared with the fire authority.
RAAC	An early estimate had been produced circa £12.8m.	Survey work was ongoing, and the cost estimates were subject to change. The initial cost estimate was to mitigate Priority 1 and 2 planks only. Further inspections will be required, together with anticipated future years investment. It was also noted that no firm commitment to funding had been provided to address RAAC at the time of reporting.

- 2.22 Alternative funding streams had been made available to the UHB such as the Welsh Government administered Estates and Facilities Advisory Board (EFAB) - relating to works to address fire safety, infrastructure, and decarbonisation i.e., for 2023/24 & 2024/25 funding of £5.737m had been awarded.

- 2.23 The EFAB funding had been prioritised by the UHB to tackle high/significant backlog areas, however, due to the availability of monies and the timeframe that monies had to be spent, not all high priority projects were included within the bidding process.
- 2.24 Discretionary capital funding was also available to the UHB on an annual basis as a part of the allocated Capital Resource Limit (CRL). However, slippage in the delivery (and funding) of major capital schemes and other service priorities had led to increasing pre-commitments being required from the discretionary programme, reducing the available funding for backlog maintenance works.
- 2.25 The Estates and Facilities Performance Management System (EFPMS) categorises the 'Total Building & Engineering Maintenance Cost per Occupied Floor Area' over the last three years" i.e.

Table 4

Measure	2019/20	2020/21	2021/22
UHB Total Building & Engineering Maintenance Cost per Occupied Floor Area (£/m ²)	23.91	29.08	38.84*
NHS Wales average: Total Building & Engineering Maintenance Cost per Occupied Floor Area (£/m ²)	23.86	27.43	28.77

*The increase in 2021/22 was due in large to the UHB's COVID spend which was included and spread over Acute and Community sites.

- 2.26 Subject to the accuracy of the above data, the level of revenue investment outlined above, whilst higher than all Wales average, has been insufficient to prevent a deterioration in the condition of the estate over time. The current level of investment would therefore also be insufficient to effectively manage the condition of any new estate requirements if associated additional funding was approved (**MA4**).
- 2.27 It was concluded therefore that whilst the UHB had identified and utilised a range of funding options available to date, there had been a historical under-investment in the estate and there was a significant gap between required and approved levels of investment. Whilst acknowledging the UHBs action to seek additional capital investment approvals, there was a material gap in the funding available to achieve the UHBs strategic objectives. Accordingly, **limited assurance** had been determined in relation to the funding strategy.

Monitoring and reporting: *To obtain assurance that appropriate management information is presented with regularity on key issues, including the estate condition and progress to implement the estates / funding strategy. Monitoring and reporting include assessment of the success of the combined strategies in improving estates condition (and reducing risk exposure), and confirmation that expenditure of funding is in line with agreed conditions.*

- 2.28 The Health and Safety Committee received regular reports on statutory compliance, including assurance on the fire improvement programme that was being progressed at the time of reporting.
- 2.29 EFAB schemes were also monitored and reported monthly via an established tracker to an internal estates group, with updates provided to the UHB's Capital Sub-Committee. Issues /risks would be highlighted to this forum in the first instance. At the time of the audit fieldwork (May-July 2023), the 2023/24 EFAB programme was in the early stages of progression and no significant issues were noted.
- 2.30 The most recent report detailing the overall backlog position was presented to the UHB's Capital Sub-Committee in August 2023. This detailed the backlog position and recent trends. This reporting was consistent with the position as per the EFPMS, with the next expected publication scheduled in 2023. Whilst noting the same, inconsistencies were identified in the data supplied by the UHB to Welsh Government when compared to data submitted by other NHS Wales organisations (**MA5**). This was primarily associated with the classification of the high and significant backlog costs within the NHS Wales Dashboard report for 2012/22 (see **Appendix B**). EFPMS data is one matrix that can be used when assessing against business case submissions for all Wales capital funding and thus having a consistent approach is considered important to ensure funding is targeted appropriately.
- 2.31 As highlighted at (**MA2**) the development of performance measures as part of an updated estates strategy, should provide increased assurance on the effectiveness of the estates strategy in achieving the UHB's 'Strategic Objectives'.
- 2.32 Board-level visibility of estate risks was evidenced via the corporate risk register and Board Assurance Framework (see **risk management** section) and the Strategic Development and Operational Delivery Committee report (October 2023).
- 2.33 It was concluded therefore that the UHB had established appropriate monitoring and reporting arrangements, however, further focus on the overall estate condition and backlog maintenance position was required. Accordingly, **reasonable assurance** has been determined in relation to monitoring and reporting.

Risk management: *Assurance that risks are appropriately logged and escalated through the corporate risk reporting arrangements. The risk exposure of the UHB in relation to estates condition is clearly reported.*

- 2.34 At an operational level within Capital and Estates there were multiple risk registers for different functions within the service. Monthly Central Compliance & Assurance Audit meetings (CCAAM) scrutinised the risk registers for their maintenance, consolidation, and escalation where appropriate. The Director of Estates, Facilities and Capital Management utilised this assessment to focus existing resource and target specific capital priorities.

- 2.35 The Corporate Risk Register included significant risks that affect the organisation's ability to deliver healthcare and its ability to achieve its planning objectives (linked to directorate objectives). The Executive Directors, through the monthly Executive Risk Meetings were responsible for reviewing and discussing allocated corporate risks, agreeing any new risks and the escalation/de-escalation of operational risks included at directorate risk registers.
- 2.36 The corporate risk register was presented to the Board in May 2023 and highlighted 18 key risks: one related to the estate (Fire Safety). Following conclusion of audit fieldwork an additional corporate risk has been assessed surrounding the estates condition (October 2023).
- 2.37 At a corporate level, The BAF provides a structure and process to enable the UHB to focus on its principal risks associated with achieving the UHB strategic objectives. It also highlights any key controls and actions that have been put in place to mitigate the risk, sources of evidence or assurance, and any gaps requiring further action.
- 2.38 The BAF included one principal risk associated with the estate (report dated June 2023) i.e., *"Insufficient investment in facilities/equipment/digital infrastructure"*. This principal risk was identified in May 2021 with an associated risk score of 16 'Extreme' and target risk score of 6. Since May 2021, the risk has remained constant with no reduction in the risk score being noted.
- 2.39 Noting the effectiveness of controls to reduce the principal risk to date, the continued deterioration of the estate condition in the same period, aligned with increasing pressures on availability capital resource, the BAF should be reviewed to provide assurance to the Board that the controls and identified mitigating actions are effective in reducing the identified estate risks to the determined tolerable level (**MA6**). Accordingly, **limited assurance** had been determined in relation to risk management.

Appendix A: Management Action Plan

Matter Arising 1: Baseline Information - Surveys (Operation)					Impact
<p>The Risk Based Methodology to Backlog guidance (amended in March 2013) recommends that UHB's should carry out a detailed survey of all its assets on a five-yearly basis.</p> <p>The UHB has produced a programme for surveying its estate covering the three-year period up to 2025/26. This programme includes completed survey and planned surveys across various categories e.g., Building Condition, Space Utilisation etc. The latest building condition/space surveys for the UHB's four acute hospital sites were highlighted as:</p>					<p>Potential risk of:</p> <ul style="list-style-type: none"> Baseline information may not be up to date.
Hospital Site	Latest Building Condition Survey	Planned Building Condition Survey	Latest Space Survey	Planned space survey	
Glangwili General Hospital	In House Survey: <ul style="list-style-type: none"> Roof Survey 2021. Internal Building Condition 2020. 	N/A	In House Surveys: <ul style="list-style-type: none"> Space Survey 2020. Space Monitoring Survey Partial 2020-21 	N/A	
Prince Philip Hospital	In House Surveys <ul style="list-style-type: none"> Internal Building Condition 2020. 	N/A	In House Surveys: <ul style="list-style-type: none"> Space Survey 2020. 	N/A	

			<ul style="list-style-type: none"> Space Monitoring Survey Partial 2020-21. 	
Bronglais General Hospital	In House Surveys: <ul style="list-style-type: none"> Internal Building Condition 2016. 	2024/25	Consultancy Survey - 2011	Not included within programme
Withybush General Hospital	In house Surveys: <ul style="list-style-type: none"> Internal Building Condition 2016. External Survey: <ul style="list-style-type: none"> RAAC (2023). This was ongoing at the time of reporting. 	2023/24	In House Survey: <ul style="list-style-type: none"> Space Monitoring Survey Partial 2019. 	2023/24

The programme of surveys incorporated the majority of the UHB estate over the period 2023-24 to 2025-26, however, there were a couple of exceptions i.e.:

1. Bronglais General Hospital – space survey not planned.
2. Several community sites e.g., Llandovery College Hospital building condition survey's etc.

Most of the surveys were undertaken by in-house staff, although to inform the development of business cases, targeted (infrastructure) surveys were noted at key acute sites. Noting the same, this approach generally varied to the practice employed at other NHS Wales organisations which employed external bodies to provide an independent and costed assessment of the estate e.g., through 6 Facet surveys.

Recommendations			Priority
1.1	The UHB should ensure that all sites have appropriate surveys in accordance with the five-year recommended cycle. These surveys should be undertaken by individuals who are appropriately skilled to ensure that the estimated cost of remedial works is appropriate to inform the EFPMS.	Medium	
1.2	The UHB should engage with NWSSP SES to ensure the programme of surveys were appropriately detailed, noting the need for a consistent All-Wales assessment of the estate.	Medium	
Agreed Management Action		Target Date	Responsible Officer
1.1	Accepted – Noting financial pressures, the UHB will risk assess each site to evaluate survey requirements prior to approaching the market.	April 2024	Director of Estates, Facilities and Capital Management.
1.2	Accepted – The UHB will engage with NWSSP: SES to ensure that the UHB are applying a consistent methodology.	January 2024	Director of Estates, Facilities and Capital Management.

Matter Arising 2: Estates Strategy (Design)	Impact
<p>The Welsh Health Building Note 08 2018 Estatecode describes the key principles of an estate strategy e.g.:</p> <p><i>'An estate Strategy should represent the vision for the future of the NHS organisations estate across all of its freehold and leasehold property...'</i></p> <p><i>'The purpose of an organisation's board approved estate strategy is to provide a strategic framework for the provision of an efficient, sustainable and fit-for-purpose estate that is both safe and secure....'</i></p> <p><i>'The estate strategy should be reviewed annually using EFPMS data...'</i></p> <p>The UHB had various component parts of an estates strategy but being able to clearly interlink their dependencies was challenging i.e.</p> <ul style="list-style-type: none"> • A Healthier Mid and West Wales (Health and Care Strategy): at the time of reporting the clinical strategy underpinning this was under review at the request of Welsh Government. • The UHBs Annual Plan 2023/24 had Strategic Objective 5: World Class Infrastructure with specific deliverable and measures/outputs stated relating to an estate's strategy. • The UHB had also advised that discussions with Welsh Government were ongoing on the potential funding for business continuity infrastructure works across the main sites. At the time of reporting, the UHB were seeking to identify prioritised schemes and associated funding requirements. <p>Complimenting the above, a Property Asset Strategy was submitted to the Board in May 2023 and provided an overview of the UHB's current land and property estate baseline, potential asset disposals and captured the planned and proposed strategic property developments for the period 2023 – 2026.</p> <p>To ensure further alignment with the Estatecode the following was suggested for inclusion within the Property Asset Strategy:</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> • The estates strategy may not effectively prioritise the highest risk backlog requirements, risking the ability to secure funding.

1. An increased focus on activities aimed at reducing high/significant estate backlog maintenance issues (particularly acknowledging the potential timescales (and risks) associated with the delivery of the 'A Healthier Mid and West Wales Transforming our Hospitals Programme Business Case'.
2. Setting targeted reductions in the high and significant estates backlog maintenance areas – recognising that a high level of backlog was an indicator of a significant under investment over time.
3. Measures the UHB will put in place to ensure that refurbished buildings will be adequately maintained in the future; thus, ensuring any future backlog can be managed appropriately.

The property asset strategy was intended to be a 'live document' updated as required to reflect planned and proposed changes to the retained estate, aligned to the UHBs strategic and operational plans, namely 'A Healthier Mid and West Wales Transforming our Hospitals Programme Business Case'.

At the time of reporting, no reference was evidenced within the property strategy to the RAAC issues associated with the estate.

Recommendations		Priority	
2	The Property Asset Strategy should be enhanced to include items such as performance measures, RAAC issues and to further align with the Welsh Health Building Note 00- 08 2018 (cross-referencing other key documents as required).	Medium	
Agreed Management Action		Target Date	Responsible Officer
2	Accepted – Management will ensure a review and alignment of existing documents to Estatecode requirements.	April 2024	Director of Estates, Facilities and Capital Management.

Matter Arising 3: Funding Strategy – Capital Investment (Design)	Impact
<p>The 'Healthier Mid and West Wales Transforming our Hospitals Programme Business Case' had been submitted and endorsed by the Welsh Government. However, at the time of the current audit, a review of the clinical strategy review was being progressed following the request by Welsh Government. The timetable for the delivery of the review was not known at the time of reporting.</p> <p>Originally in 2018 a PBC investment of £528m was submitted to Welsh Government to bring the UHBs four (DGHs) up to Estatecode condition B.</p> <p>As of April 2022, the PBC had reduced in value to £129m; now detailing only the level of estates infrastructure works required to sustain the four acute hospital sites and eliminate the risk to service delivery. The PBC focussed on urgent works required at Glangwili and Withybush Hospitals to maintain the viability of both sites for the short to medium term i.e., for the next 10 years. For Prince Philip and Bronglais sites, the PBC assumes a longer-term commitment to deliver clinical services from the existing buildings. In March 2023 investment requirements were further reviewed to consider the highest priority areas est. £47m.</p> <p>Management was also targeting investment in the estate backlog through its discretionary capital programme and other funding streams e.g., EFAB funding for 2023/24 & 2024/25 Welsh Government awarded the UHB EFAB funding totalling circa £5.8m.</p> <p>However, whilst noting the multiple funding sources available, the backlog maintenance position highlights an increasing negative trend (see Table 1). There remains a significant risk that the estates proposals and capital plans remain unaffordable, in the current financial climate and in consideration of similar funding needs across Wales.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> • The UHB may not invest sufficient resources in maintaining the estate. • The Estate condition may not improve.

<p>Capital and estates risks are generally identified, assessed, and escalated in accordance with the UHB wide approach to risk management. The Director of Capital and Estates utilised this assessment to focus existing resource and target specific capital priorities.</p> <p>These risks are escalated through the existing risk management framework. However, the corporate risk register was presented to the Board in May 2023 and highlighted 18 risks: of these, only one related to the estate i.e.</p> <p><i>"There is a risk of failing to fully comply with the requirements of the Regulatory Reform (Fire Safety) Order 2005 (RRO)."</i></p> <p>There was no estate condition risk on the corporate risk register that could be assigned to a subcommittee for monitoring and scrutiny.</p>			
Recommendations			Priority
3	The Board should receive increased assurance on the risks associated with the absence of agreed funding to manage the estate condition, and the sufficiency of planned mitigating actions (i.e., improvements, deterioration of the estate and the positive/negative impact of the identified mitigating impacts within the corporate risk register).		High
Agreed Management Action		Target Date	Responsible Officer

3	Accepted– A new corporate risk has subsequently been prepared surrounding the estate condition and will be incorporated onto the corporate risk register. This would follow the current risk management arrangements within the UHB and therefore gain corporate scrutiny at regular intervals. A paper has also recently been presented to the October 2023 SDODC associated with the current UHB estate risk and the Major Infrastructure PBC.	December 2023	Director of Estates, Facilities and Capital Management.
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Matter Arising 4: Funding Strategy – Revenue Investment (Design)	Impact
<p>Table 1 at para. 1.5 presents the UHB and All-Wales comparators for maintenance expenditure on the estate: with the UHB above the All-Wales average in 2021/22 (based on reported EFPMS data).</p> <p>When this was correlated against an increasing estates backlog position (see Table 1), it indicated that the UHB was unlikely to see significant progress in reducing the backlog in the short to medium term. Also, any new or refurbished estate is likely to deteriorate in the future without a change in the level of investment. An inadequate internal maintenance resource can contribute to an increasing backlog position i.e., reduced ability to address reactive and planned maintenance.</p> <p>It was evident through our conversations that local and national workforce issues present the UHB with challenges surrounding recruiting and retaining skilled labour to enable effective estates service provision. At the time of reporting a full workforce review of the service to ensure the department meets to needs and associated risks of an aging property portfolio had not recently been undertaken. A review</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> The UHB may not invest sufficient resources in maintaining the estate.

would ensure appropriate staff numbers and skill mix to ensure not only that the estate was maintained to a reasonable standard but that any future investment in the estate does not materially deteriorate.			
Recommendations			Priority
4.1	A full review should be undertaken of the Estates workforce to analyse the current position in terms of capability and capacity based on the current configuration of the estate - pre any redevelopment. Following this, a clear financial model for the revenue support needed in the estate should be developed.		High
4.2	Future estate workforce reviews will be aligned with the 'A Healthier Mid and West Wales Transforming our Hospitals Programme Business Case' or associated interim service plans, to ensure capability, capacity, and future requirements of the service are met.		High
Agreed Management Action		Target Date	Responsible Officer
4.1	Accepted - Management will undertake a review of its workforce based on the current estate configuration.	July 2024	Director of Estates, Facilities and Capital Management.
4.2	Accepted - Management will look to review its workforce based on the future configuration of the estate.	Future Assurance	Director of Estates, Facilities and Capital Management & Executive Director of Strategy and Planning.

Matter Arising 5 Monitoring and Reporting – Consistency (Operation)			Impact
<p>The Estates and Facilities Performance Management System provides the Welsh Government with an annual update on a range of estates measures including:</p> <ul style="list-style-type: none"> • Function and space of assets • Age of assets • Quality of Buildings • Estates Maintenance <p>Within the Quality of Buildings section, the total estate backlog figures were categorised on a risk basis, based on national guidance i.e. ranging from High, Significant, Moderate to Low risk.</p> <p>No estate backlog areas within Hywel Dda UHB are categorised at the highest level of risk at the EFPMS data submitted compared with other Health Boards across Wales (see Appendix B). This would either indicate that the UHB's estate is in a better condition compared to other NHS Wales organisations, or there is an inconsistent approach to the collation and reporting of data.</p>			<p>Potential risk of:</p> <ul style="list-style-type: none"> • Inaccurate or inconsistent information may be provided to Welsh Government.
Recommendations			Priority
5	The UHB should review the risk categorisation within the EFPMS and engage with NWSSP SES to ensure consistency in approach when applying risk categories to the estate backlog maintenance figures.		Medium
Agreed Management Action		Target Date	Responsible Officer
5	Accepted – The UHB will engage with NWSSP: SES to ensure consistency in approach and risk categorisation.	March 2024	Director of Estates, Facilities and Capital Management.

Matter Arising 6: Board Assurance Framework (Operation)			Impact
<p>The UHB has a defined Risk Management Framework which provides guidance on the management of strategic and operational risks and the Board Assurance Framework (BAF) within the organisation. This is further supplemented by the UHB risk management policy and risk assessment procedure which provides an outline of the risk management process, conduct of risk assessment and the purpose and use of risk registers.</p> <p>The BAF enables the Board to focus on those risks which may compromise the achievement of strategic objectives. The BAF provides a structure and process to enable the organisation to focus on its principal risks. It will also highlight any key controls that have been put in place to manage the risk, sources of evidence or assurance, and any gaps requiring further action.</p> <p>The BAF includes one principal risk associated with the estate (report dated March 2023) i.e.:</p> <p><i>"Insufficient investment in facilities/equipment/digital infrastructure"</i></p> <p>The risk was identified in May 2021 and based on the UHB categorisation principles, the risk is considered 'Extreme', with an associated score of 16. The UHB has a target risk score 6 and the same tolerance level based on several mitigating controls and actions, including:</p>			<p>Potential risk of:</p> <ul style="list-style-type: none">The Board may not be assured that risks were not appropriately captured and mitigated.
Mitigating Controls	Identified Gaps in Control	How and When the Gap in Control will be Addressed	
Annual programme of replacement in place for equipment, IT, Estates which follows a prioritisation process.	Reliance on Welsh Government capital to fund Business Cases and therefore the UHB may be unable to secure the capital investment	Development of Business Continuity Outline Business Cases to address major infrastructure backlog on hospital sites and respond to Fire Enforcement Notices	

<i>Programme Business Case for business continuity (infrastructure) supported by Welsh Government</i>	to provide the services that we need. Capital funding is significantly short of the level required to deal with backlog maintenance	Consultation Institute to provide assurance on land selection process	
<i>Modular Day Surgery Unit developed at Prince Phillip Hospital to improve surgical facilities</i>	programme for estates, digital & equipment	Undertake surveys and remedial work in respect of the Reinforced Autoclave Aerated Concrete (RAAC) identified in our sites.	
<i>Co-operation of 10 Year Capital Investment Plan with the Regional Partnership Board</i>			
<p>The rationale for the target risk score was 'The target risk score is predicated on the production and endorsement by Welsh Government of a PBC and subsequent outline and full business cases for the infrastructure required to support the UHB health and care strategy.' However, this risk had remained at the 'extreme' level since May 2021 and effectiveness of these controls to reduce the risk, the continued deterioration of the estate condition in the same period, aligned with increasing pressures on availability capital resource, the above should be reviewed to provide assurance to the Board that the actions are progressively achieving the desired risk mitigation or where risks may need to be tolerated.</p>			
Recommendations			Priority
6	The Board will be provided with assurances on the effectiveness of the identified controls to reduce the principal risk associate with the "Insufficient investment in facilities/equipment/digital infrastructure".	High	
Agreed Management Action		Target Date	Responsible Officer

6	Accepted - The BAF is actively monitored and will be reviewed to provide assurance that the controls (and proposed actions) identified in risk 1196 are effective or going to help reduce/mitigate the risk of not being able to provide safe, sustainable, accessible, and kind services. Following this a Board level discussion may be required on the appetite of risk around the estate and what it may be having to accept.	December 2023	Executive Director of Strategy and Planning.
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Appendix B: NHS Estate Dashboard Report 2021/22

NHS ESTATE DASHBOARD REPORT 2021/2022

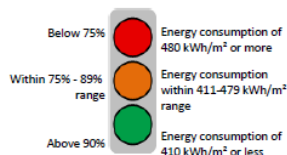
HEALTH BOARD / TRUST ESTATE PERFORMANCE BREAKDOWN 2021/2022



National Key Performance Indicators

Percentage of the estate which is of reasonable standard and therefore falls within Estatecode category 'B'/'F' or above:

	Physical Condition (%)	Statutory & safety compliance (%)	Fire safety compliance (%)	Functional suitability (%)	Space utilisation (%)
ANEURIN BEVAN UNIVERSITY HEALTH BOARD	94	93	85	98	91
BETSI CADWALADR UNIVERSITY HEALTH BOARD	62	74	64	74	93
CARDIFF & VALE UNIVERSITY HEALTH BOARD	78	86	87	66	81
CWM TAF UNIVERSITY HEALTH BOARD	96	89	95	100	97
HYWEL DDA UNIVERSITY HEALTH BOARD	88	89	65	91	99
POWYS TEACHING LHB	67	80	72	71	86
SWANSEA BAY UNIVERSITY HEALTH BOARD	51	47	47	55	97
VELINDRE UNIVERSITY NHS TRUST	65	95	95	88	99
WELSH AMBULANCE SERVICES NHS TRUST	48	90	90	36	99

Energy Performance and Carbon Dioxide (CO₂) Emissions

	Net Energy Consumption (kWh/m²)	CO ₂ Emissions* (kg/m²)
ANEURIN BEVAN UNIVERSITY HEALTH BOARD	341	70
BETSI CADWALADR UNIVERSITY HEALTH BOARD	460	95
CARDIFF & VALE UNIVERSITY HEALTH BOARD	373	81
CWM TAF UNIVERSITY HEALTH BOARD	419	85
HYWEL DDA UNIVERSITY HEALTH BOARD	485	106
POWYS TEACHING LHB	448	91
SWANSEA BAY UNIVERSITY HEALTH BOARD	407	83
VELINDRE UNIVERSITY NHS TRUST	411	90
WELSH AMBULANCE SERVICES NHS TRUST	246	57

*Target to be agreed

Backlog Maintenance Costs






	High Risks (£)	Significant Risks (£)	Moderate Risks (£)	Low Risks (£)	Risk Adjusted Cost (£)
ANEURIN BEVAN UNIVERSITY HEALTH BOARD	37,754,428	16,518,352	45,488,017	49,807,323	98,296,321
BETSI CADWALADR UNIVERSITY HEALTH BOARD	91,809,773	142,498,091	68,658,155	45,421,260	239,955,528
CARDIFF & VALE UNIVERSITY HEALTH BOARD	32,033,876	85,487,856	28,777,072	5,537,518	101,262,019
CWM TAF UNIVERSITY HEALTH BOARD	31,261,530	31,963,352	22,345,412	1,519,250	64,046,747
HYWEL DDA UNIVERSITY HEALTH BOARD	0	89,509,339	9,432,673	6,802,904	90,679,218
POWYS TEACHING LHB	5,075,437	23,998,187	12,931,568	10,039,954	30,117,985
SWANSEA BAY UNIVERSITY HEALTH BOARD	9,057,000	46,516,759	41,835,883	4,598,390	56,464,069
VELINDRE UNIVERSITY NHS TRUST	139,220	1,894,312	5,002,211	2,719,910	1,875,521
WELSH AMBULANCE SERVICES NHS TRUST	667,486	2,855,208	3,170,304	3,936,411	7,184,233

The complete dataset upon which this report is based is accessible from the NHS Wales Shared Services Partnership - Specialist Estates Services intranet and internet sites

Appendix C: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



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