

FIN(4) AM 05
Inquiry into Asset Management Survey
Response from Hywel Dda Local Health Board

The Finance Committee are currently undertaking an inquiry into the process of asset management in the Welsh public sector. This inquiry is considering two main areas:

- **processes involved in the management of the Welsh Government's own estate; and**
- guidance, support and the promotion of good practice by the Welsh Government in relation to asset management across the wider Welsh public sector.

Further detail on the terms of reference for this inquiry can be found on the committee's web pages.¹

The Committee previously called for information,² however due to the limited responses received, now requires further evidence in support of this inquiry. In order to properly understand the issues involved and to gain appropriate evidence for consideration, the Committee needs to develop an understanding of how asset management is approached in local government/health bodies.

To this end, we are seeking further detailed information in relation to the process and practice of asset management within your organisation and would appreciate it if you could provide the information requested below, as fully as possible, and provide examples where you feel it is appropriate.

Our response is based both on Property assets - we do have significant equipment based assets.

Strategic links and leadership

1. How does asset management **fit within the organisation's overall strategy?**

We have a well developed Clinical Services Strategy which has been subject to public consultation. To support this, the HB has identified both strategic capital investment and property rationalisation plans together with partnerships with third party developments with GPs and Social Services.

2. Does the organisation have an overall asset management strategy and published plans which support the corporate objectives?

We have in place firm Development Control Plans (DCPs) for all the Properties within the Estate which support the corporate objectives. These are detailed proposals which indicate how major investment and estate rationalisation plans support

¹ National Assembly for Wales, Finance Committee, [Asset Management Inquiry](#)

² National Assembly for Wales, Finance Committee, [Asset Management Inquiry](#)

service change proposals. In addition we have property disposal plans agreed with WG.

- a. How does this strategy link into the capital investment strategy and wider financial planning?

The WG and HB have agreed a forward look CRL which identifies our joint priorities with capital expectations to deliver service change. These are subject to detailed business cases which reflect the service modernisation plans as detailed with the Health Boards clinical services strategy.

3. Who has responsibility for leadership on asset management:

- a. At a Cabinet/Board level?

Director of Planning & Performance

- b. At Executive level?

Director of Planning & Performance

- c. At Service level?

Assistant Director of Estates & Capital Management supporting County
Director's

4. How are Council/Board Members engaged with property asset management and how regularly does the Council/Board review asset performance?

A dedicated independent member with specific responsibility for estates management sits on the Board. The Strategy & Planning Sub Committee, which is a sub committee to the board receives regular updates on a range of estates issues including estate compliance, risk management, energy performance, capital investment, property rationalisation etc.

5. Is there a dedicated property division or similar? If so please detail its structure and relationship with other service divisions.

There is a property section within the Estates function. The lead director who is responsible for planning and operational management also is the lead executive director for Estates which ensures a full coordination of service divisions. Estate and service planning is considered jointly at the Strategy Planning Sub Committee.

6. Across the organisations (e.g. at Council/Board, Executive and Service level) can you demonstrate that property is utilised as a corporate resource and enabler of service provision?

Property and service coordination is considered at Local Service Boards which bring together all public sector partners at a county level. Examples of this are joint working arrangements at Aberaeron between the Local Authority and HB. We have

strategic targets to reduce the estate portfolio to bring capital receipts and reduce revenue as an enabler to introduce service change.

Systems and Processes

7. Can you demonstrate that property maintenance is supported by adequate information systems? Are these information systems used to:
- Benchmark performance against that of other bodies; and/or
 - Link with other relevant systems (e.g. geographical information systems)

Yes the HB has fully implemented IT systems that set out maintenance plans and performance against these plans. We are able to identify activities that are aligned with business continuity and high risk as priority activities. The EFPMS provides the mechanism of benchmarking on performance which assists in future maintenance planning. The property database for both Freehold and Leasehold properties is held on the national EPIMS system.

8. How often does the organisation conduct an options appraisal to ensure that the property maintenance backlog is being managed effectively?

- a. Is there a programme of regular property reviews? If so, what do these consider and how often are they conducted?

We have recently undertaken a major restructuring of the whole estate function and operational maintenance team to fit the requirements of the new HB. We are working closely with our colleagues in the three County Councils within the locality to explore opportunities to improve efficiency and identify cost reduction through closer working.

- b. Is information on running costs and environmental impact available to the review team?

Yes we have a wide range of detailed information on the estate running costs and environmental operating costs, all available electronically.

9. Can you demonstrate that decisions on new capital projects and other planned works are based on a clear business case, including options appraisal and whole-life costing?

Yes the HB adheres to follow the specific WG guidance on all business cases and in addition have robust internal systems on capital governance.

10. How does the property division interact with service divisions, what are the arrangements for involvement/support?

Refer to question 5 above.

Resources and value for money

11. What are the levels of resource available, at corporate level, to review property assets and running costs? Is this adequate?

We have specialist individuals in both property and the wider estate management structure. In addition this resource works closely with finance and service planning colleagues and County Directors.

12. What information on the property costs of the buildings occupied by services is available to senior management, and how is this utilised by them in considering service delivery?

On a county and corporate basis each property within the estate portfolio has been identified with its own revenue costs to enable strategic decision to be made. This **forms the basis of estate rationalisation plan's and service changes to release** revenue costs and capital receipts.

13. Does property maintenance have adequate resources to meet its policy objectives and is sufficient priority given to routine maintenance within the budget process?

- a. Is funding maintenance linked to the condition of assets?

Resources in property maintenance are sufficient to deliver the high priority activity which has a business continuity or compliance risk. Activities that are deemed at lower risk are only undertaken when resources allow. The HB has supported all investments needed to achieve compliance with high risk backlog maintenance issues. Funding is not available for activities which are linked to generic estate condition. Items that are of a general condition or quality concern are generally addressed through locally held discretionary capital allocations.

14. Given the current climate of reducing budgets, is there any perception at corporate, or service, level that resources should be diverted directly to front-line services rather than to property management?

The LHB can evidence a greater portion of saving target on corporate functions for 2013/14. This is based on the clear need for front line service to take priority. The HB recognises the delivery of a safer estate for patient, staff and visitors is a core requirement.

15. Can you provide examples of how the organisation works with partners to achieve economies of scale in asset management?

The HB is working with both the University and Police Authority to deliver new general waste contract arrangement across the HB. There are also a number of joint working arrangements with the Local Authorities across the locality. Any properties that are marketed are first advertised on the EPIMS Property system.

16. Can you please detail the framework in place to continuously review and improve the performance of property management?

- a. Are there annual performance plans, agreed by Council/Board Members, setting clear targets for improvement?

The EFPMS system is principally utilised to track performance and prioritise improvements. We have specific savings plans agreed each year on the full range of estate services demonstrating how service change is being driven and cost reduction achieved. In addition to these service change plan we have short, medium and long terms strategies for backlog maintenance reduction in the estate.

- b. Does the organisation include this information in public performance reporting?

Yes - this is included in the HB annual report

Guidance and good practice

17. What if any, guidance is adhered to in conducting asset management in the organisation?

The objective is to adhere to all relevant Legislation and guidance. The ISO Framework provides a frame work from which legal matters are continually reviewed and actioned. Examples of frequently utilised guidance include Health Technical Guidance, Estatecode, Building Regulations etc. This is supported by a range of internal guidance documents.

18. Do you share good practice and lessons learned on asset management with other organisations/professional bodies, and if so, via what mechanisms?

Yes. There are two recent examples of good practice. The HB has an Energy Performance Contract (EPC) approved in principle by WG. This is the first of the kind in Wales and will aim to establish a good pilot project across the public sector. We have shared information with neighbouring Health Boards. The HB has undertaken considerable work on Asbestos governance issues through corroborative work with other HBs. Again this information has been shared with neighbouring HBs.

19. Would a central source of expertise and good practice be beneficial to the Welsh public sector, and if so where should this sit?

Yes - would need to be targeted at specific areas.

- a. Would training in property/asset management be beneficial?

The Welsh NHS the NWSSP - FS Support Services provides guidance and advisory services to the welsh NHS Estate. Any training should be coordinated by support services, as required across the sector.

20. Would the drive to improve asset management benefit from a repeat of the **Wales Audit Office's 2010 report** on buildings management?



The report was not circulated through the NHS Estates sector. The HB would be happy to participate in a repeat of this.