

## **Audit Committee**

**Date:** 21 November 2002  
**Time:** 13:30  
**Venue:** Committee Room 1, National Assembly for Wales

### **Report of the Auditor General for Wales: Managing the Estate of the National Health Service in Wales**

#### **The Cabinet of the National Assembly's response to the recommendations of the Audit Committee, following the presentation of their report on 1st August 2000.**

The Cabinet of the National Assembly is grateful for the report. We welcome the findings and offer the following response to the seventeen recommendations in the Report.

#### **Recommendation i.**

##### **The NHS Wales Department monitors the application of the new national estates strategic framework at the local level and modify it as necessary to reflect changes in the pattern of service developments.**

*The National Estates Strategic Framework is intended to create the structures, systems and culture in which real health plans can be developed and implemented. The framework maps out activity for the next few years and includes key actions, progress against which will be monitored through a combination of Annual Strategic Estates Reviews and the Director's reviews of Chief Executives.*

*However, the National Estates Strategic Framework is not a development plan and as such it is not really intended to be changed over time. After the next few years the NHS Wales Department will assess what, if any, further development of the framework is required.*

#### **Recommendation ii.**

##### **The Welsh Assembly Government ensure that the latest published targets on estate condition for the NHS in Wales are sufficiently stretching yet achievable by trusts.**

*Agreed. Having learned from previous experience with targets set by the Welsh Office, the new performance targets (which were issued to Trusts via WHC 50/2002) were designed with this objective in mind. Progress against these targets will be closely monitored through the Estates and Facilities Performance Management System and reviewed at the Annual Strategic Estate Review meeting between the Trust and the Assembly's NHS Department.*

### **Recommendation iii.**

**Trust chief executives ensure they operate with adequate professional support in managing their estates, striking an appropriate balance between need and affordability.**

*Agreed. The NHS Wales Department recognises the difficulties faced by the NHS in attracting and retaining appropriately qualified professional support within limited financial resources. Equally, however, the National Estates Strategic Framework emphasises the importance of appropriate, responsible board director involvement in all aspects of decision making.*

*To assist the NHS, the NHS Wales Department will initiate a review aimed at identifying how best to organise estate and facilities on a local and national basis to satisfy the needs of the Service.*

*Furthermore, and again on a national basis, Welsh Health Estates provide key specialist professional and technical services for the NHS in Wales to help support trust Chief Executives in discharging their responsibilities for the estate.*

*It is also recognised that Trusts should, and do, employ professionals for managing their estates and these are supplemented by using Welsh Health Estates and employing private consultants.*

### **Recommendation iv.**

**The review of the functions of Welsh Health Estates is carried out in full consultation with trusts and that the resulting service arrangements for providing core, central expertise on estate matters for the NHS Wales represent good value for money for both the Assembly and NHS property holding bodies.**

*Agreed. Action has already been taken by Welsh Health Estates who have carried out an audit, reviewing their role with both Trusts and with the Welsh Assembly Government. This is to be reflected in a revised Service Level Agreement for next year. It is expected that the functions of Welsh Health Estates will also feature in the longer term planned review of shared services.*

### **Recommendation v.**

**Trusts ensure that ownership and tenancy records are actively managed in accordance with the relevant guidance as part of the NHS Director's reviews of chief executives performance.**

*Agreed. The requirement to properly manage issues of property ownership and landlord/tenant relations is detailed in Estatecode (the strategic guidance used in the NHS). The importance of these matters for Trusts will be reinforced by the NHS Wales Department through the issue of a Welsh Health Circular.*

*Monitoring of progress will take place both through the Annual Strategic Estates Review meeting and Welsh Health Estates' on-going work in maintaining the Land and Property Portfolio for the NHS in Wales. Both of these processes will allow a position statement for each Trust to be provided to the Director to help inform the Chief Executive's performance review meeting.*

### **Recommendation vi.**

**The capital funding application process is streamlined to speed up approval of high priority health and safety projects to allow work to start sooner, subject to assurances that the proposed solution represents good value for money.**

*The NHS Wales Department is planning an in depth review of the capital planning mechanisms which will include a review of the capital prioritisation process. This will give due weight to the need to ensure health and safety as well as statutory compliance. It is important however that all projects are subject to due process to ensure that public funds are used to the best advantage and that proposed projects are capable of delivery on cost and within timescales indicated.*

**Recommendation vii.**

**All NHS property holding bodies in Wales actively manage health and safety risks associated with the estate they own or occupy for the benefit of patients, visitors and staff.**

*Agreed. The new performance management system and monitoring arrangements will ensure greater visibility in the ways in which property holding bodies manage their health and safety risks*

*All Trusts in Wales are required to actively manage health and safety risks and, in respect of the estate, the process is formalised through a number of key Welsh Risk Pool Standards. Risk analysis is also a mandatory component of Trust Estate Strategies and business cases.*

*Additionally, the NHS Wales Department will also consider, as part of the response to the 2<sup>nd</sup> NAO report on The Renewal and Disposal of Property Held by the NHS in Wales, measures to assure greater visibility in Trusts use of discretionary capital to ensure adequate weight is given to Health and safety risks.*

**Recommendation viii.**

**The NHS Wales Department takes early action to establish more accurately the projected cost of remedying backlog maintenance and the reasons for the disturbing increase in the reported extent of backlog maintenance**

*Agreed. The introduction of the Estates and Facilities Performance Management System in April 2002 will allow a more complete understanding of backlog maintenance. The NHS Wales Department has also recognised inconsistencies in the measurement of backlog maintenance throughout the NHS in Wales and have commissioned Welsh Health Estates to organise a series of training seminars and workshops to improve performance in this area.*

*The NHS Wales Department is also considering the introduction of a process of external audit of Trust's assessments of backlog maintenance*

**Recommendation ix.**

**The NHS Wales Department considers ways of providing funding on a three year basis rather than through annual allocations for tackling major backlog maintenance problems within an agreed strategic plan at national and local level.**

*Under Standing Orders the Assembly votes its Budget annually, and so it is not possible to allocate forward budgets. Indicative budgets are set for future years and the Assembly issues forward resource planning assumptions to all*

*parties involved in the budget planning process.*

### **Recommendation x**

**NHS management at Trust level strive to reduce significantly the proportion of the estate that is below acceptable standard regarding fitness for purpose**

Trusts are acutely aware of the responsibilities with regards to maintaining an estate, which is suitable for purpose and safe. However, due to competing demands for revenue and capital resources, Trusts have to make hard decisions and prioritise the work they carry out. To ensure priorities are best-selected, up to date information will be required about the functional suitability of the Trust Estates. The development of robust estate strategies need to take into account all the factors that affect their ability to achieve an estate which is fit for purpose.

### **Recommendation xi.**

**All trusts consult with disabled people to ensure that their plans to comply with the Disability Discrimination Act are appropriate.**

*Agreed. The NHS Wales Department has issued guidance to Trusts indicating the process that needs to be developed at a local level to ensure compliance with the Disability Discrimination Act. This guidance emphasises the importance of consultation and working with groups representing disabled people throughout the planning and implementation stages.*

*Trusts are already aware of this and the importance of the Disability Discrimination Act. Most if not all already have mechanisms in place for consultation on major capital schemes or refurbishments.*

*A series of seminars will be organised for Trusts by Welsh Health Estates to re-emphasise the importance of the DDA and to allow a forum for the exchange of information and best practice.*

### **Recommendation xii.**

**The NHS Wales Department takes steps to ensure that full space utilisation surveys are completed at all trusts by December 2003.**

*Agreed. The requirement for full space utilisation surveys is emphasised at all estate strategy review meetings (between Welsh Health Estates and Trusts) and is a standing agenda item at the Annual Strategic Review Meeting (between the Health Department and Trusts). Trusts have already been asked to resubmit their estates strategies by December 2002 and space utilisation surveys will form part of these documents.*

### **Recommendation xiii.**

**The estate strategies of all trusts address their space utilisation problems through a comprehensive and rigorous assessment of underused and overcrowded accommodation, and bring forward practicable proposals to improve the situation. This would include making the most efficient use of all available space.**

*Agreed. The development of a robust estate strategy needs to take into account all the factors that affect the delivery of efficient and effective services. The NHS Wales Department has set challenging targets for the space utilisation in*

*hospitals and local Trust estate strategies will be examined to ensure that they reflect these national targets.*

#### **Recommendation xiv.**

**Chief executives of trusts ensure that early action is taken to rationalise their estates and reduce the amount of empty and underused space. This should result in financial savings from the maintenance and disposal of these sites and thereby release funds for new investment for improving the operational estate. We look to the Head of the NHS Wales Department to press chief executives to do this cost effectively and with appropriate urgency.**

*All estate strategies are required to include disposal and rationalisation plans and the Estates and Facilities Performance Management System will help to identify those Trusts that have rationalisation opportunities.*

*The monitoring of rationalisation activity will be part of the Annual Strategic Review Meeting between the Health Department and Trusts.*

#### **Recommendation xv.**

**Further work is done to provide reliable information on the benefits that can be secured by the NHS in Wales through targeted investment in energy efficiency measures**

*Agreed. Welsh Health Estates has recognised that there are many issues that need to be actioned with regard to energy and the health estate in Wales.*

*To look into these WHE is currently engaged in a joint pilot project with the Carbon Trust and Gwent Healthcare NHS Trust to identify opportunities for energy efficiency measures.*

*The project will investigate the options for an all Wales strategy, identify key areas for savings, include recommendations for improvements, investigate resource and financial implications, identify the barriers to implementation and create a case for change.*

*The project is currently proceeding into its second phase with the Carbon Trust appointing consultants and a proposal for finding of the NHS contribution will shortly be submitted.*

#### **Recommendation xvi.**

**Realistic but challenging energy consumption targets are set for each trust individually against the background of the overall target set by the government.**

*The project will investigate individual energy consumption targets for Trusts and will look at normalising targets to take into account the location of hospitals, hospital type and function. The project, as well as looking at trust energy targets, will also look at the possibility of introducing performance indicators more directly linked to patient issues.*

*In addition to the deliverables of the pilot project, the Estate Environmental Policy for the NHS in Wales, which is currently under consultation with the Assembly, calls for Trusts to annually submit an action plan to assess the trusts progress towards energy targets.*

*Welsh Health Estates will review these plans and the opportunity will be used to adjust targets accordingly.*

**Recommendation xvii.**

**The Assembly considers the merits of using waste heat from other sources and provides guidance for trusts on integrating the use of low grade waste heat from local businesses in combined heat and power units at new hospitals and health care buildings.**

*The pilot project will investigate the opportunities for new initiatives for energy conservation, including community ventures using low-grade waste heat.*

*Renewable energy, individual combined heat and power units will also be considered in the study.*

*In addition to the pilot study Welsh Health Estates are reviewing the existing combined heat and power units installations in Welsh hospitals, and will produce a report on its findings.*

*Welsh Health Estates will also continue to support trusts in the introduction of good quality combined heat and power installations.*