

FIN(4) 05-13 Paper 1

FINANCE COMMITTEE – INQUIRY INTO ASSET MANAGEMENT

Evidence from the Minister for Health & Social Services

Introduction and Scope

1. This paper provides evidence to inform the Finance Committee's inquiry into asset management.
2. In terms of its scope, the focus is confined to consideration of the NHS asset portfolio. It is worth emphasising that these assets are owned by individual NHS organisations and do not form part of the Welsh Government estate.
3. It is understood that the Finance Committee has, in its call for evidence in November 2012, included the seven local health boards (LHBs) and three trusts as consultees. This paper therefore considers the Welsh Government's perspective in terms of promoting, guiding and supporting effective asset management within the NHS.

NHS Assets

4. NHS services are delivered from a diverse, complex and geographically widespread portfolio of properties. The 2011-12 Summarised Account for NHS Wales shows the total Non Current Capital Assets valued at £2.9 billion. This figure does not include any assets held for sale and comprises:
 - A total land area of almost 700 hectares;
 - 130 hospitals of varying age, construction, size and function;
 - 200 health centres and clinics;
 - 80 mental health and learning disability units;
 - 89 ambulance stations;
 - 160 miscellaneous properties in the form of offices, housing, storage and distribution warehouses.
5. The NHS also has other significant assets including IT infrastructure and vehicles. As an example of the latter, the Welsh Ambulance Service NHS Trust currently has 736 vehicles in their transport fleet including 227 emergency response vehicles, 116 rapid response vehicles and others.

Strategic Alignment

6. With reference to the Committee's interest in linking asset management to the wider strategic and policy objectives, *Together for Health* is the five-year vision for the NHS in Wales. It is based around primary and community services at the centre of delivery, and promotes service modernisation including care provided closer to home and specialist "centres of excellence".

7. The effective management of the NHS asset base is a key enabler in delivering this vision, including developing services that are safe and sustainable, and in delivering commitments regarding better access and improved patient experience.

8. NHS bodies are currently developing their service change plans, and different bodies are at different stages of the engagement and consultation process. In terms of stakeholder involvement, across Wales there has been unprecedented participation in the engagement and consultation processes. LHBs are actively involving patients, partner organisations and staff with the intention that the plans for service change reflect local views.

9. NHS bodies are expected to have local asset management plans - Estates Strategies - to support the delivery of their overarching service plans. Over the coming period, as the service plans emerge, the Welsh Government will be requiring these to be re-evaluated and re-aligned to fit the refocused strategic framework and to be integrated with service, workforce, quality and IT plans.

Welsh Government Investment

10. There has been a sustained and significant investment in NHS assets, with £247 million being invested in the current year and £1.4 billion invested over the lifetime of the Welsh Government.

11. There are currently 114 schemes at various stages of the development, approval and delivery path. These include new health facilities such as the expansion of the Children's Hospital for Wales and a new mental health unit at Glanryhd; major refurbishments at Ysbyty Glan Clwyd, Prince Charles Hospital, Morriston Hospital and Bronglais Hospital; replacement ambulances; new equipment and investment in IT systems such as the Welsh Clinical Portal, which allows hospital based clinicians to view patient information in one single and secure online location.

Asset Management Expertise

12. Of the 72,423 whole time equivalent staff reported to be employed in NHS Wales, 1,007 (1.39%) fulfil estates functions. In addition, professional and technical services are provided by the NHS Wales Shared Services Partnership – Facilities Services to individual bodies. In terms of the services provided, these include:

- Property management services, including the handling of all NHS property acquisitions and disposals and lease management;
- Specialist engineering and environmental support in areas such as high voltage, medical gases, ventilation, decontamination, fire safety, water and waste services;

- Construction management services including the procurement of integrated supply chains and support consultants; and
- Maintaining a national publications programme of healthcare best practice design and engineering guidance.

13. Facilities Services also provides the Welsh Government with professional advice and guidance in terms of the delivery of strategic change in the healthcare estate and also in ensuring that the existing estate is managed and maintained to a high standard. It is understood that Facilities Services will be providing separate evidence to the Finance Committee for this enquiry.

Asset Management Performance

14. NHS Wales Shared Services Partnership – Facilities Services produces an annual report, *The NHS in Wales: Estate Condition & Performance*, which considers the condition and performance of the NHS estate measured against five national performance indicators:

- Physical condition;
- Statutory and safety compliance;
- Functional suitability;
- Space utilisation; and
- Energy performance.

15. The reporting system was introduced by the Welsh Government in 2002, with the intention of driving improvements in the performance and efficiency of the estate. The 2011-12 report shows¹:

- A further reduction in the costs of backlog maintenance of £29.6 million to £184.9 million;
- 80% of the estate is considered to be functionally suitable;
- Organisations are using available space well, with 91% being fully utilised;
- A fall in energy consumption of 4.9% over the previous 12 months.

Improving Efficiency

16. There has been considerable progress in delivering a leaner, more efficient NHS estate, with a focus on disposing of properties that are in particularly poor physical condition, that fail to comply with statutory requirements and present major challenges in delivering modern clinical services. In the current year, £5 million has been generated from the sale of 17 surplus NHS properties, with the proceeds then being made available for reinvestment. Over the past 10 years, the NHS has progressed with

¹ <http://www.wales.nhs.uk/sites3/page.cfm?orgid=254&pid=41311>

disposals of over 242 hectares of land and 210,000 square metres of building with a disposal value of £102 million.

17. The Health Boards/Trusts performance has significantly improved in respect of energy performance. As stated net energy consumption in the NHS in Wales fell by 4.9% in 2011/12. This is due to a high commitment to energy efficiency at individual LHBs and Trusts and the continued use of CHPs.

Carbon Reduction

18. A number of measures aimed at reducing the carbon footprint of the NHS in Wales have already been implemented. The progress to date has been delivered through a number of targeted national and local schemes, in support of the *Environmental Management Policy for the NHS Estate in Wales*, which has been in place since 2002.

19. In terms of current work by NHS bodies to reduce carbon emissions to contribute to the overall Welsh Government target of a 3%, reduction per year in areas of devolved competence, notable progress is being made. Each LHB and trust is in the process of establishing an Environmental Management System (EMS) which will be certified to the international standard ISO 14001. This approach means that carbon reduction will become a part of the operational fabric of the NHS. The current deadlines for achieving ISO 14001 certification are as follows:

- All major hospital sites by December 2012;
- 50% of the estate in each LHB and trust by December 2013;
- 100% of the estate by December 2014.

20. A Carbon Diagnostic (CarDio) performance management tool has been developed to allow NHS bodies to calculate their emissions on an annual basis. This has been designed to provide a simple and consistent approach across NHS Wales, allowing for benchmarking and comparisons over the coming years. The 2010-11 returns will be the baseline against which progress can be monitored.

21. The Welsh Government is also requiring all LHBs and trusts to complete an NHS Wales Emissions Reduction Tool by the end of March 2013. This will result in a programme of carbon emissions reduction schemes for each NHS organisation.

Asset Management Collaboration

22. The Welsh Government is keen to promote the need for further collaboration with other public sector bodies to improve the management and utilisation of land and buildings, and continues to work with the NHS in this regard.

23. An Evidence paper submitted to the Committee, which was approved by the Finance Minister has already provided evidence on the role and

achievements of the National Assets Working Group (NAWG), which includes NHS representatives as part of its membership. One of the NAWG's key achievements is the establishment of all Wales Public Sector Property Database (ePIMS). Of the 14, 815 public sector entries to date, approximately 869 (5%) relate to the Welsh NHS. The NHS Wales Shared Services Partnership – Facilities Services utilise the e-PIMS database as a property management system across NHS Wales by:

- Maintaining a register of all NHS Wales freehold and leasehold interests and associated data;
- Storing electronic copies of title documents, leases, plans, etc;
- Producing up to date Summary Reports for LHB's and trusts to enable them to manage their leasehold property interests more effectively;
- Receiving email notifications of Lease Events such as break clauses and lease expiries to ensure that important deadlines are not missed;
- Notifying other public bodies via the database of surplus NHS Wales property assets; and.
- Searching the database for vacant public sector space / land when an NHS body has a requirement for additional accommodation / land.

24. In terms of furthering the collaborative asset management agenda, where bodies are co-developing, co-locating and sharing assets to provide more joined up and accessible services, the NHS has a good track record of delivery:

- Port Talbot Resource Centre includes 4 GP practices, general and community dental services, community services, local authority and third sector services. The community services include health visitors, district nursing services, podiatry, physiotherapy and early response teams.
- The recently opened Kier Hardie Health Park brings together health, well-being and social care services under one roof. It includes GP practices, the community dental unit, children's health care and mental health care and a range of therapies bringing services out of hospital and closer to patient homes. There are also proposals to extend the Park to include medical education training facilities.
- The Cylch Caron Project in Tregaron will create a single new build facility to create a flexible combination of short and long term health and social care and housing.

25. Turning to asset transfers and disposals, the Welsh NHS is an active contributor to the Welsh Government Affordable Housing Protocol with approximately £3.550 million of property being sold to date to facilitate the provision of affordable housing. These include:

Financial year	Description of site sold	Description of affordable housing enabled through Affordable Housing Protocol
2009/10	Clydach Health Centre, Swansea	14 Units Built: 11 one-bedroom flats and 3 two-bedroom flats occupied June 2012
	Sandfields Clinic, Port Talbot	8 Houses all two-bedrooms, occupied April 2012
2011/12	Aberbargoed Hospital	16 affordable units completed at end of 2012
	Caerphilly Miner's Hospital	60 Units built: 20 Shared equity, 20 Intermediate rents and 20 Social rented.
2012/13	Blaina Hospital	Received planning permission in October 2012 for the development of 21 affordable bungalows under development

Patient Involvement in Asset Management

26. Every year Community Health Councils visit each major hospital in their area as part of the Hospital Patient Environment (HPE) Programme. The five areas visited during the programme are the external area, entrances and main reception areas, common areas, wards and departments. The HPE programme focuses on the wider patient environment issues that are not covered by specific standards or frameworks. The aim is to improve things within management control rather than identifying requirements which would require investment.