

Key messages

Asset management in the NHS in Scotland



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Key messages

Background

1. Fixed assets in the NHS include:

- the estate (land and buildings)
- medical equipment
- information management and technology (IM&T)
- vehicles.¹

2. In 2007/08, the NHS held fixed assets worth almost £5 billion, of which the estate makes up £4 billion (82 per cent).² In addition, the NHS leases assets under lease agreements such as vehicle leases and Public Private Partnerships (PPPs).

3. Effective design and use of these assets can improve service delivery. Assets which are in the right place at the right time, suitable for their purpose and well maintained will positively support the delivery of care and enhance service users' experiences.

4. The Scottish Government's policy of moving care closer to home has significant implications for the way in which assets are managed in the NHS.³ More assets will be required in the community and fewer in acute hospitals. For example, services provided in hospital outpatient departments, such as rehabilitation, will increasingly be provided in GP surgeries or community hospitals. For this to happen successfully, clear links are needed between clinical strategies and how assets are planned and managed.

The study

5. Our study examines how the NHS is strategically managing its assets to support effective service delivery. We

comment in particular on how NHS bodies ensure they achieve value for money from their estate as the estate makes up most of the value of NHS assets. The objectives of the study were to:

- assess the extent to which the Scottish Government provides strategic direction to NHS bodies on asset management in general and assures itself that the NHS estate is being used in the most economic, efficient and effective way
 - evaluate how well NHS bodies strategically manage all of their assets to ensure effective service delivery
 - review the extent to which NHS boards are achieving value for money from their estate
 - examine how well NHS bodies work with other organisations to ensure efficient and effective use of their estate.
6. In carrying out the study, we:
- analysed published national data and collected data from all 14 NHS boards and five special NHS boards
 - interviewed a range of staff at five NHS boards, the Scottish Government, Health Facilities Scotland and Architecture and Design Scotland
 - reviewed national and board-level documents relating to asset management.⁴

Key messages

1 Significant investment of £3 billion by the Scottish Government between 2003 and 2011 is allowing NHS bodies to undertake a major asset redesign and improvement programme.

7. Capital investment in the NHS has more than trebled in cash terms in recent years, from £132.5 million in 2003/04 to £428.8 million in 2007/08. This is set to rise to £598 million in 2010/11 (Exhibit 1).⁵

8. There are currently a number of large capital programmes ongoing, notably those in Greater Glasgow and Clyde, Grampian and Forth Valley, which are designed to improve and update the NHS estate.

2 NHS bodies are beginning to manage their assets more strategically but need to demonstrate more clearly the links between clinical strategies and asset strategies. Most NHS bodies have some basic information on their assets but not all actively measure the performance of their assets.

9. There is an increasing acknowledgement by senior management in NHS bodies that the proper management of assets is essential to support the delivery of care. However, not all boards have formally set out the implications for assets of their clinical strategies.

10. The purpose of an asset strategy is to describe the link between NHS bodies' clinical strategies and the implications for their assets, setting out what the current position is, what

1 Medical equipment costing over £5,000 and paid for from NHS bodies' capital budget.

2 Unified NHS Board Summary Accounts, 2007/08.

3 *Better Health, Better Care*, Scottish Government, 2008.

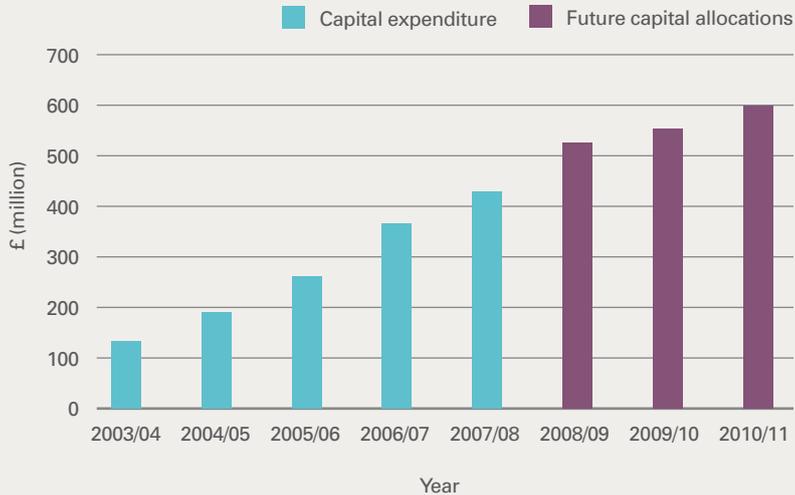
4 The special boards included were the National Waiting Times Centre, National Services Scotland, Health Scotland, the Scottish Ambulance Service, and the State Hospital. The five NHS boards where we interviewed staff were Dumfries and Galloway, Fife, Grampian, Greater Glasgow and Clyde, and Lothian.

5 Unified NHS Board Summary Accounts 2003/04 - 2007/08 and Scottish Government capital allocations press release, March 2008.

Exhibit 1

Gross capital expenditure and future capital allocations, 2003/04 - 2010/11

Capital investment has increased significantly in recent years and is due to rise further.



Note: This expenditure excludes capital projects funded through Private Finance Initiatives or Public Private Partnerships.

Source: *Unified NHS Board Summary Accounts 2003/04 - 2007/08* and *Scottish Government, Capital Allocations*, press release, March 2008

changes are required to assets in the future and how this will be done. Most NHS bodies have strategies for at least some of their assets but only Forth Valley, Lothian, National Services Scotland (NSS), Orkney and the Scottish Ambulance Service have strategies for each type of asset. NHS bodies are most likely to have strategies for their estate and IM&T and less likely to have equipment or vehicle strategies.

11. Most NHS bodies hold some basic information on their assets such as location and number but fewer have details of the condition of their assets, maintenance required and plans for replacement. Five NHS bodies did not know the condition of their medical equipment.

12. Eight NHS bodies store all of their asset information electronically. However, ten still use paper records to store some of their information. This makes it more difficult and time-consuming to collate and monitor asset information.

13. NHS bodies are most likely to have performance measures in place for their estate (14 NHS bodies) but fewer have measures for equipment, IM&T and vehicles. As a result, NHS bodies are more likely to compare estate performance with other NHS bodies than other assets (13 NHS bodies compare estate performance). Less than half of NHS bodies benchmark the performance of their vehicles, IM&T and equipment.

3 There is no complete picture of the quality of the NHS estate across Scotland. Information from 11 NHS bodies shows that the majority of the estate is of satisfactory quality although around a third will require major upgrading in coming years. NHS bodies spend differing amounts on maintenance and there is no link between condition of the estate and maintenance budgets.

14. There are four main categories used by NHS bodies to assess the performance of the estate:

- the condition of the estate
- how well it complies with statutory legislation
- how suitable it is to support healthcare delivery
- how well used the estate is.

15. There is national guidance on how to assess these but not all NHS bodies hold the information in the same format and some do not have up-to-date information. It is therefore not possible to assess the quality of the entire estate.

16. Information from 11 NHS bodies shows that the majority of the estate is of satisfactory quality. Around 70 per cent of the estate is in satisfactory condition and complies fully with statutory legislation. However, 20 per cent is unsuitable and 23 per cent of the estate is underused.

17. Almost a third of the estate will need major upgrading soon. Information provided by 16 NHS bodies indicates that at least £512 million is required to address all outstanding estate maintenance issues over the coming years.⁶ To address this, maintenance budgets have increased overall by 16 per cent in cash terms over the past two years, from £46 million in 2006/07 to £55 million in 2007/08. However, the percentage of NHS bodies' overall operating costs that is spent on maintenance is decreasing.

18. NHS bodies spend differing amounts on maintenance. In 2007/08, estate maintenance budgets ranged from £5.65 per square metre in Western Isles to £33.59 in Grampian. (These figures do not include maintenance costs for buildings built

⁶ Excludes Greater Glasgow and Clyde, Western Isles and the State Hospital. Data based on returns from NHS bodies to Audit Scotland, 2008.

using PFI/PPP). There does not appear to be a link between the condition of the estate and the amount spent on maintenance.

4 In relation to assets, the Scottish Government Health Directorates (SGHD) is primarily responsible for developing policies and guidance, monitoring the implementation of these, and allocating and monitoring capital expenditure. The SGHD does not have policies and guidance for all assets and there is limited monitoring of the way NHS bodies are managing their assets. The SGHD assesses bids for capital investment but there could be stronger monitoring of outcomes.

19. The SGHD has a range of policies and guidance in place to help NHS bodies manage their IM&T and estate assets. However, although there is some guidance for NHS bodies on how to manage their equipment, there is no overarching policy to summarise and coordinate this. There are no national policies or guidance for NHS bodies which describe how they should manage their vehicles.

20. The SGHD does not require NHS bodies to submit any regular returns on the performance of their assets, except for the annual submission of capital investment programmes. The Property Management Policy requires NHS bodies to produce five mandatory performance measures but they are not routinely collected or monitored by the SGHD and there is no annual analysis of NHS bodies' asset strategies.⁷

21. The SGHD is due to publish a revised Scottish Capital Investment Manual during January 2009. It is currently procuring a new computer system which will contain a common dataset that all NHS bodies will be obliged to complete and keep up to date.

22. The Capital Investment Group, led by the Property and Capital Planning Division of the SGHD, assesses bids from NHS bodies for capital investment over £5 million (£10 million for Lothian and Greater Glasgow and Clyde). Assessment criteria include affordability and value for money. NHS bodies are required to specify the cost, length of the project and the benefits expected. There is currently no requirement to specify the expected build and design quality of the project but the revised Scottish Capital Investment Manual will make this a requirement. The Scottish Public Finance Manual requires post-project reviews to be undertaken but the SGHD does not monitor the extent to which NHS bodies are undertaking these.

5 The NHS is beginning to work with other public bodies on joint approaches to estate management but there are a number of challenges to overcome. The SGHD needs to build on early work to encourage joint development of the estate. The new 'hub' initiative aims to stimulate joint working across the public sector.

23. Over half of NHS bodies are beginning to develop joint estates strategies with other public sector partners although only Grampian has a joint strategy that is fully completed and awaiting approval.

24. NHS bodies and councils face a number of challenges to planning and undertaking joint estates projects. These include the requirement to achieve best value when selling assets. Accountable officers are expected to achieve the full market value when they sell assets but this may not be in the best interests of the wider community if another public body could use that asset.

25. The SGHD undertook work in 2005/06 to promote joint working in relation to the estate. This included a toolkit to help NHS bodies develop joint estates projects. However, since

then no further work has been done to build on these developments, although the SGHD has recently been focusing on developing the hub initiative.

26. Five hub companies will be set up across Scotland which public sector organisations may use for new infrastructure projects. The initiative aims to encourage joint working as public sector partners will be required to produce joint strategic plans before submitting projects to the hub company. It is not yet clear how the initiative will work in practice although piloting is due to begin in 2009, and funding of around £40 million is being made available to pump-prime projects.

Key recommendations

The SGHD should:

- provide policies and guidance for all types of assets and update its current policies and guidance to reflect changes in the NHS and the development of new health policies
- routinely collect information from NHS bodies on the performance of their assets
- ensure momentum is maintained in the development of the new national estate computer system
- ensure momentum is maintained in developing the hub initiative to support joint working across the public sector.

NHS bodies should:

- develop strategies for each type of asset and then develop a corporate asset management strategy and plan, which links with their clinical strategies
- ensure the assets estate condition, statutory compliance, functional suitability, and space utilisation on a regular basis

- ensure all information on assets is held electronically
- review their performance management arrangements and, where required, develop performance measures and targets for assets.

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