



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	29 April 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Field Hospitals - Schedule of Costs for Bluestone and Parc-Y-Scarlets
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Shaun Ayres Assistant Director of Commissioning

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This paper provides a response to questions relating to the cost of both Bluestone and Parc-Y-Scarlets (Barn) Field Hospitals. The schedule below has been drafted to include all material costs pertaining to the aforementioned sites.

Cefndir / Background

In response to the COVID-19 pandemic, a number of Field Hospitals were established at a rapid rate. Subsequently, the need to establish and agree a significant number of contracts at pace was required. This resulted in a number of contractual and financial liabilities having to be accepted by Hywel Dda University Health Board (HDdUHB). These risks were accepted out of necessity, whereas in a non-COVID-19 environment, many of the financial liabilities would not have been accepted. However, the need to operationally establish the Field Hospitals necessitated that capacity was agreed to be the overriding objective.

The Assessment below includes the Schedule of Costs relating to both Bluestone and Parc-Y-Scarlets which attracted the most significant and notable financial liabilities.

Asesiad / Assessment

The financial schedules below are a consolidation of the total costs across a number of areas. For ease of reference, the costs have been grouped under the following categories:

- Commissioning/ Construction Costs
- Rental Payments
- Decommissioning Costs
- Other Material Cost (with descriptor)

Bluestone Field Hospital

Commissioning/ Construction Cost

The total commissioning costs of the Bluestone site:

Liability to PCC	Cost
Construction/ Commissioning	£2,310,613

The sum of £2.3m is owed to Pembrokeshire County Council (PCC) as it led on the construction of the field hospital on behalf of the Health Board (HB). The costs relate to the liabilities which PCC incurred from contractors and for materials.

Rental Costs

The vast majority of the total expenditure relates to the Licence to Occupy (rental costs). The table below shows the total liabilities relating to rent from April 2020 until 27th April 2021.

Month	Monthly costs
April 2020	£645,000.00
May 2020	£876,000.00
June 2020	£721,000.00
July 2020	£685,000.00
August 2020	£509,000.00
September 2020	£347,000.00
October 2020	£351,000.00
November 2020	£351,000.00
December 2020	£351,000.00
January 2021	£351,000.00
February 2021	£351,000.00
March 2021	£351,000.00
April 2021	£307,920.00
Total	£6,196,920.00

The sum of £6.2 million is inclusive of VAT, so the total quantum less VAT is **£5,164,100**.

Decommissioning and Reinstatement Costs

The costs below relate to Bluestone undertaking the work to deconstruct the Adventure Centre and return all HDdUHB assets. Furthermore, the quantum includes the decommissioning and reinstatement of the Adventure Centre (including the Specialist Play Equipment and Contractors). Finally, there are some residual Third-Party Liabilities relating to contracts (Aggreko, PCC Fees, Wernick Cabins etc).

Item	Total Cost (Inclusive of VAT)
Decommissioning and Reinstatement contract	1,620,000
Reconstruction Contract	£200,000
Third Party Liabilities	£50,000
Total	£1,870,000

As in the case of costs presented above, all costs are inclusive of VAT, save for the Reconstruction Contract which was offset by the following deductions:

Decommission Cost	£200,000
Less	
Rent discount (1 week)	£67,200
Purchase of Wernick Portacabins	£26,000
	<u>£93,200</u>
	£106,800
VAT	<u>£21,360</u>
	<u>£128,160</u>

Other Material Costs

The final area to note relates to any other material costs which do not fall within the 3 main areas of expenditure. These represent the total cost incurred for the duration of HDdUHB's occupation of the Adventure Centre:

Rental of Site Equipment	£284,534
Business Rates	£25,490
Utility Costs	£63,849
Total	£373,873

Total Cost/ Expenditure

Based on the 4 areas above, the total cost of the Bluestone site is:

Construction/Commissioning	£2,310,613
Rental Costs	£6,196,920
Deconstruction/Decommissioning Costs	£1,870,000
Other Material Costs	£373,873
Total	£10,751,406

Please note that all material costs have been included. However, there may be some residual low costs which have not yet materialised or been captured (due to an invoice delay etc). For assurance these costs would not be material but may marginally increase the final quantum above.

Total Direct Payments to Bluestone

It is important to note that not all of the expenditure has been paid directly to Bluestone. Therefore, for the avoidance of doubt, the following payments have been made directly to Bluestone:

Area of Cost	Direct Payments to Bluestone	VAT	Total
Rent	£5,164,100	£1,032,820	£6,196,920
Decommissioning Costs	£1,350,000	£270,000	£1,620,000
Deconstruction Costs (Health Board Obligations)	£200,000	As per the schedule above. However, to avoid complexity VAT is deliberately omitted here.	£200,000
Total	£6,714,100	1,302,820	£8,016,920

Therefore, the direct payments to Bluestone are circa £6.7m. It is important to note that the VAT is not included in the deconstruction costs as there are a number of offsets in other contracts and benefits owed to the Health Board. Therefore, to avoid confusion, the VAT was intentionally omitted here as it has been accounted for elsewhere. However, the £200k quantum is correct.

Parc-Y-Scarlets Stadium and Barn

Commissioning/ Construction Costs

The costs set out below are in relation to the conversion of the Barn into an operational field hospital.

Liability	Cost
Construction/ Commissioning	£1,528,725

Rental Costs

The Barn was originally 'licenced' to HDdUHB for no rental charge. However, the Scarlets insisted that any on-going utilisation of their Barn would need to be subject to remuneration. The schedule below highlights said remuneration:

September 2020	£102,000
October 2020	£102,000
November 2020	£102,000
December 2020	£102,000
January 2021	£102,000
February 2021	£102,000
March 2021	£102,000
April 2021	£102,000
May 2021	£102,000
Total	£918,000

Decommissioning Costs

The decommissioning costs below relate to the likely liabilities. As of yet, there is no affirmation that the Pitch (limited to £134k) will need replacing. However, the final quantum is based on a prudent view and is inclusive of requirement to replace the pitch.

Area	Total Cost (Inclusive of VAT)
Decommissioning	£835,981

Other Material Costs

Finally, there are a number of costs which do not fall into the aforementioned areas. These costs are material; therefore, to appraise the Committee they are included below:

Area/ Item of Expenditure	Cost
Utilities	£111,832
Security Costs	£120,873
Site Management	£55,332
Maintenance	£36,457
Monthly rental charges such as rental of Site Equipment	£431,255
Total	£755,748

Total Cost/ Expenditure

Commissioning/Construction Costs	£1,528,725
Rent	£918,000
Decommissioning Costs	£835,981
Other Material Costs	£755,748
Total	£4,038,454

Total Direct Payments to Scarlets

The direct payments to the Scarlets are those payments which the Health Board has made to Carmarthenshire County Council (CCC) through the Underlease, which passes on any and all liabilities of the Head Lease between The Scarlets and CCC to HDdUHB.

Area of Cost	Direct payments to the Scarlets	VAT	Total
Rent	£765,000	£153,000	£918,000
3G Artificial Pitch Replacement	£111,798.78	£22,359.76	£134,158.54
Total	£876,798.78	£175,359.76	£1,052,158.54

Please note that the 3G Artificial Pitch Replacement is not yet agreed. However, the £134k is the maximum liability. Furthermore, if said sum is required, the payment will be made directly to CCC through the Under and Head Lease based on the maximum liability for the 3G pitch. For the avoidance of doubt, the above quantum is based on a quote provided by South Wales

Sports Grounds. The final payment will be subject to a final invoice and subject always to the maximum agreed liability of £134k.

Argymhelliad / Recommendation

Finance Committee is asked to note the contents of the Field Hospitals - Schedule of Costs for Bluestone and Parc-Y-Scarlets report

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	2.3 Conduct detailed scrutiny of all aspects of financial performance, the financial implications of major business cases, projects, and proposed investment decisions on behalf of the Board. 2.4 Regularly review contracts with key delivery partners.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives:	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol:

Further Information:

Ar sail tystiolaeth: Evidence Base:	Evidence is included within the main body of the report
Rhestr Termiau: Glossary of Terms:	Terms are explained in the main body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg y Pwyllgor: Parties / Committees consulted prior to In-Committee Finance Committee:	Costs have been requested by Finance Committee

Effaith: (rhaid cwblhau)

Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report
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Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Financial risks are detailed in the report
Cyfreithiol: Legal:	Not applicable
Enw Da: Reputational:	Not applicable
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable