

FINANCE COMMITTEE – ASSET MANAGEMENT INQUIRY

1.0 INTRODUCTION

In response to the Finance Committee's Asset Management Inquiry (the Inquiry) I have provided the following written evidence for consideration at the Committee's meeting on the 20th February 2013.

For the purposes of the Inquiry I have largely focussed on land and buildings taking my lead from the reference to the Wales Audit Office's 2010 Building Management National Briefing in the Committee's covering letter.

Within this scope I have considered examples from the full asset management life cycle from strategic planning through to asset disposal.

2.0 BACKGROUND

Before answering the questions posed directly it is worth perhaps just setting out the key responsibilities for each of the most significant bodies that impact on asset management in the healthcare environment to provide the context for Committee members who are less familiar with NHS Wales.

Health policy is established by the Minister for Health and Social Services with NHS Wales responsible for the more detailed strategic planning and operational delivery needed to achieve the policy aims.

In addition, other Welsh Government Ministers will be responsible for developing policy that has a cross cutting effect across all parts of the public sector, including the NHS; an example being the Minister for Environment and Sustainable Development and low carbon policies.

The NHS Health Boards and Trusts are responsible for detailed planning of healthcare services and tend to own and operate the majority of land and building assets needed to do this. In recognising the complex demands in managing such a specialist estate a central team of professional expertise has been established to help NHS Wales deliver its asset management responsibilities; this organisation is the NHS Wales Shared Services Partnership – Facilities Services (previously known as Welsh Health Estates).

3.0 QUESTIONS AND ANSWERS

PART 1

The Committee would welcome your views on any or all of the following points:

1.1 Processes involved in the management of the Welsh Government's own estate;

No comment.

1.2 Guidance, support and the promotion of good practice by the Welsh Government in relation to asset management across the wider Welsh public sector.

The Welsh Government has established the National Assets Working Group (NAWG) which provides a useful forum for discussing good practice and identifying barriers to change across the wider public sector.

One of its most significant achievements has been the establishment of the all Wales Public Sector Property Database (ePIMS). The database is intended to provide a comprehensive register of all public sector land and is therefore a useful reference point when considering asset management strategies. All NHS Wales properties are included on this database.

The NAWG has also developed a Land Transfer Protocol which sets out the process by which land is valued for transfer between two public bodies. The protocol is a pragmatic approach aimed at avoiding unnecessary costs in the transfer of land and is used by NHS Wales.

The Welsh Government's Affordable Housing Protocol applies to NHS Wales and predates the formation of the NAWG. It was developed to ensure that all surplus NHS property was assessed for use for affordable housing before being considered for sale in the open market.

PART 2

The Committee would welcome your views on any or all of the following points:

Is asset management linked to wider strategic and policy objectives, both in the Welsh Government, and across the wider public sector?

In NHS Wales wider strategic and policy objectives drive asset management.

Together for Health – A 5-year vision for the NHS in Wales sets the policy direction for the service and NHS Health Boards and Trusts are currently in the process of engaging and consulting with the public on how this vision for healthcare can be delivered in Wales.

Once an agreed way forward is reached NHS bodies will be required to develop detailed Asset Management Plans which will indicate how the estate needs to change over the next 5-10 years.

What lessons can, or have, been learnt from existing good practice in Wales, or elsewhere, in relation to approaches to asset management improvement in the public sector?

NHS Wales has always maintained some form of central resource in property and estates which has allowed a critical mass of expertise to be maintained to support the whole NHS. Currently this expertise resides within NHS Shared Services Partnership – Facilities Services (NWSSP-FS). Where property and estates expertise is dispersed across too many organisations the system is unable to drive efficiency through economies of scale.

The following examples highlight the approach to asset management taken by NHS Wales.

Strategic Planning and Business Cases

As mentioned above Welsh Government healthcare policy drives asset management plans and once plans are approved the Welsh Government employs a rigorous approach to the approval of business cases with the requirement of NHS bodies to complete a Strategic Outline Case, Outline Business Case and Full Business Case before major capital investment can occur. Each business case is required to comply with the requirements of the 5-Case Model.

The financial and economic ‘cases’ of the 5-Case Model require the inclusion of life cycle costs in the model and templates are provided by NWSSP-FS to assist Health Boards and Trusts to comply with this request.

Construction

A construction delivery model based on best practice models of partnering, collaborative working and risk sharing has been developed by NWSSP-FS and is integrated into the business case process and used for all NHS Wales projects. This allows for efficient procurement avoiding unnecessary duplication across different NHS bodies.

Post project evaluations are currently the responsibility of Health Boards and Trusts. In the future it is likely that construction post project evaluations will be facilitated by NWSSP-FS with project post project evaluations being undertaken by the relevant Health Board or Trust.

Property Management

NWSSP-FS use ePIMS to help manage NHS Wales leasehold properties. The database has been populated with all relevant information on leases which helps to ensure that early notification is received for lease breaks or lease expiry to ensure that, where appropriate, options are exercised. The property specialists in NWSSP-FS work closely with colleagues in Health Boards and Trusts to ensure timely actions are taken.

Because NWSSP-FS manage all NHS Wales property transactions it enables the organisation to develop systems and processes that are fit for purpose and also to efficiently manage the Welsh Government’s requirements such as the Affordable Housing and Land Transfer Protocols.

Asset Maintenance

The responsibility for the maintenance of assets in NHS Wales rests with Health Boards and Trusts. Specialist services in support of this requirement are however provided by NWSSP-FS. For example, because of the highly specialist engineering systems within healthcare facilities NWSSP-FS provides the services of specialist engineers dealing with areas such as High Voltage, Medical Gases, Ventilation, Decontamination, Fire Safety, Water and Waste Services.

Performance Management

NHS Wales has developed a comprehensive Estates and Facilities Performance Management System which provides the Welsh Government with strategic information on the NHS Estate as well as data to allow individual Health Boards and Trusts to benchmark their own performance.

Asset performance management is built around five key estate performance indicators: physical condition, statutory and safety compliance; functional suitability; space utilisation and energy performance.

Environmental Management

NHS Wales is required to reduce green house gas emissions to contribute to the overall Welsh Government target of 3%. To help achieve this target NWSSP-FS has facilitated the development and dissemination of a Carbon Diagnostic tool to allow bodies to calculate their emissions on an annual basis.

In order to embed environmental management into the operational fabric of NHS Wales each Health Board and Trust is in the process of establishing an Environmental Management System accredited to ISO 14001. The three stage implementation programme requires all major hospital sites to comply by December 2012, 50% of the estate by December 2013 and 100% by December 2014.

Asset Management Guidance

NWSSP-FS maintains a comprehensive library of asset management guidance for NHS Wales. The guidance consists of key documents such as Estatecode (best practice guidance on all aspects of managing the NHS estate); the Health Building Note series (design guidance) and Health Technical Memoranda (engineering guidance).

The guidance is developed in collaboration with colleagues in the Welsh Government, the Department of Health, NHS Scotland and Northern Ireland as well as NHS Wales' Health Boards and Trusts and is available through the NWSSP-FS intranet site or our technical library service.

What progress has been made by the Welsh Government in strategic asset management and implementing initiatives to improve the efficiency of asset management across the Welsh public sector?

In addition to those initiatives identified in 1.2 above the following is noted.

Value Wales

Value Wales was established by the Welsh Government to act as a catalyst for change, providing leadership, strategic direction, procurement training and best practice guidance to help public sector organisations in Wales achieve real and sustainable improvements.

Whilst not specifically developed for asset management NWSSP-FS has benefitted from Value Wales' Sell2Wales facility to advertise our construction frameworks and then subsequently used the xchangewales eTender and eEvaluation tools to complete the exercise.

Value Wales have also developed a standard prequalification questionnaire to help reduce the bureaucracy faced by companies wishing to access the Welsh public sector.

Construction Excellence in Wales (CEW)

The Welsh Government sponsor CEW to promote excellence in the built environment through collaborative working. CEW also delivers the Welsh Government Construction Waste Minimisation Programme and Low Zero Carbon Hub.

CEW deliver a wide range of seminars, workshops and best practice clubs and have been extremely successful in helping to encourage collaboration across the public sector and showcase the benefits of new construction procurement models.

Neil Davies

**Assistant Director NHS Wales Shared Services Partnership – Head of Facilities Services
February 2013**