



**PWYLLGOR CYNLLUNIO POBL A SICRWYDD PERFFORMIAD
PEOPLE PLANNING AND PERFORMANCE ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 June 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Women and Children Phase II Project – Update Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Keith Jones – Senior Responsible Owner
SWYDDOG ADRODD: REPORTING OFFICER:	Paul Williams – Assistant Director of Strategic Planning

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 is presented to the People, Planning and Performance Assurance Committee (PPPAC) as an update on the progress of the Women and Children Phase II Project.

Cefndir / Background

Approval to progress with the Women & Children Phase II on the Glangwili General Hospital (GGH) site was provided by Welsh Government (WG) in April 2018. The project commenced on site in October 2018 and was originally planned for completion by November 2020.

As anticipated in the Full Business Case (FBC), the complexity of delivering this multi phased project and constraints of building in a confined space on a live site has proved challenging. These challenges have contributed to a series of issues affecting the handover of the initial phases of the scheme with consequential time delays to the overall scheme. The forecast completion date has been further compromised by the outbreak of the COVID-19 pandemic and the impact of social distancing legislation and performance issues with the Supply Chain Partner (SCP). The current accepted programme anticipates a completion date for the project of September 2022. This programme does not currently reflect any possible delays in the delivery of the last phase of works on the Project.

The next section of the scheme is now expected to be handed over:

- Completed Special Care Baby Unit - expected end June 2021.
- Labour Ward - expected September 2021.

This report follows on from the update report presented to the April 2021 PPPAC meeting which set out the timelines, the breakdown of scheme delays and the measures being taken to escalate issues of contractor performance. The report provides an update following the previous report on further movement in timescales, cost, risk and also addresses the audit recommendations separately reported to the Audit & Risk Assurance Committee (ARAC).

Asesiad / Assessment

This section of the report will provide PPPAC with an update and assurance on issues relating to time, costs and audit which have arisen on the scheme.

Timeline and Performance Management

The original contract completion date for the project was November 2020, the current accepted programme extends the actual project completion date to the 15th September 2022. The details of the delays are being reported monthly to the Project Team and to the Project Group and into the Capital Estates & IM&T Sub Committee (CE&IM&TSC) via regular updates and dashboards submitted to WG.

The delivery timeline has been impacted by several issues since the commencement of construction. Some of these relate to site and ground complexities which could not have been foreseen by the contractor. Other elements of the scheme delay are associated with the contractor, whereby the cost consequences of these weeks will remain with them.

Phase	Extension of time granted weeks	Culpable delay weeks	Total Delay weeks	Anticipated Completion Dates C33	Best Current Prediction
Labour Ward	14.4	8.9	23.3	30/01/2020	
Neo Natal	13.6	38.8	52.4	28/07/2021	30/06/2021
Theatres 1 & 2	7*	4.9	11.9	10/05/2022	10/04/2022
Changing Rooms	7.2*	-2.3	4.9	28/08/2022	28/07/2022
Completion	42.2*	50.3**	92.5	15/09/2022	15/08/2022***

*Including COVID-19 and impact of social distancing legislation.

** culpable delays on future phases are due to the resequencing of work.

*** Current timelines for last 2 phases of sectional completion is based on current contractual timelines.

Based on Project Manager report May 2021

The 50.3 weeks currently reported as culpable delay is attributed to the SCP at an estimated cost of approximately £1m - £2m, all of which will be borne by the SCP. In the next few months, because of the delays, the SCP will be operating for an extended period at the end of the contract without payment. HDdUHB has sought assurance from the SCP that they will honour the contract signed to deliver the Project in its totality. Meetings with the SCP and the Framework managers at NHS Wales Shared Services Partnership (NWSSP) have been sought. The risk that the SCP could “walk away” from the contract has been developed as a risk within the Women & Children Directorate Operational Risk Register and will be escalated in accordance with the HDdUHB Risk Management Policy. A copy of this risk is attached as Appendix 1.

With a considerable construction and commissioning period remaining, there is a risk that additional works currently unidentified in the last phases of the Project could further delay the Project completion date. HDdUHB is already aware of a risk around the latent defects in theatre flooring which could take 12-15 weeks to resolve.

Cost

In July 2018, the CE&IM&TSC were informed that the re-market tested costs to deliver the FBC for Women & Children Phase II was £26.446m; an additional £1.169m over and above the WG funding approval.

Whilst the Project Group had identified a mitigation strategy to deal with the additional costs, it was agreed that the associated risks should be underwritten by a contribution of £1.169m from the HDdUHB's discretionary programme. This contribution from the discretionary programme has been phased as follows:

Commitment from Discretionary Capital	
	£m
2019/20	0.341
2020/21	0.400
2021/22	0.428
Total	1.169m

The cost report reflects a recent review of the Project Risk Register and shows that an increase in the contribution required from HDdUHB's Discretionary Capital may be required in 2022/23, an additional **£0.300m** subject to agreement and confirmation. This additional cost mainly relates to an additional item in the Project Risk Register to deal with latent defects in HDdUHB's buildings concerning the theatre flooring, which could potentially add a further time delay of 12-15 weeks to the Project. It should be noted that this cost is currently an estimated cost and may increase. A review of the equipment and non-works budgets on the Project is currently being undertaken and may reduce the requirement for this additional contribution.

The current project outturn cost of £27.618m (excluding COVID-19 costs) takes into account the delays currently agreed. These costs are being reported to WG and are being reviewed by NWSSP. It is currently assumed and reported to WG that any costs associated with COVID-19 and social distancing will be fully funded by WG in line with Special Estates Services Notification 20/17: Potential financial consequences resulting from COVID-19 on existing Building for Wales Framework contracts. These costs are currently estimated at £2.233m and assume that COVID-19 restrictions will apply for the remainder of the Project. The Project Manager and Cost Advisor have engaged with NWSSP: Specialist Estates Services to review the COVID-19 costs submissions received from the SCP. There is a risk that should WG not fund these costs through the All-Wales Capital Programme, this liability becomes a charge against the Discretionary Capital Programme.

Audit and Lessons Learnt

The recent report issued by NWSSP: Audit and Assurance to the Audit and Risk Assurance Committee (ARAC) contained the following recommendations.

Recommendations	Management Actions Update
The WG Dashboard will be completed appropriately to provide sufficient and current information on project progress.	April 2021 Dashboard has been completed in line with the recommendations. A copy has been shared with Internal Audit. Recommendation Closed
PPPAC will regularly receive the full 'Highlight Report' and/ or SRO briefing for this project (and other poorly performing AWCP and DCP projects).	Report prepared for PPPAC April 2021 and further updated being prepared for June 2021 PPPAC. Recommendation Closed

Management should provide reconciliation to project cost reporting in respect of Supply Chain Partner funding and costs at the Welsh Government Dashboard return.	This has been addressed in the April 2021 dashboard. Recommendation Closed
Management should report projected SCP cash flows with reconciliation to the position forecast out-turn at project reports, and associated commentary.	Next Cost Advisor report due June 2021 should address this issue Recommendation Closed
Management should conclude the intended lessons learnt exercise, reporting the conclusions and resulting action to the CEIM&TSC.	Work has commenced on this and will be reported to CEIM&TSC in July 2021 and as part of the next Project update to PPPAC in August 2021 Recommendation Closed
Management will seek NWSSP: SES Framework support in dealing with the SCP performance – particularly for the anticipated period where the SCP will be operating without payment.	Discussions with NWSSP: SES have occurred with regards to this point which has included seeking legal opinion on the formal contractual options that may be available to the HDdUHB to influence performance. The advice given is that HDdUHB's options appear to be limited to: <ul style="list-style-type: none"> • Ensuring that the Project Manager is as proactive as possible. • Instruct the SCP to quote for acceleration of works at an increased price. • Refusal by the SCP to progress the work would be a breach of contract. HDdUHB would then have the right to terminate the contract. SCP have, at meetings with the Framework Managers, stated their commitment to completing the works, and they will be meeting with the SCP bi-monthly. In progress
Management will obtain NWSSP: SES advice (and legal advice as required) in relation to issuing and agreeing COVID-19 related costs.	NWSSP-SES have been provided with the information and are working with the Project Manager and Cost Advisor on reviewing the claims received from Tilbury Douglas. In progress
Management will confirm that assumptions are appropriately detailed at COVID-19 related Compensation Events.	Advice from NWSSP-SES is that, in accordance with PMI 104 CEN 116 costs should be “agreed by the Project Manager (with assistance from the Cost Advisor), when the full time and cost particulars of the event can be determined”. PM will make an assessment of direct costs incurred at the end of each phase. In progress
Signed agreement should be obtained from the Supply Chain Partner with regard any variation in contractual terms.	Currently outstanding.

Specific risk mitigation arrangements should be developed for this project in the event that the COVID-19 funding request is rejected/ reduced.	COVID-19 funding risks are being reported to CEIM&TSC, PPPAC and Finance Committee as part of the regular reports being prepared. Recommendation Closed
In exceptional circumstances, extensions of normal contractual time frames for agreeing Compensation Events should be approved by the Project Group, and formally agreed between the parties.	This is now part of the monthly project management report to the Project Team and Project Group. In progress
The proposed work in respect of the Labour Ward staff room will be implemented and reported in compliance with local procedures and Welsh Government approval letter conditions (13/01/2017).	This is included in the Cost Advisor's report and will be reported as part of the overall scheme expenditure when it is incurred. Awaiting audit confirmation that this can be closed

A meeting with NWSSP: Audit and Assurance to discuss the actions taken to date is to be undertaken on 8th June 2021 to ensure that the status of these recommendations are the same on both the HDdUHB and Audit and Assurance trackers.

A lessons learnt exercise is currently being undertaken with the Project Team, Project Group, external advisors and staff. This should be concluded by early July 2021 and a report prepared for CEIM&TSC in July 2021.

Argymhelliad / Recommendation

That PPPAC note the content of the project update including:

- The scheme completion timescale including a project delay of approximately six months associated with the impact of COVID-19 and social distancing restrictions.
- The fact that risks remain to scheme delivery with nearly 15 months of construction and commissioning still to be managed.
- Endorse the potential additional commitment of £0.300m that may be required from the Discretionary Capital Programme in 2022/23.
- Note the management action update against the audit recommendations.

Amcanion: (rhaid cwblhau)	
Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.20 Consider proposals from the CE&IM&TSC on the allocation of capital and agree recommendations to the Board
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):	All Health & Care Standards Apply

Amcanion Strategol y BIP: UHB Strategic Objectives:	1. Starting and developing well
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report	4. Improve Population Health through prevention and early intervention, supporting people to live happy and healthy lives

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termau: Glossary of Terms:	Contained within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cynllunio Pobl a Sicrwydd Perfformiad: Parties / Committees consulted prior to People Planning and Performance Assurance Committee:	Capital Monitoring Forum Capital Planning Group Individual Project Boards of Capital Schemes Welsh Government Capital Review Meeting Capital Estates & IM&T Sub-Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Capital values noted within the report. Included within individual business cases and capital prioritisation process.
Ansawdd / Gofal Claf: Quality / Patient Care:	Included within individual business cases and capital prioritisation process
Gweithlu: Workforce:	Included within individual business cases and capital prioritisation process
Risg: Risk:	Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB

Cyfreithiol: Legal:	Included within individual business cases and capital prioritisation process
Enw Da: Reputational:	Included within individual business cases and capital prioritisation process
Gyfrinachedd: Privacy:	Included within individual business cases and capital prioritisation process
Cydraddoldeb: Equality:	Equality assessments are included within individual business cases and capital prioritisation process when required

Hywel Dda UHB - Risk Assessment Form

Datix ref: Date of entry:		Any previous reference number:	
Name of person identifying risk :	Women & Children Phase II Project Group	Contact email/phone:	

Risk Ownership

Executive Directorate:	Andrew Carruthers
Delegated Risk Owner: (OPS ONLY)	Keith Jones
Management/Service Lead:	Lisa Humphrey

Risk Location

Directorate:	Women & Children Directorate	Service or Department:	Phase II
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Risk Identification

Title of risk:	Women and Children Phase II Project Risk – Risk will sit with the Directorate, but the progression of mitigating actions will be the responsibility of the Capital and Estates Team supported by Director of Estates, Facilities and Capital Management				
Date risk identified:	April/May 2021	How risk was identified (risk source):	Project		
Type of Risk choose one ✓	Operational	Strategic	Project	✓	

Risk Statement:

Describe the risk, work activity, environment or process being assessed. What is the risk to the Health Board?			
There is a risk that the supply chain partner and their financiers could choose to walk away from the contract to deliver the last few sections of the W&C Phase II scheme in Glangwili			
This is caused by the fact that due to the time delays on the scheme which is a performance issue for the Supply Chain Partner and will lead to them operating in pain/without payment for the last months of the contract.			
This could lead to, or have an impact on the HB having to find another contractor to complete the scheme. This could also impact on the financial cost of delivering the scheme within the existing resources identified.			
Location of the Risk – Women and Children Phase II site - Glangwili			
What is the cost of correcting the loss if the risk materialises:	£	What is the financial cost based on?	
Please ✓ the one DOMAIN under which this risk lies:			
Safety, patient staff or public		Quality, Complaints or Audit	
Statutory Duty or Inspection		Adverse Publicity or Reputation	
Finance including Claims		Service/Business interruptions/disruptions	
		Workforce & OD	
		Business Objectives or Projects	✓
		Environmental	

Risk Matrix	Likelihood →				
Severity ↓	Rare - 1	Unlikely - 2	Possible - 3	Likely - 4	Almost certain - 5
Catastrophic - 5	5	10	15	20	25
Major - 4	4	8	12	16	20
Moderate - 3	3	6	9	12	15
Minor - 2	2	4	6	8	10
Rare - 1	1	2	3	4	5

Hywel Dda UHB - Risk Assessment Form

Inherent Risk Score (Likelihood x Severity = Risk Score)

What is the score **WITHOUT** any control measures?

Using the risk matrix overleaf, evaluate the inherent risk rating. This is the risk score WITHOUT control measures in place.					
Inherent likelihood	3	× Inherent impact	4	= Inherent risk rating	12

Control Measures currently in place - List the current control measures in place to minimise the potential impact of harm and reduce the risk, these must be **IN PLACE AND WORKING** to be a control.

Control measures
1. Monthly meetings are being held between the Estates Director and National Leads at Tilbury Douglas (TD)
2. Assurance being sought from Tilbury Douglas by NWSSP Estates around their commitment to deliver the scheme and a formal response has been requested by the Health Board
3. Meetings are being held between Tilbury Douglas and NWSSP Estates around Performance and the Designed for Life Framework
4. Impact of Tilbury Douglas being removed from the national framework in Wales if they pulled out of this project. This would be a consequential risk of them losing the opportunity to bid for future work in NHS Wales.

Current Risk Score (Likelihood x Severity = Risk Score)

Using the risk matrix below, identify the current risk rating. This is the risk score WITH control measures in place.					
Current likelihood	2	× Current impact	4	= Current risk rating	8

Risk Action Plan Please specify actions that address the cause of the risk (clear and concise)

Actions must be SMART : Specific, Measurable, Achievable, Realistic and Time-bound.	By whom	By when	Cost of action
1. Escalate this risk through the structure to the appropriate Committee	Project Director and SRO	End July 2021	
2. Continued monitoring of the position using current mechanisms in place into the final phase of the project with continued vigilance on the controls noted	Director of Estates	Ongoing	
3.			
4.			

Target Risk Score (Likelihood x Severity = Risk Score)

Using the risk matrix, identify the target risk rating. This is the risk score you are trying to achieve when the actions are put in place.					
Target likelihood	1	× Target impact	4	= Target risk rating	4

Risk Review & Monitoring (for management completion)

Risk Matrix	Likelihood →				
Severity ↓	Rare - 1	Unlikely - 2	Possible - 3	Likely - 4	Almost certain - 5
Catastrophic - 5	5	10	15	20	25
Major - 4	4	8	12	16	20
Moderate - 3	3	6	9	12	15
Minor - 2	2	4	6	8	10
Rare - 1	1	2	3	4	5

Hywel Dda UHB - Risk Assessment Form

Identify the Lead Assurance Committee or Sub-Committee this risk should be reported to?	PPPAC		
Identify the local management group should this risk should be monitored at?	Capital Estates and IM&T		
Is this risk to be entered onto your service risk register in Datix? (yes/no)	Yes	Frequency of review.	Every 2 months

Risk Matrix Severity ↓	Likelihood →				
	Rare - 1	Unlikely - 2	Possible - 3	Likely - 4	Almost certain - 5
Catastrophic - 5	5	10	15	20	25
Major - 4	4	8	12	16	20
Moderate - 3	3	6	9	12	15
Minor - 2	2	4	6	8	10
Rare - 1	1	2	3	4	5