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The team who delivered the work comprised Fflur Jones and Sara Utley

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Summary report

Introduction

- 1 The National Health Service in Wales' (NHS Wales) estate exists to support the provision of health care services. Buildings and infrastructure are valuable resources that can directly influence health service performance. They need to be of an appropriate type, condition, and location, but can be costly to run and maintain.
- 2 Health boards across Wales typically have a diverse estate with numerous buildings that are geographically dispersed, and of varying age and condition. Betsi Cadwaladr University Health Board (the Health Board) currently has an estates portfolio valued at £421 million. Nearly 60% of the estate is over 30 years old.
- 3 Successful estate management requires input and effort from health boards, and involves two broad activities:
 - strategic management of the estate – this is important for making sound decisions about current use and future development of estates. The Board, supported by relevant professionals, should determine what estate is needed to support service delivery, approve related plans, and provide oversight. The Health Board's Annual Operating Plan (AOP) will be a key influence on the quality of strategic management. Without a strategic approach, there is a risk that estate management and service development decisions are not co-ordinated. This creates a further risk that financial investment in the estate may be misdirected.
 - operational management of the estate – this is important for ensuring the estate remains fit for purpose on a day-to-day basis, and that professionals are able to acquire, modify, and dispose of parts of the estate as required.
- 4 Effective and efficient management of the estate should deliver value for money. However, insufficient attention to either strategic or operational matters can result in money being wasted and sometimes substandard service delivery to users.
- 5 Within the Health Board, estates management is the responsibility of the Estates and Facilities Division (the division). The division was established in 2015 following a restructure. In 2016-17, the division had 226 Whole Time Equivalent (WTE) staff based in local operational teams at each acute hospital. This division brings together the responsibilities for:
 - operational estates – including estate and grounds maintenance, asbestos and energy management and estate;
 - facilities management – catering, domestic, portering and laundry services, and materials management; and
 - corporate health and safety – including fire safety and security.¹

¹ In August 2016 the management team decided that Property and Asset management would also fall under the remit of this division.

- 6 In 2016-17, the Health Board spent around £46.9 million on estates and facilities management, about 3.6% of its total annual spend.
- 7 Structured Assessment is the Auditor General's annual examination of NHS bodies' arrangements to support good governance and the efficient, effective and economical use of resources. Previous structured assessment work has highlighted issues with the Health Board's estate. The Health Board has the highest backlog maintenance² in Wales on a risk-adjusted basis valued at £41.5 million³, as of 2015-16. Nearly £21 million of the Health Board's backlog is categorised as high risk and an additional £16 million is categorised as significant risk. A review of annual Estate Condition and Performance Reports between 2008-09 and 2015-16 shows that the Health Board's performance is generally lower than the Wales average on the Welsh Government's estates indicators. The Health Board has also consistently failed to meet the Welsh Government's targets for physical condition and statutory and safety compliance.
- 8 In 2016-17, the Health Board did not set a balanced financial budget, and had an outturn deficit of £28.8 million. With this difficult financial environment and a significant maintenance backlog, it is essential that the Health Board maximises the value for money from its estate and associated resources.
- 9 Our review sought to answer the following question: **Is the Health Board managing its estates effectively?** In answering this question, we have considered whether the:
- Health Board's strategic approach to estates management is robust
 - Health Board is delivering an economical, efficient and effective estates service
- 10 Our review has looked at the strategy and arrangements in place for the management of estates. We have not reviewed major capital schemes as part of this review. However, we are aware that NHS Wales Shared Services Partnership are currently undertaking a review in respect of the ongoing redevelopment of Ysbyty Glan Clwyd.
- 11 We have concluded that: **the Health Board is improving its approach to estates management, but is struggling to allocate sufficient resources to estates and lacks an overall strategy to tackle high-risk areas.** We came to this conclusion because:

² Maintenance required to bring assets up to an NHS specified physical condition and/or compliance with mandatory fire safety requirements and statutory safety legislation. The Health Boards with the highest costs after Betsi Cadwaladr University Health Board in 2015-16 were Hywel Dda University Health Board with £26 million and Cardiff and Vale University Health Board with £21 million on a risk-adjusted basis.

³ NHS Estates, **A risk-based methodology for establishing and managing backlog** Gateway reference 4102, TSO, 2004.

- the Health Board's strategic approach to estates management is improving but the profile of estates at the Board needs to be strengthened and as yet there is no overall strategy to tackle its high-risk areas:
 - the Health Board has strengthened the structure of the division and further changes are planned;
 - scrutiny and challenge of estates issues at Board level could be strengthened;
 - there is no overall estates strategy, although there is a clear vision for the estates function;
 - the Health Board recognises that it does not have a clear picture of the condition of its estate but is taking steps to address this; and
 - the Health Board prioritises its capital works using a number of criteria, including risk.
- the Health Board is struggling to allocate sufficient resources to maintain its estate, performance against Welsh standards has deteriorated, and internal performance monitoring is underdeveloped:
 - historic budget setting means the current estates revenue budget may not fully reflect the size and poor condition of the estate and the need to comply with standards;
 - there is an imbalance between reactive repairs and planned maintenance, which represents poor value for money;
 - performance against NHS Wales Estates performance measures is poor and continues to decline;
 - lack of key performance indicators is a weakness and limits the ability of management to maintain oversight and provide assurance; and
 - management is taking steps to address workforce issues, including poor mandatory training, sickness and performance appraisal compliance.

Recommendations

12 As a result of this work, we have made eight recommendations which are set out in [Exhibit 1](#).

Exhibit 1: recommendations

The following table details the seven recommendations we have made following our review of Estates at the Health Board.

| Recommendations | |
|-------------------------------|---|
| Profile of Estates | |
| R1 | Allocate an independent member to represent estates issues at Board level to: <ul style="list-style-type: none">ensure that estates issues receive sufficient focus at Board level; andprovide an advocate for estate issues at board level. |
| R2 | Allocate a committee to formally receive specific estates information on a regular basis. This information should include but not be limited to: <ul style="list-style-type: none">estates performance information, including complaints, concerns and compliments; andestates workforce information, including staff sickness, mandatory training and PADR rates. |
| Strategic direction | |
| R3 | Develop a fully costed estates strategy which supports the achievement of the clinical strategy for the Health Board. |
| Financial Planning | |
| R4 | Strengthen monitoring of the delivery of savings delivery targets through the year. |
| R5 | Ensure that following the planned stock condition survey, a programme of regular monitoring and updating of the data is put in place to maintain the integrity, validity and completeness of this survey on a rolling three to five year basis. |
| Service User Feedback | |
| R6 | Improve customer focus and clinical engagement by making better use of multi-disciplinary forum for discussion of estates matters, for example, community area teams and meetings with the North Wales Community Health Council. |
| Performance Management | |
| R7 | Strengthen performance management of estates by developing and monitoring a series of Key Performance indicators (KPIs). |

Detailed report

The Health Board is improving its approach to estates management, but is struggling to allocate sufficient resources to estates and lacks an overall strategy to tackle high-risk areas

The Health Board's strategic approach to estates management is improving but the profile of estates at the Board needs to be strengthened and as yet there is no overall strategy to tackle its high-risk areas

The Health Board has strengthened the structure of the division and further changes are planned

- 13 During 2015, the Health Board re-structured some divisions, which included bringing together the functions of Estates and Facilities within one division (the division). During this restructure, the Health Board appointed the first Director of Estates and Facilities. Within the division are also two assistant directors, one with responsibility for operational estates and the other for facilities management including services such as catering. The new structure provides clear lines of responsibility for the division.
- 14 Staff report the restructure has had a positive effect, leading to clearer lines of accountability and fewer disputes regarding funding between the estates and facilities functions. The division is currently out to consultation on further re-structuring. This will include options for bringing elements such as the Business Unit and the Property and Asset Management function into the division.
- 15 The division does not include the capital planning function of the Health Board, which exists separately as a department within the Director of Strategy's portfolio. We found variation in the extent that Health Board staff understand this separation. This is due to the two functions sharing responsibility for some specific capital projects in recent years, because of reduced capacity within the capital planning team. The division has recognised this confusion. In response, the division is providing greater clarity through its 2017-18 capital project plan, which details the responsible team for each project.

Scrutiny and challenge of estates issues at Board level could be strengthened

- 16 Estate-related matters are discussed at estates Senior Management Team meetings and at bi-monthly divisional meetings, which includes all estates and facilities staff. Relevant issues are escalated to monthly Executive Management Group meetings and are taken forward by the Chief Operating Officer to the Board if and when necessary.

- 17 Current performance management arrangements for the division operate around Executive Management Group meetings, which the Director for Estates and Facilities, the Director of Strategy and the Chief Operating Officer attend, along with other Executive Directors. It is the Executive Management Group, as opposed to the Board, that receives the Estates and Facilities' quarterly reports. These reports provide some key information, such as key finance and workforce measures. The division does present its Annual Report to a group, which includes the Chair of the Health Board, along with the Chief Executive and Executive Directors at an annual event. However, neither the Board, nor any of its committees have a formal opportunity to view or scrutinise the division's annual or quarterly reports.
- 18 There is limited regular formal discussion of estates performance by the Board or committees. Whilst there is visibility at Board in relation to capital estates projects such as the redevelopment of the Royal Alexandra Hospital, everyday issues around estates maintenance did not feature in Board papers during 2016. Broader discussion of items such as savings, infection prevention and the development of the Health Board's Mental Health and wider clinical strategies, these reports had limited focus on the Health Board's overall estate and its performance.
- 19 Similarly, we found limited evidence of discussion of estates issues at the Finance and Performance Committee or the Quality, Safety and Experience Committee. While estates was discussed in terms of items such as specific capital projects and standards of cleanliness, there was no discussion of estates performance specifically. In addition, the Integrated Quality and Performance Report, which is received by the Finance and Performance Committee each month does not have a section relating specifically to estates and facilities performance, and only references estates in terms of workforce information (sickness absence, PADR and training). The absence of regular performance scrutiny of estates through Board or committees poses a risk of over-reliance on the Chief Operating Officer to ensure there is sufficient scrutiny of estates performance at a strategic level.
- 20 Despite the absence of regular scrutiny in Board and sub-committee meetings, staff we spoke to felt that the visibility of estates has improved in recent years due to more informal work. Positively, the Director of Estates and Facilities has led on two Board Development sessions in the last two years, one session titled 'The Estate We're In' and another on further restructuring work that is underway in the division. This has raised the profile of estates issues with independent members.
- 21 However, staff told us they feel that Board understanding of estates issues could further improve. For example, there is a corporate risk on the Health Board's register that relates to estates. The risk notes that there is a 'risk that the Health Board fails to provide safe and compliant built environment due to insufficient financial investment and estates rationalisation'. While the corporate risk shows a recognition that the built environment is at risk due in part to 'insufficient financial investment', the mitigating actions identified aim to contain, rather than address, this risk. The Health Board has a target to reduce this risk from its current risk rating of 20 down to nine, and aims to achieve this by January 2022. While the

Finance and Performance Committee review this risk annually, there is little ongoing review of controls and measures to address the risk in between this annual review.

There is no overall estates strategy, although there is a clear vision for the estates function

- 22 Organisations can make use of a good strategy that answers the following three questions:
- Where are we now?
 - Where do we want to be?
 - How do we get there?
- 23 The Health Board does not currently have an estates strategy. Development of an estates strategy is reliant on the approval of the Health Board's 'Living Healthier, Staying Well' clinical strategy, due for public consultation in autumn 2017. The 'Living Healthier, Staying Well' strategy aims to improve and alter the way the Health Board delivers its services, and rationalising the Health Board's estate is a recognised priority within this work.
- 24 The Director for Estates and Facilities and the Head of Capital Planning are members of a work-stream that is developing the estates strategy, which will accompany the Health Board's clinical strategy. The division anticipates that this strategy will be published by autumn 2018. The intention at present is that the strategy will include both what is needed to keep the current estate functional, and also the requirements to meet the Health Board's wider, long-term strategic aims. It is vital that the Health Board aligns these two aspects to negate the risk of the Health Board taking decisions on the estate now, which may restrict future decisions. For example, work being done to particular parts of the estate that does not fit with future clinical or operational service models.
- 25 In the absence of a current estates strategy, the estates function has developed a vision, articulated through its Annual Operating Plan for 2016-17 as:
- driving efficiency and value for money;
 - providing effective asset management;
 - delivering on the fundamentals; and
 - establishing the function as a service fit for the future.
- 26 The division's Annual Operating Plan provides a link between its aims and the Health Board's seven strategic goals. It identifies five corporate themes to support the Health Board's goals, such as financial management and developing a workforce plan. There are also eight service key themes specific to estates, such as statutory compliance, maximising space utilisation, and energy performance and consumption. The division reports progress against these key themes through its quarterly and annual report.

27 The division is also developing a strategic approach to review and, if required, adopt primary care estate. The Health Board has already taken responsibility for some primary care estate during 2016 but has now developed a proactive approach to review these risks and respond effectively. In February 2017, the Finance and Performance committee approved a set of interim principles to support the review of requests to lease primary care premises. This shows a commitment to making increasingly strategic decisions.

The Health Board recognises that it does not have a clear picture of the condition of its estate but is taking steps to address this

28 Condition surveys are essential tools for providing a full understanding of the condition of the estates. The NHS Estate Dashboard in 2015-16 reports the Health Board's high-risk backlog costs to be nearly £21 million. However, the Health Board has not conducted a condition survey of its estate in the last seven years due to the cost of such a review.

29 During 2016, the Health Board's Internal Audit department reviewed the Health Board's backlog maintenance, with the final report presented at the Health Board's Audit Committee in July 2017. The report highlighted that the figure of nearly £21 million in high-risk backlog maintenance costs for the Health Board comes from inaccurate and out-of-date data; which means this figure may be over or underestimated.

30 The division's approach to addressing backlog maintenance is to allocate their discretionary capital on those works that are the most high-risk. However, if the data the division is using to allocate its spending is not wholly accurate, there is a risk that it is not getting best value for money from the work it undertakes.

31 Having access to accurate and reliable data will enable the division to prioritise maintenance in a more robust way. The division plans to improve the accuracy of their data on the estate through the completion of a full condition survey for the Health Board's estate by 2018. This is a step forward for the division and the Health Board more generally. However, it is important that the division develop a sustainable long-term approach to maintaining up-to-date and accurate data without having to rely on external support. A good practice approach would be to run rolling surveys on the condition of parts of the estate, with the intention that all areas are covered during a certain period such as three or five years

32 The capital planning team undertook a review for primary care in early 2017. At the time of our review, the Health Board was developing a business case for Welsh Government to provide funding for a condition survey to cover all acute, community, residential and office space owned by the Health Board. If the full business case is approved, the Health Board anticipates that the full condition survey will have been completed by March 2018.

- 33 The division is looking to establish an integrated property database to enable improved planning and oversight. In terms of a property database, the division currently has three sources to draw from:
- works management system: the Health Board have plans to migrate information from the three different systems in place across its three areas to a single GRAMMS system, which holds information on the tasks underway and completed by the estates teams, including cost;
 - MyCad property terrier⁴: the terrier is maintained by NHS Shared Services, it holds information on properties that are for sale, or sold, by shared services, including utilities, easements, right of way and other relevant details; and
 - asset register: this is currently in the form of a spreadsheet, which contains information pulled from the property terrier. Under the new management structure, currently under development, the division will include a dedicated asset management team.
- 34 The division has expressed an interest in developing an estates software system to keep all of its information in one place but this has not yet happened due to the costs associated with procuring the system. The Director of Estates and Facilities has submitted a bid to Welsh Government to support this system and has made a recommendation to the all-Wales estate group for a standard version to be used across Wales. While the Health Board looks into this solution, the division is strengthening its use of the MyCad system to ensure that it contains the information collated through the condition surveys that are already completed and those planned for 2017-18.

The Health Board prioritises its capital works using a number of criteria, including risk

- 35 The division must bid for discretionary capital programme money. They compete for capital funding alongside capital planning, informatics and medical devices. The capital allocation for 2016-17 was £9.6 million (with additional £4.8 million Welsh Government non-recurrent allocation subject to approval of proposed programmes) resulting in a total amount of £14.4 million. Operational estates received £3.5 million of the allocation following a bid of £3.8 million.
- 36 The Health Board uses a scoring mechanism across a number of criterion to allocate its limited funding for capital works. There is a capital programme sub-group, which considers each of the schemes put forward to receive discretionary capital. The group, chaired by the Director of Strategy, includes the Director of Finance, the Chief Operating Officer and the Director of Nursing. Following our fieldwork, the Health Board has advised us that the Director of Estates and Facilities has also recently become a member of this group.

⁴ The MyCad property management system

- 37 The capital programme sub-group prioritises schemes based on risk, statutory compliance, continuity, financial balance and whether or not they support the operational plan. Each of the programme leads also attend. While this group allocated £14.4 million for schemes in 2017-18, the bids submitted for the financial year amounted to over £30 million. Once approved, the capital programme sub-group links in to the Health Board's Capital Programme Management Group to monitor the progress of the approved capital bids. This group manages capital projects, makes recommendations to the capital programme sub-group and reports to the Finance and Performance Committee.
- 38 The division prioritises the use of operational estates discretionary capital funds through its area risk registers. Following an internal audit review, the division has recently standardised the risk registers held by each area, as previously the east version differed substantially from the central and west versions. There remains some differences in format of registers but the information included is the same. The area risk registers feature over 100 risks each and include comprehensive and detailed information against each individual risk. The registers include a five-year plan for managing the highest risk areas. The division expects the management of risk to improve with the development of risk registers being stored in Datix, which, at the time of our review, was under discussion by the Health Board's Business Unit.

The Health Board is struggling to allocate sufficient resources to maintain its estate, performance against Welsh standards has deteriorated, and internal performance monitoring is underdeveloped

Historic budget setting means the current estates revenue budget may not fully reflect the size and poor condition of the estate and the need to comply with standards

- 39 In 2016-17, the Estates and Facilities operational revenue budget was just under £47 million⁵. Prior year's comparison is difficult as the Health Board has only recently provided budget information at this level. The breakdown between Estates and Facilities is outlined in [Exhibit 2](#).

⁵ £46.8 million: This figure excludes utilities, which were £14.0m for 2016-17

Exhibit 2: 2016-17 budgets for estates and facilities

The table below shows that the Estates budget for 2016-17 was £15.0 million.

| | £ |
|---------------------|---------------|
| Operational Estates | £15.0 million |
| Facilities | £31.3 million |
| Utilities | £14.0 million |
| Health and Safety | £0.3 million |
| Property Management | £0.2 million |

Source: Wales Audit Office analysis of Health Board data

- 40 The Chartered Institute of Building Services Engineers⁶ (CIBSE) recommends that budgets should be zero-based. Rather than applying an increment to the previous years' budget, zero-based budgeting starts from a 'zero base' and the budget is built up based on needs and costs. This approach provides a more sustainable budget, reducing the risk of not meeting essential and statutory maintenance needs. This is especially important if the estate is subject to significant change, such as new build, disposals, or reconfiguration.
- 41 The Health Board undertook a form of zero-based budgeting across all its divisions for 2015-16. Non-pay calculations were based on the division's typical month 9 position, which was then rolled over across the year. The Director of Estates and Facilities feels that the approach was useful because it allowed the division to assign maintenance budgets to their buildings. However, due to the size and age of the estate this approach eventually become unsustainable so some buildings do not have an assigned budget. This zero-based budget was then rolled-over for 2016-17 and again for 2017-18.
- 42 While it can be argued that zero-based budgeting can result in unrealistic budgets being compiled, it is important that the Health Board can ensure the budgets that its divisions work to reflect their balanced and realistic need as much as possible.
- 43 The Health Board does not routinely include the future maintenance costs of new buildings into the relevant budget. CIBSE advice is that the belief that newer buildings have less maintenance costs than older buildings is only partially true. Newer buildings should be less prone to breakdowns, but are more complex than older buildings. This means that newer buildings are potentially more expensive to maintain in the long term, and may need some different skills. The failure to make

⁶ Chartered Institution of Building Services Engineers, **Maintenance Engineering and Management Guide M**, November 2014.

provision for the maintenance costs of new buildings will continue to generate future budget pressures in the long-term.

- 44 The Health Board is taking a more robust approach to whole-life costing of business cases, but this does not currently apply to smaller value projects. Business cases whose value are over the financial threshold and are for the attention of Welsh Government have whole-life costs built in. However, many staff, including senior estates staff and finance managers responsible for operational estates, told us that this is only very recently the case and that, historically, figures have been absent or under-exaggerated in order to get approval for bids. Bids of a smaller financial value do not require whole life costing under the Health Board's current processes. This creates a situation where costs for maintaining any new buildings or works do not feed through into increases in estates' budget and this means future maintenance costs are not being acknowledged or planned for.

There is an imbalance between reactive repairs and planned maintenance, which may represent poor value for money

- 45 Health boards should have a maintenance strategy that balances workload between reactive and planned work. Reactive repairs, that is unplanned, are generally more expensive than planned maintenance. In the long-term, more planned work should lead to less reactive work and to fewer catastrophic faults. However, over maintaining could drain resources unnecessarily and introduce other problems.
- 46 A good practice estates function should periodically review the levels of reactive and planned work to ensure that there is an efficient balance between the two. Although there is no agreed NHS good practice benchmark, local government maintenance departments generally hold that the split between planned and reactive repairs should be between 70:30 and 60:40 by value.
- 47 The balance between reactive and planned work at the Health Board shows a tendency towards reactive work with the ratio of planned to reactive work across the Health Board standing at 40:60. This is largely due to the age of the buildings owned by the Health Board. **Exhibit 3** shows the data for 2015-16 by area.

Exhibit 3: balance between reactive and planned work for each area within the Health Board 2015-16

| | 2015-16 | |
|--------------|---------|----------|
| | Planned | Reactive |
| East | 49% | 51% |
| Central | 27% | 73% |
| West | 48% | 52% |
| Health Board | 41% | 59% |

Source: Wales Audit Office analysis of Health Board data

- 48 Each of the Health Board areas show a balance in favour of reactive repairs. This illustrates that the Health Board may need to monitor this trend more closely to ensure that it seeks value for money within a financially challenging time.

Performance against NHS Wales Estates performance measures is poor and continues to decline

- 49 To ensure the estates budget provides value for money, health boards should regularly evaluate the economy, efficiency and effectiveness of their estates function. This is best done in a long-term planned and sustainable way, looking beyond short-term savings. Typical top-slicing of budgets, or arbitrary cost-cutting, can leave organisations exposed and unprepared for the future and can lead to higher overall costs or the displacement of costs elsewhere. A strategic approach also ensures that any changes align with health board and divisional objectives.
- 50 The Health Board attempts to benchmark its estates performance by completing the NHS Wales Estates and Facilities Performance Management System (EFPMS) returns, which provides the Health Board with some useful approximations. **Exhibit 4** shows the Health Board's performance on the NHS Wales' estates dashboard. This shows that the Health Board needs to improve its performance across all areas of the EFPMS to meet the Wales target. **Exhibit 4** also shows that the Health Board's performance for some aspects has deteriorated slightly over the last three years.

Exhibit 4: performance against NHS Wales' estate dashboard 2013-14 to 2015-16, Betsi Cadwaladr UHB

The table below details the performance of the Health Board against the EFPMS performance measures between 2012 and 2015.

| Assessment criteria | 2013-14 Score (%) | 2014-15 Score (%) | 2015-16 Score (%) | 2015-16 RAG rating |
|---------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------|
| Physical condition | 83 | 75 | 75 | Amber |
| Statutory and safety compliance | 82 | 78 | 78 | Amber |
| Fire safety compliance | 82 | 80 | 80 | Amber |
| Functional suitability | 84 | 84 | 84 | Amber |
| Space utilisation | 88 | 88 | 88 | Amber |

RAG ratings – Red up to 75%, Amber 75% – 89%, and Green 90% or above

Source: NHS Wales Estate Condition and Performance Report 2012-15

51 **Appendix 1** shows the Health Board's historic performance on the NHS Wales' estates dashboard since 2008. This shows that the Health Board has failed to meet the target for all five indicators for the last 8 years. **Exhibit 5** compares the Health Board's performance to others in Wales. It shows that the Health Board was the worst performing for the measure of space utilisation. Betsi Cadwaladr UHB was also the only Health body that failed to achieve a green RAG rating across any performance indicator in 2015-16.

Exhibit 5: EFPMS data across Welsh health bodies 2015-16

The table below summarises the performance of health bodies in Wales against the EFPMS data in 2015-16.⁷

| | Physical condition (%) | Statutory & safety compliance (%) | Fire safety compliance (%) | Functional stability (%) | Space utilisation (%) |
|-----------------------------------|------------------------|-----------------------------------|----------------------------|--------------------------|-----------------------|
| Abertawe Bro Morgannwg UHB | 82 | 89 | 100 | 91 | 98 |
| Aneurin Bevan UHB | 89 | 90 | 95 | 90 | 90 |
| Betsi Cadwaladr UHB | 75 | 78 | 80 | 84 | 88 |
| Cardiff and Vale UHB | 78 | 86 | 91 | 56 | 90 |
| Cwm Taf UHB | 85 | 86 | 87 | 97 | 96 |
| Hywel Dda UHB | 87 | 88 | 92 | 92 | 99 |
| Powys Teaching UHB | 62 | 77 | 70 | 71 | 95 |
| Velindre NHS Trust | 89 | 92 | 91 | 87 | 99 |
| Welsh Ambulance Service NHS Trust | 35 | 90 | 90 | 36 | 99 |

RAG ratings – Red up to 75%, Amber 75%– 89%, and Green 90% or above

Source: NHS Wales Estate Condition and Performance Report 2015-16

52 Across Wales, health body estates departments are under increasing pressure to reduce their budgets while continuing to support the delivery of safe clinical services. Senior estate personnel are increasingly focusing on the need to identify efficiency savings. The Cost Improvement Programmes (CIP) across the Health Board divisions for 2016-17 was 3.0% and for 2017-18 is 3.5%, however for the Estates and Facilities division this was reduced to 1.4%. The division has been unsuccessful in meeting savings targets for the last few years. Despite this, the division has achieved year-end balances in recent years due to ongoing staff vacancies but it recognises that this approach is not sustainable in the long-term.

⁷ Public Health Wales are not included in NHS Wales Estate Condition and Performance Reports

- 53 The division does not currently have a documented plan that seeks to improve value for money from its operational estates function. However, the division is taking a number of steps to look at ways to improve its efficiency. For example, the Health Board is currently developing strategic options appraisals for its residential accommodation and laundry services. The Health Board outsources 16% of its services, slightly higher than the all-Wales average of 15%. Given the financial constraints faced by the division, senior staff are recognising that in order to meet targets and maintain statutory compliance, it will need to consider which services are priority services, and which are not. Since our fieldwork, the Health Board has advised us that it is also planning to centralise its help desks to a single help desk system in early 2018. This is a positive step, as many other NHS organisations have moved to a single help desk system to improve efficiency.
- 54 While these steps are positive, without a planned approach to increasing value for money in a co-ordinated, long-term way, the division risks missing further opportunities, or identifying short-term cost reductions that could be counter-productive in the longer term.

Lack of key performance indicators is a weakness and limits the ability of management to maintain oversight and provide assurance

- 55 The main characteristics of a good performance management system are the setting of meaningful performance targets, and the measuring and reporting of performance against them in a consistent way.
- 56 Maintenance is one of the larger parts of the Health Board's estates function. We reviewed this service as a way of evaluating how good performance management is likely to be across the whole of the estates function. We would expect that a comprehensive set of performance standards would include broad categories such as:
- time;
 - cost;
 - quality;
 - service; and
 - customer feedback/user satisfaction.
- 57 The estates function collates information relating to 'number of tasks issued/not started/in progress/completed' each month and produces a Direct Works Performance report which is provided to Senior Estates Officers, Estates Officers and Team Leaders and is included in the division's Annual Report. However, this measure gives no indication as to how long a task has been waiting or how long it took to complete. There is also little evidence that these measures are subject to robust higher-level scrutiny.

- 58 The division's quarterly performance reports provide updates against its eight 'service key themes' for operational estates, such as statutory and safety compliance. However, the quarterly report lacks detail on the actions completed and the performance of key themes. The report only notes which quarter each of the key actions are expected to happen and a short note on impact and profile of improvement. The presentation used to report progress only includes a RAG rating for each area. There is no detail on the issues faced in progressing the key themes within the intended timescale. The quarterly reports provide no detail on the operational performance of the operational estates team.
- 59 Relying on limited measures of performance is a weakness, which limits the ability of management to maintain oversight and provide assurance. Compounding this weakness are shortcomings in how some of this data is compiled and analysed. In the west area of the Health Board, the GRAMMS information systems captures and reports the cost and activity of maintenance work. The GRAMMS system in place in the west area can provide instant data and headlines that feed through to the executive lead, the Chief Operating Officer. The other two areas of the Health Board do not currently use this system. The central area uses a system called Impact while the east area uses a system called Backtraq. The division is working to standardise the GRAMMS system across the three areas during 2017, with procurement information standardised from April 2017 and maintenance information standardised from October 2017.
- 60 The repairs system is organised around prioritisation of repair requests, so it is vital that they are categorised accurately. Poorly categorised repair requests could lead to unnecessary expense or higher priority jobs waiting unnecessarily. The division does not use systems to provide assurance that repair requests are categorised accurately. For example, there is no regular programme of help desk audit, audit of repair requests, or post-repair inspection for planned or reactive repairs.
- 61 There has also been no recent training for help desk staff on the four separate help desks. Managers feel that there is likely to be a good level of consistency within sites, because of the continuity of help desk staff. However, without any routine analysis, there is no assurance that this is an accurate picture.
- 62 An efficient and user-focused estates service will:
- provide services that consistently exceed the expectations of customers; and
 - know what customers think of the division.
- 63 One-way to ensure that staff see customer service as essential is to use a code of conduct, service charter or similar. This makes clear what behaviour the Health Board expects of its staff and provides a way to link together existing policies. Staff within the division operate under the Health Board code of conduct, which governs the approach to customer care. However, there are no user satisfaction surveys in use, which means the division has no reliable data to gauge what its customers think of its service. Since our fieldwork, the Health Board have stated that they are planning to introduce user satisfaction surveys in early 2018 which should help them to strengthen and improve the service.

Management is taking steps to address workforce issues, including poor mandatory training, sickness and performance appraisal compliance

- 64 NHS-wide guidance emphasises the need for clearly designated accountabilities and responsibilities for estate management. This is to ensure that staff managing the estate are suitably qualified.
- 65 Estates have a training plan covering key training areas, which supports managers to plan staff development on a strategic basis. For example, many new buildings are more complex than older buildings, which may require maintenance staff to develop different skills in future. The division also utilises a dedicated training budget, to support managers in prioritising training demand.
- 66 As of February 2017, mandatory training figures for Operational Estates staff stood at 68% compliance. Staff we spoke to told us that this is due to staff being reluctant to sit by a desk to complete the training. The division has responded to this poor performance by clustering training together to constitute full one/two day courses where a staff member can get through a number of courses within a short space of time.
- 67 The turnover rate for estates staff for 2016-17 was 8.6%. The division were unable to provide us with a vacancy rate. The division has recently experienced a number of challenges in attracting applicants. In response, management are proactively seeking solutions in terms of targeted advertising through local newspapers, which staff told us often attracts a greater number of better qualified applicants than online advertisements. In addition, the division has an ageing staff profile with 33% of estates staff aged 55 or over.
- 68 The division recognises that there remain challenges in succession planning and building resilience for the future. In response, management are developing a workforce plan for 2017-2020, which will look three years ahead to support the division's three-year operational plan. The plan will need to address the ageing workforce and the possible need for different skills in order to support the estates function to continue to deliver the range of services needed.
- 69 The performance appraisal and sickness rates for the Health Board are consistently poor. At February 2017, 6% of operational estate staff had completed their annual appraisal. This creates a risk that staff in the division do not have the right skills and are not progressing in their own, as well as the divisions', best interests. Staff we spoke to attribute this poor performance to the structure and wording of the template which, coupled with time pressures on staff, discourage staff from completing them. Sickness rates for the estates and facilities division is consistently worse than the Health Board's targets of 5%, standing at 7.6% for operational estates in February 2017.

70 This performance is reflected in the recent staff survey for the Health Board, completed in 2016. While these results relate to both Estates and Facilities staff, as opposed to Estates staff alone, they do offer an insight into the opinion of staff within the division compared to the Health Board. As [Exhibit 6](#) shows, fewer staff within the Estates and Facilities division strongly agree or agree that there are opportunities for them to progress in their job.

Exhibit 6: staff survey results, 2016

The graph below shows the response to the question ‘There are opportunities for me to progress in my job’ from the Estates and Facilities division and the Health Board as a whole.

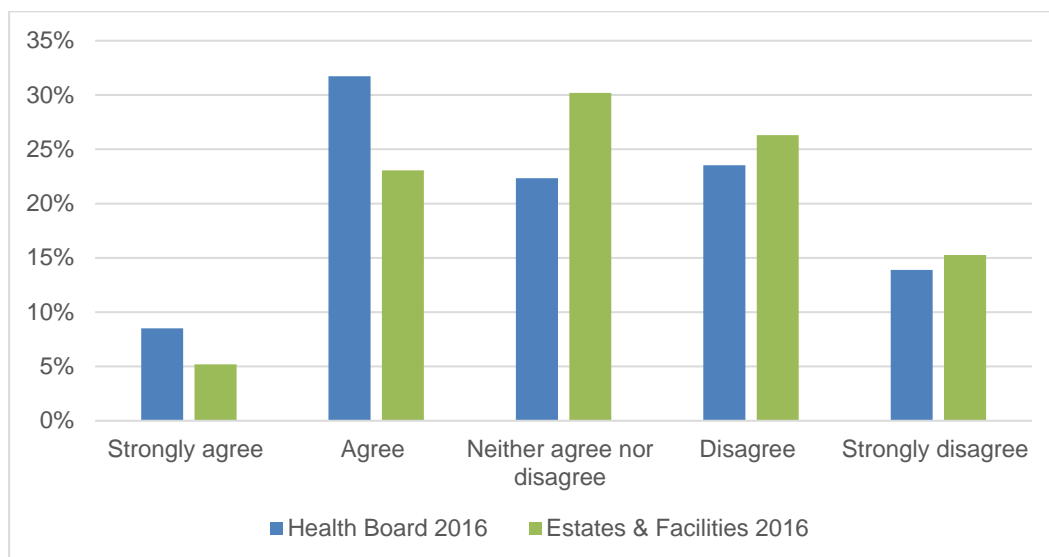


Exhibit source: Heath Board staff survey data, 2016

71 Senior managers are responding to these challenges. The Health Board has recently introduced a simplified template, which should improve compliance. In addition, the division’s accountability report notes plans for increasing performance appraisals and training such as group sessions, guidance packs and a workforce plan. While the division can demonstrate a clear awareness of the challenges it faces, it must ensure that it closely monitors the performance of these workforce indicators to ensure that it is operating as effectively as possible.

72 Despite mixed responses to some questions in the staff survey, when staff were asked how satisfied they were with their present job a greater percentage of Estates and Facilities staff noted that they were ‘very satisfied’ with their present job than at a Health Board level, as shown in [Exhibit 7](#).

73 The graph compares the response for the division, as well as the Health Board, from the previous staff survey in 2013 to the most recent staff survey in 2016. It shows that, while at a Health Board level the response was generally similar between surveys, staff within the Estates and Facilities division showed a significant increase in satisfaction with their present job in 2016. For example, only 5.7% of staff noted that they were 'very satisfied' with their present job in 2013, compared to 28% in 2016.

Exhibit 7: staff survey results, 2013 and 2016

The graph below shows the response to the question, 'overall, how satisfied are you with your present job?' from Estates and Facilities division and at a Health Board level in 2013 and 2016.



Source: Health Board staff survey data, 2013 and 2016

Appendix 1

NHS Wales' estates dashboard performance

The following charts are based on annual estate data returns submitted by health bodies in Wales to the EFPMS. This system was introduced by the Welsh Government in 2002 and is managed by NHS Wales Shared Services Partnership – Facilities Services.

The EFPMS information focuses on the condition and performance of the health estate. The charts cover the seven-year period 2009-10 to 2015-16, and cover five of the six national performance indicators. The sixth, energy performance, is not included because it was outside the scope of our work.

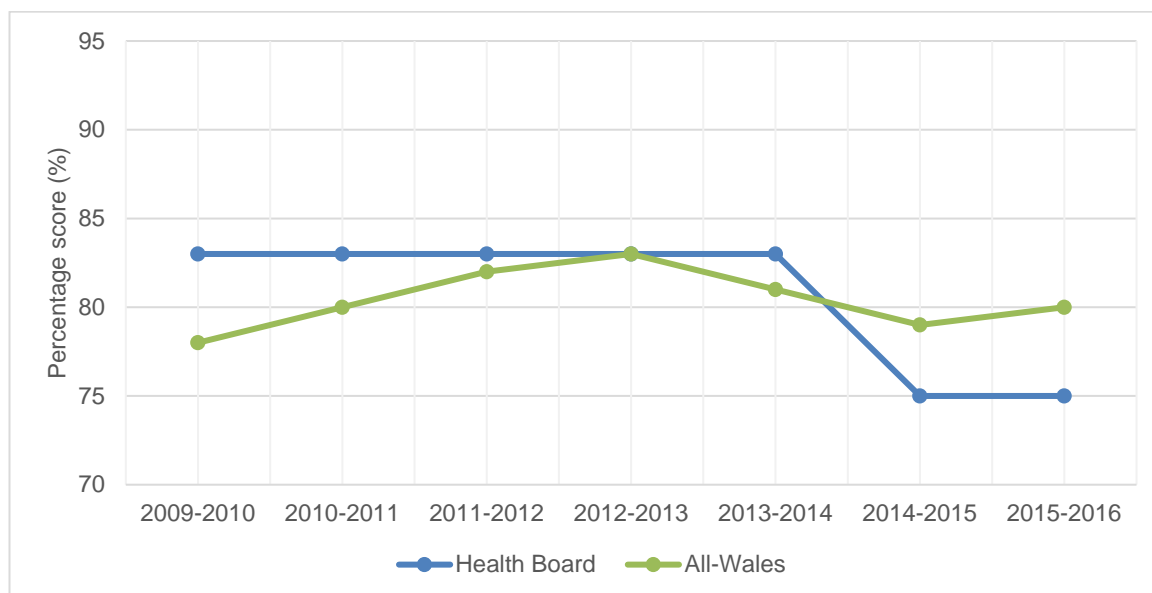
Each chart shows the:

- performance for Betsi Cadwaladr University Health Board; and
- all-Wales average.

More information on EFPMS can be found at [NHS Wales Shared Services Partnership – Facilities Services](#)

Exhibit 8: physical condition scores, Health Board and all-Wales 2009-2016

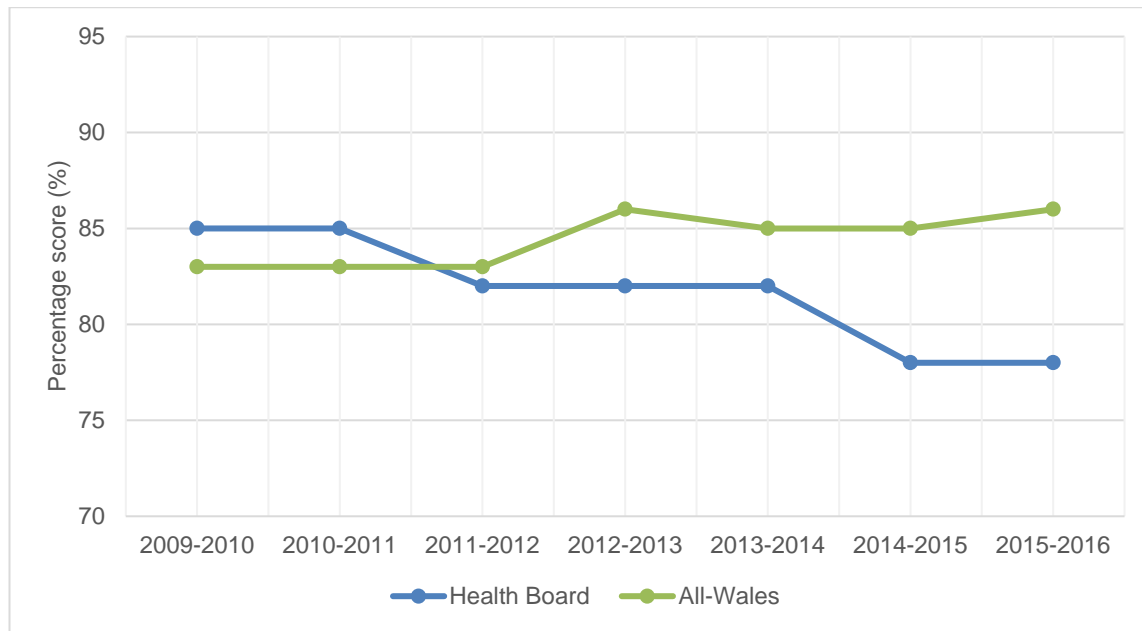
The graph shows that while the Health Board was scoring higher than the all-Wales position in terms of the physical condition of its estate, since 2014-15 the Health Board's performance has deteriorated below the all-Wales average score.



Source: NHS Wales Estates Condition and Performance Reports 2009-2016

Exhibit 9: statutory and safety compliance scores, Health Board and all-Wales 2009-2016

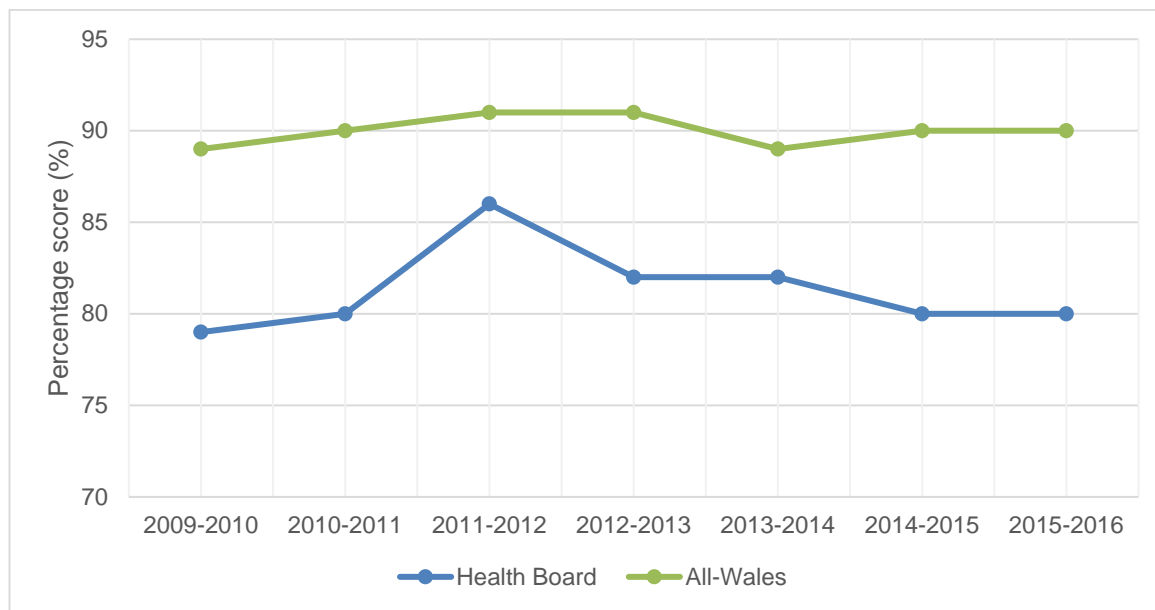
The graph shows that while the scores of the Health Board were above the all-Wales average between 2009-11, it has since deteriorated and is now scoring well below the all-Wales average score for statutory and safety compliance.



Source: NHS Wales Estates Condition and Performance Reports 2009-2016

Exhibit 10: fire safety compliance scores, Health Board and all-Wales 2009-2016

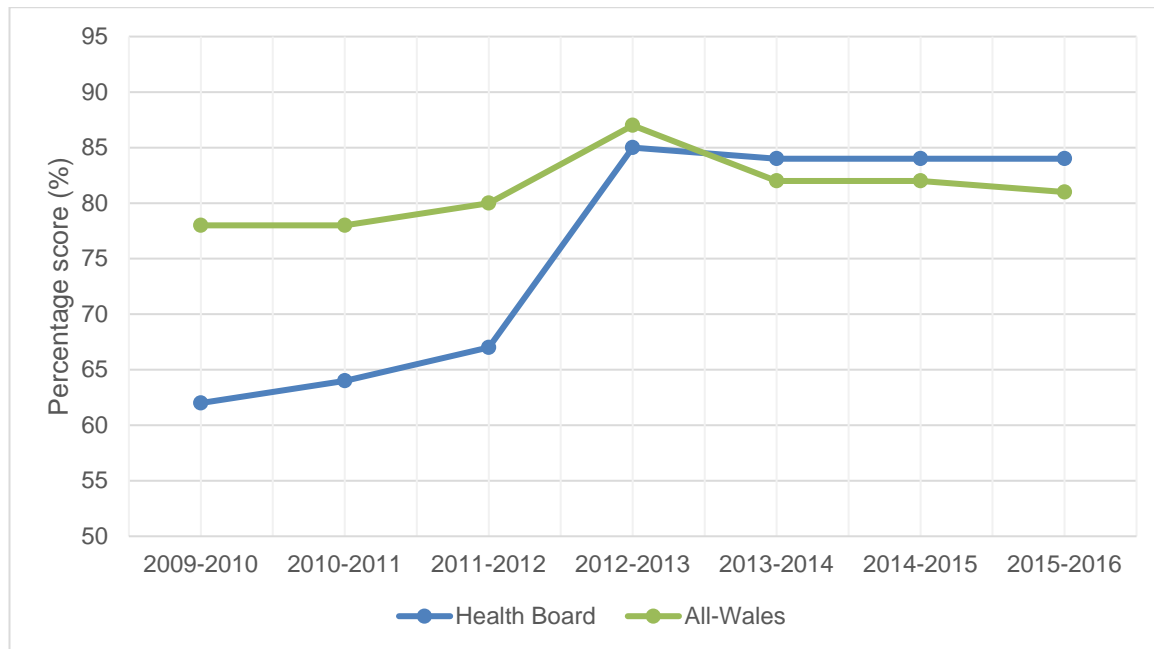
The graph below shows that the Health Board has consistently scored below the all-Wales score for fire safety compliance between 2009 and 2016.



Source: NHS Wales Estates Condition and Performance Reports 2009-2016

Exhibit 11: functional suitability scores, Health Board and all-Wales 2009-2016⁸

The graph below shows that the Health Board's scores for functional suitability improved significantly between 2009-10 and 2012-13 and has been higher than the all-Wales score each following year.

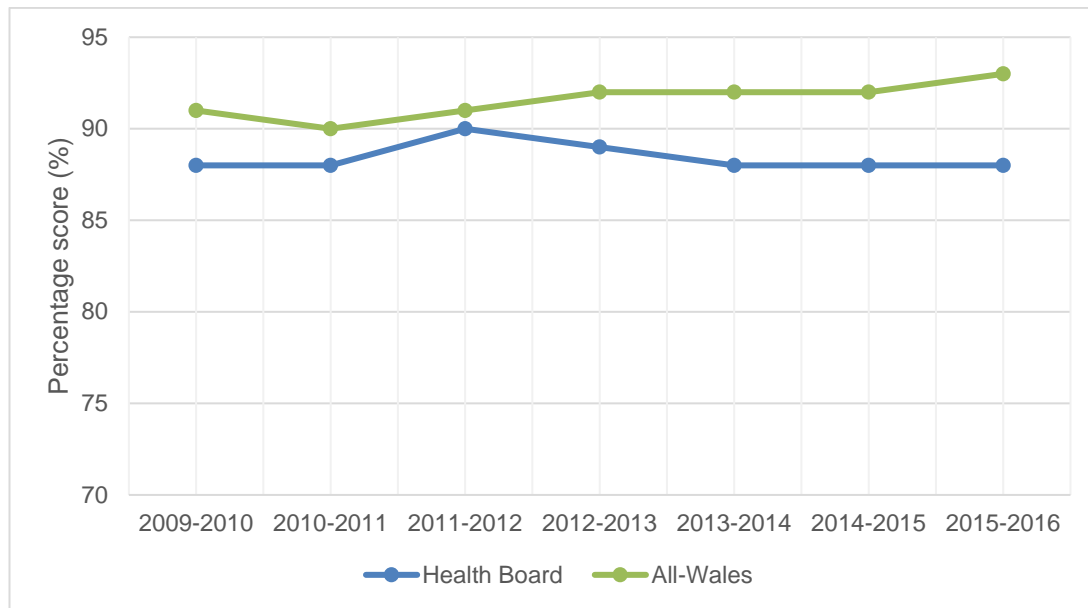


Source: NHS Wales Estates Condition and Performance Reports 2009-2016

⁸ Please note that the axis for this graph starts at a lower base.

Exhibit 12: space utilisation scores, Health Board and Wales average 2009-2016

The graph below shows that the scores of the Health Board with regard to space utilisation has been slightly poorer than the all-Wales score since 2009-10.



Source: NHS Wales Estates Condition and Performance Reports 2009-2016

Appendix 2

The Health Board's management response to the recommendations

Exhibit 13: management response

| Ref | Recommendation | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|---|--|------------------------|-------------------|--|------------------|---|
| R1 | <p>Allocate an Independent Member to represent estates issues at Board level to:</p> <ul style="list-style-type: none"> ensure that estates issues receive sufficient focus at Board level; and provide an advocate for estate issues at board level. | Representation for the estates service at Board level. | Yes | Yes | An Independent Board Member will be agreed through the Board Secretary. | 31 December 2017 | Board Secretary & Chief Operating Officer |
| R2 | <p>Allocate a committee to formally receive specific estates information on a regular basis. This information should include but not be limited to:</p> <ul style="list-style-type: none"> estates performance information, including complaints, concerns and compliments; and estates workforce information, including staff sickness, mandatory training and PADR rates. | Estates matters are given sufficient independent scrutiny. | Yes | Yes | The Finance and Performance Committee has been confirmed as responsible for receiving estates information and reports. | 31 December 2017 | Chief Operating Office & Director of Estates and Facilities |

| Ref | Recommendation | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|---|--|------------------------|-------------------|---|-----------------|---|
| R3 | Develop a fully costed estates strategy which supports the achievement of the clinical strategy for the Health Board. | Improved strategic planning and management of the estates service. | Yes | Yes | <p>The Health Board is currently engaging on its clinical strategy, which is due for publication in February 2018.</p> <p>This will then require detailed analysis of capital requirements to meet the future service need across primary and community settings, mental health and hospital care. A full estate strategy will then be developed to reflect this detail during 2018-19.</p> | 31 March 2019 | Director of Strategy/Director of Estates and Facilities |

| Ref | Recommendation | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|---|--|------------------------|-------------------|--|---|------------------------------------|
| R4 | Strengthen monitoring of the delivery of savings delivery targets through the year. | A sustainable service that achieves savings targets. | Yes | Yes | Estates and Facilities have implemented 6 No strategic savings plans and 10 No service specific savings plans which are reported through the PMO Programme Review Group. Monitoring also in place through the Divisional Performance Management and Accountability meetings for Q1/2/3 and 4. Annual budget setting will be reviewed in line with CIBSE zero based approach set against the current methodology of historical allocation. | Monthly reporting is currently in place. 31 March 2018 | Director of Estates and Facilities |

| Ref | Recommendation | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|---|--|------------------------|-------------------|--|------------------|------------------------------------|
| R5 | Ensure that following the planned stock condition survey, a programme of regular monitoring and updating of the data is put in place to maintain the integrity, validity and completeness of this survey on a rolling three to five year basis. | A service that can make informed decisions based on up to date data. | Yes | Yes | The specification for the six facet condition appraisal includes the implementation of Micad an asset management software system currently in use in a number of other Welsh Health Boards. | 31 December 2018 | Director of Estates and Facilities |
| R6 | Improve customer focus and clinical engagement by making better use of multi-disciplinary forum for discussion of estates matters, for example, community area teams and meetings with the North Wales Community Health Council. | Estates service and clinicians understand each other's respective needs, roles and perspectives. | No | Yes | Estates and Facilities currently attend three acute HMT's, three Area locality teams and has presented at BCUHB's Healthcare Professional Forum. Presentations have also been made to the local CHC. Estates and Facilities also attend the recently establish Acute based Safety Huddles. | In place | Director of Estates and Facilities |

| Ref | Recommendation | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|--|---|------------------------|-------------------|--|-----------------|------------------------------------|
| R7 | Strengthen performance management of estates by developing and monitoring a series of Key Performance indicators (KPIs). | More comprehensive management information identifies areas for improvement and increases senior management awareness of estates issues. | Yes | Yes | <p>Estates and Facilities currently report annually through the All Wales EFPMS – this includes the National Key Performance Indicators for Estates and Facilities Services and functions.</p> <p>Operational Estates are developing a Quarterly performance report for repair and maintenance activity which will be reported through the quarterly Performance and Accountability Reports.</p> | 31 March 2018 | Director of Estates and Facilities |

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