



SCOTTISH EXECUTIVE

Health Department
Directorate of Finance

Dear Colleague

PROPERTY MANAGEMENT POLICY AND OTHER RELATED MATTERS

Summary

1. This letter provides colleagues with an updated statement of the Department's Property Management Policy in respect of the land and buildings owned or occupied by the NHS in Scotland (Annex A). It provides a more precise and concise definition of policy and details the mandatory requirements which must be complied with by NHS Trusts and other NHS in Scotland bodies. Colleagues will be aware that the power of direction anticipated in "Designed to Care" to underpin the role of Health Boards in agreeing Trusts' property strategies and the mandatory requirements set out in this and other policy statements is being sought through the Health Bill now progressing through its Parliamentary stages.

2. The letter also provides information etc on a number of other property related matters (Annex B), including a proposal for 2 high level performance indicators which will be the subject of consultation with the Estates Environment Forum.

Background

3. The Property Management Policy, (previously referred to as the Estates Management Policy), forms part of ongoing work aimed at providing an up to date definition of Departmental policy on all property matters. A statement of fire safety policy was issued in February 1998 and it is intended that statements of environmental and construction procurement policies will be issued later this year. The statements are intended to assist NHS

5th May 1999

Addresses

For action

Chief, Executives, NHS Trusts
General Managers, Health Boards
General Manager, Common Services
Agency
General Manager, State Hospital's
Board for Scotland
Chief Executive, Scottish Ambulance
Service

For information

General Manager, Health Education
Board for Scotland
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4. Trusts and other NHSiS bodies by clearly and concisely articulating Departmental policy which colleagues must have regard for when formulating their operational policies and commissioning operational guidance.

5. The Property Management Policy now issued is based upon the draft circulated with MEL (1998)⁸¹ as amended to reflect comments from colleagues; the contributions to the seminar “Strategic Management to Accommodate Future Clinical Trends in Scotland” held on 18 March 1999; and consideration of matters arising from the NAO Report, “The NHS in Scotland: Making the Most of the Estate” published on 24 February 1999 and the subsequent hearing of the Committee of Public Accounts on 17 March 1999. This policy may need to be revisited in the light of the PAC Report and the Department’s subsequent response. We are grateful to colleagues who commented on the draft statement. The responses received were overwhelmingly positive and supportive.

6. Some respondents to the draft argued cogently the case for referring to the policy as one for property rather than estates to help emphasise the broader and more strategic focus which it is now expected will be applied in this area. We have, on balance, accepted that this is a sensible change.

7. As emphasised in the Department’s Priorities and Planning Guidance and in the policy statement, Property Strategies must be led by and be consistent with the HIP. They should therefore be reviewed and updated annually and also subject to continuing development and refinement. To reinforce that connection, and again reflecting colleagues’ comments, it is recommended that Property Strategies should cover the same 5 year period as the HIP, but that to the extent that the implementation of planned service change extends beyond that 5 year horizon this should be included in the Property Strategy, (eg the capital investment programme would include expenditure beyond year 5 where this is a reflection of planned service change in the HIP). Likewise, it has been concluded that the definition of **non-essential** property, currently defined as that unlikely to remain necessary for operational purposes beyond a 4 year planning horizon, should also be amended to coincide with the 5 year Property Strategy/HIP plan period.

8. As stated in the policy, Trusts and others must prepare and maintain Property Strategies. This requirement is underscored by the decision that Business Cases will not be considered by the Management Executive after 1 October 1999 unless they include confirmation that an agreed Property Strategy is in place and that the Business Case is consistent with that Strategy. Similarly, the capital investment programme within the Property Strategy must now be submitted annually to the Management Executive to enable strategic decisions on priorities for the use of non-committed public sector capital in year 2 and later. **Further advice on the handling of this aspect will be issued in due course.** All of this serves to underscore the importance of a Property Strategy as the basic corporate management expression of a Trust’s strategic management plans for its physical assets and the need for the Strategies to be robust in both technical and financial terms as well as supporting delivery of the HIP healthcare objectives. As such its preparation should normally be led by a senior person with both the professional competence and the breadth of experience and responsibility needed to deliver a robust and focused strategic plan. The Strategy should also reflect collaboration with local authorities and others involved in implementing the healthcare agendas and those able to advise on means of delivery, (eg on the actions and timescale needed to enable the disposal of surplus property). Likewise, it will embrace other important areas such as the Environment.

9. Finally, whilst colleagues in Primary Care Trusts have welcomed the recognition that their Property Strategies must include appropriate coverage of non-NHS property from which primary care is delivered, some have sought further guidance on what that implies. We suggest that strategies should focus on the functional suitability of the existing non-NHS property and its ability to support the planned primary care agenda both in terms of its location and accommodation. This should lead to the production of an integrated plan so that development priorities are established on the basis of these assessments and service delivery needs, irrespective of ownership. However, nothing should be done to undermine the prime responsibilities of individual owners and occupiers for the management of their premises and for compliance with statutes.

Action

10. The attached Property Management Policy and associated mandatory requirements have immediate effect.

Yours sincerely

DR PAUL A BRADY
Director of Finance

**SCOTTISH OFFICE DEPARTMENT OF HEALTH (SODoH)
NHS IN SCOTLAND MANAGEMENT EXECUTIVE (NHSiSME)**

PROPERTY MANAGEMENT POLICY FOR NHSiS

Purpose

- The purpose of this document is to provide all NHSiS bodies with an unambiguous statement of property management policy.

Context

- This policy should be considered alongside others bearing upon property including those for property transactions and fire safety (already issued) and environmental and construction procurement (subject to future consultation to be issued later in 1999-2000). These policy statements are intended to inform the formulation and updating of operational policies. Such operational policies and Property Strategies are important corporate expressions of Holding Bodies intentions and as such should be a manifestation of integrated service planning and the appropriate involvement of all interests including senior management and clinicians. Consequently they must reflect and support the agreed agenda for clinical change.

Policy Aims

- To ensure that NHSiS property is used efficiently, coherently and strategically to support Government plans and clinical needs
- To provide and maintain an appropriate quality of affordable health care facilities which complement and support the provision of quality health care and which are sustainable over the life cycle.

Policy Statements

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|-------------|---|
| Statement 1 | All NHSiS bodies must have corporate property strategies which reflect the foregoing policy aims and their particular circumstances, and which are technically achievable and financially affordable. |
| Statement 2 | All NHSiS bodies must comply with all requirements laid down by statutes bearing upon the health, safety and welfare of staff, patients and visitors in relation to and in respect of the management of the property which they own or occupy. |
| Statement 3 | All NHSiS bodies must comply with all requirements laid down by statutes bearing upon the physical access of staff, patients and visitors, to and within the property which they own or occupy. |
| Statement 4 | All NHSiS bodies commissioning new property for owner occupation, newly constructed property leased from another party or provided through a PFI contract, must be satisfied that such property complies with all requirements laid down by statutes bearing upon newly constructed property. |

- Statement 5 The SODoH must identify all mandatory requirements necessary to underpin statutory obligations and to promote the delivery of both wider government policies and policies and strategies for the NHSiS, and do so in a clear and comprehensive manner.
- Statement 6 The SODoH must provide guidance on compliance with those aspects of statutory and mandatory requirements which are particular to the property management of healthcare facilities. This will be effected through the NHSiS Estates Environment Forum with the exception of guidance on NHSiS property transactions which will be provided by SODoH.
- Statement 7 All property used for NHSiS purposes whether new or existing, owner occupied, leased or provided through PFI contracts, must be managed in accordance with the mandatory requirements set out hereafter.

Mandatory Requirements (Policy Statement 5)

Introduction

The mandatory requirements set out here apply to all NHSiS bodies, i.e. Health Boards, Trusts, CSA, State Hospitals and the Scottish Ambulance Service.

Requirements

1. A Holding Body¹ must have a Property Strategy which must be reviewed and updated annually.
2. A Holding Body's Property Strategy must be led by and be consistent with the extant HIP.
3. A Trust's Property Strategy must be agreed with the Health Board having regard for its strategic direction and its contribution to wider Government objectives aimed at ensuring a co-operative and collaborative outcome across the NHSiS and the need for co-operation with other agencies as appropriate. That of the CSA, The State Hospitals, the Scottish Ambulance Service and the Island Health Boards with the Management Executive.
4. The agreed Property Strategy's capital investment programme must be submitted annually to the Management Executive to enable strategic decisions on the priorities for the use of non-committed public sector capital in year 2 and later.
5. The Property Strategy of a Primary Care Trust (PCT) or other Holding Body with equivalent responsibilities must include a section dealing with the non NHS property from which primary care is delivered, e.g. GP premises, in order that decisions about need and relative priority can be made by the PCT based upon a proper and full understanding of the facts. Such decisions must be based upon working collaborations involving all relevant parties, ie Local Health Care Co-operatives, GPs, other relevant Family Health Services contractors, and local authorities.
6. A Trust's TIP must show how its Property Strategy is to be planned, funded and implemented.

¹ Bodies holding NHS property on behalf of the Secretary of State or after 1 July 1999 on behalf of Scottish Ministers, ie Health Boards, Common Services Agency, State Hospitals Board for Scotland and the Scottish Ambulance Service Board, or in the case of NHS Trusts, on their own behalf.

7. Holding Bodies must comply with the mandatory requirements for the disposal of property by sale, lease or excambion, and the acquisition of property by purchase, lease or excambion, as set out in Part B of NHS Property Transactions - A Handbook for Managers and Advisers. [*The latest edition (November 1997) was published and issued under MEL(1998)9. Guidance on the handling of property transactions is also contained in the Handbook.*]
8. A Holding Body must support national and local healthcare priorities by identifying its essential and non-essential property [*Essential property is defined as land holdings or buildings considered necessary for operational purposes beyond a 5 year planning horizon.*]
9. A Holding Body's Property Strategy must include targets for the translation of non-essential to surplus and its subsequent disposal.
10. A Holding Body's Property Strategy must contain a commitment to maintain compliance with existing statutory requirements and to achieve compliance as appropriate with new statutory requirements.
11. Where a Holding Body does not or cannot reasonably comply with existing statutory requirements its Property Strategy must include identified solutions or reasonably acceptable alternatives, preferably agreed with the relevant statutory regulatory body, for addressing non-compliance using a risk management approach where appropriate.
12. A Holding Body's Property Strategy must identify the physical condition, functional suitability and space utilisation of both its essential and non-essential property.
13. A Holding Body's Property Strategy must include targets for improving physical condition, functional suitability and space utilisation of its essential property where that is considered necessary to achieve the policy aims.
14. Holding Bodies must consider other relevant means of assessing property performance, e.g. by appropriate use of benchmarking and performance indicators.
15. Holding Bodies must make effective use of available IT software to ensure that property management data is held in a readily updateable form and that management reports and alternative scenarios can be readily provided.
16. Holding Bodies must ensure that staff are suitably qualified, experienced and up to date, and also able to act as informed clients when commissioning support from external sources.
17. A Holding Body must demonstrate that it is making effective use of its existing property or demonstrate through the business case process that its existing land and buildings are unsuitable, before acquiring new land or committing itself to capital investment in new buildings on new or existing land.
18. A Holding Body must provide its Property Strategy and information on property management performance to the Management Executive as and when required.

Policy Guidance: Property Strategy

1. A Property Strategy can be defined as a long term plan which supports forward planning for the development and delivery of future healthcare services. Whilst not concerned with operational policies and procedures these should be taken into account when considering life cycle costings which impinge on Property options.. It should provide, in a concise form, a clear description of the planned strategic-level changes and benchmarks in terms of key performance indicators that will enable the monitoring of progress towards the achievement of key objectives.

2. It aims to describe in one document:

- existing property, its condition and performance both as an asset and in relation to relevant service performance indicators;
- all the proposed changes to the property over the next 5 years;
- property development control plans;
- a comprehensive capital investment programme including all capital expenditure proposals for:
 - (i) new buildings;
 - (ii) adaptation of existing buildings;
 - (iii) upgrading and refurbishment of existing buildings;
- proposed acquisitions and disposals of land and buildings;
- plans for improvements in key property performance indicators.

3. A Property Strategy is one component of a Health Body's overall vision of the future. Together with the service and other strategies it is a manifestation of strategic direction. Whilst the Property Strategy must acknowledge the importance of local priorities and reflect local needs and circumstances, it must also be set in a national context and reflect the NHSiS priorities and planning guidance.

4. Whilst strategic planning in the NHS is service-led, the implications for the property must be properly evaluated at the decision-making stage, the overall aim being to develop strategies that:

- a. meet the healthcare needs of the population;
- b. make the best use of available resources (financial, property, manpower)
- c. are technically achievable;
- d. are financially affordable.

5. The benefits to a Health Body of having a formal Property Strategy include:
- provision of a plan for change that enables progress toward well defined goals to be measured;
 - provision of a strategic context within which detailed plans for revenue expenditure, capital investment and business cases (including PFI) can be developed and evaluated over a full life cycle;
 - demonstration to the public, patients and staff that there are clear and deliverable plans to improve services and facilities.

RELATED MATTERS

NAO Report “The NHS in Scotland: Making the Most of the Estate”

1. This Report was published on 24 February. All holding bodies should have received 1 copy direct from the NAO. **A further copy is now provided.** The Committee of Public Accounts held a Hearing into the Report on 17 March 1999. Its Report and the Government’s response will follow in due course. The thrust of the now published Property Management Policy and its associated mandatory requirements, together with other actions taken or ongoing, eg in relation to the Estates Environment Forum and the planned central property performance return, are all seen to be consistent with the NAO Report generally and with its particular recommendations.

Central Property Performance Returns

2. MEL(1998)81 provided advance notice of the intention to call for a central return in the Autumn of 1999, and at 3 year intervals thereafter. The purpose of that return is to provide the Department with the necessary minimum information to support its policy and strategy planning needs without imposing unreasonable burdens on holding bodies.

3. The intention and purpose as set out before are confirmed. However, it has been concluded that, having regard for the reconfiguration of Trusts and the NAO Report, the return should be in 2 parts on this occasion. The first part will amount to a simple “census” of the NHS in Scotland’s ownership and occupation of property as at 1 April 1999, ie to coincide with the date of Trust reconfiguration and also the revaluation of all NHSiS heritable property. The second part will be an updating of that plus a “condition” report as of 1 April 2000, ie to coincide with the next rolling forward of Property Strategies.

4. So far as the “census” is concerned, the necessary preparatory work is now in hand and it is hoped that a return in disk form will be sent to all holding bodies within 3 months. The form of the “condition” report, ie functional suitability, physical condition, space utilisation, and compliance with statutory requirements will be the subject of consultation, ie as indicated in MEL(1998)81. Information supplied by holding bodies to the NAO identified the fact that in many cases the survey information underpinning such “condition” reports was very old, although the average was some 3 years. It is suggested that full surveys should be carried out at least once in every 5 years and reviewed/updated as necessary in between. If however the nature of the existing property and/or the need to maintain up to date information to support a fast moving change agenda demands it then full surveys may be required at lesser intervals.

Estates Environment Forum (EEF)

5. The Chief Executive reaffirmed the Department’s support for the EEF at the seminar “Strategic Management to Accommodate Future Clinical Trends in Scotland” chaired by John Glennie (Forum Chairman) on 18 March 1999 and the desirability of all NHSiS bodies being members [ref MEL(1998)81]. The Forum will be discussing with the Department and its members how best it can support the implementation of the NAO Report recommendations in general and the Property Management Policy in particular.

Safecode-Plus

6. MEL(1999)18 advised colleagues that arrangements had been agreed with Safecode Ltd which provided for the central funding of the Safecode-Plus User Licence. Safecode Ltd report a positive response to that initiative. It cannot be emphasised too strongly that the fundamental purpose in providing this support is to help Trusts and others deal with their statutory obligations using a coherent and comprehensive approach based on risk assessment and risk management, ie not property specific. This objective is reinforced by the NAO Report and the PAC Hearing.

NHS Property Transactions

7. Attached as Appendix 1 are 2 amendments to the NHS Property Transactions Handbook (November 1997 edition). The first is an amendment to enable off-market sale of surplus houses for social housing purposes in areas of priority need. The second is an amendment to the list of contacts for Trawl Notices.

High Level Performance Indicators

8. It is generally accepted that the availability of robust high level performance indicators would be beneficial. It is important, however, that such indicators are meaningful and provide benchmarks that reflect desirable practice and emerging service trends. With that in mind, Economics and Information Division of the Management Executive have produced 2 indicators linking property and service output, namely output per square metre of building area where output is measured by the volume of patient activity; and ratio of staffed beds to building area. Subject to the outcome of consultation with the Estates Environment Forum it is intended that figures for each will be published in the 1997/98 Executive Summary of Scottish Health Service Costs.

Associated MEL's etc

9. Holding Bodies must have regard for other policies, actions and guidance which bear upon property management, eg.

- Health and Safety Management in the NHS – National Audit Office: Health and Safety in NHS Acute Hospital Trusts in England [MEL(1997)02]
- Retention of Capital Receipts [MEL(1997)39]
- Health and Safety Issues in the NHS in Scotland [MEL(1997)80]
- Fire Safety Policy [MEL(1998)8]
- Approval of Capital Schemes [MEL(1998)14]
- Management of Support Services in the NHS in Scotland: Quality and Value [MEL(1998)32]

- Human Resources Strategy issued under Towards a new Way of Working [MEL(1998)33]
- Health Centre Policy [PCA(M)(1998)26]
- Interim Capital Guidance [MEL(1998)46]
- Priorities and Planning Guidance for the NHS in Scotland 1999-2002 [MEL(1998)63]
- The Disability Discrimination Act (1995) – Implementing Section 21 [MEL(1998)80]
- Safecode-Plus [MEL(1999)18]
- Health and Safety [MEL(1999)26].
- The Statement of Fees and Allowances payable to General Medical Practitioners in Scotland paragraphs 51, 54 & 56, as from time to time amended.
- Statement of Fees and Allowances – Introduction of a new Cost Rent Schedule and Consequential Amendments [PCA(M)(1997)22 and updates]
- Statement of Fees Allowances – GP Rent & Rates– Pilot Arrangements of New Flexibilities for Third Party Rent and Rates Scheme Developments [PCA(M)(1999)3]

ANNEX B
Appendix 1

NHS PROPERTY TRANSACTIONS
A Handbook for Managers and Advisers
(November 1997 edition)

Amendment No 1 [Part C: Procedures, Section 3 Sale of Property, Paragraph 3.29 Priority Interest]

Add new sub-paragraph 3.29.9

3.29.9 Social Housing. Where surplus housing is located in an area of priority need then in the first instance the Holding Body should offer the property for social housing use, eg to the local authority or a housing association. Such sales should be at open market value as assessed by a professional valuer. An “area of priority need” is defined as an area which has been designated as a formal regeneration partnership by Ministers or by the local authority (eg Social Inclusion Partnerships) or which has been identified in Scottish Homes Regional Plans as a priority for housing investment. A Holding Body with surplus housing should therefore contact the local authority and Scottish Homes in the first instance giving a reasonable period of notice before offering the houses for sale on the open market.

Amendment No 2 [Appendix 6 (To Annex VI)]

List of Departmental Contacts for Trawl Notices

Change of Address etc: Mr J A Andrews (tel: 0131-244-4521)
 Chief Estates Officer
 The Scottish Office
 DAS Land & Property Division
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New Contact: Ms Susan Neilands (tel: 0131 244-7578)
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