



National Health Service in Scotland  
Management Executive

St. Andrew's House  
Edinburgh EH1 3DG

Dear Colleague

HEALTH SERVICE ESTATES MANAGEMENT:  
ACTION PLAN ON DISPOSAL OF SURPLUS  
PROPERTY

Summary

1. This letter promulgates our agreed Action Plan for the disposal of surplus property.
2. A copy of my introduction (Annex A) and the Action Plan (Annex B) is attached.

Action

3. General Managers of Boards, and the Common Services Agency, are asked to:

- 3.1 bring this letter and attachments to the notice of all relevant staff;
- 3.2 ensure that staffing and working arrangements allow the full implementation of the Action Plan;
- 3.3 ensure that all staff play a full part in the work which remains to be done to fully implement the Action Plan and secure its objectives.

Scope of Letter

4. Under the purchaser/provider arrangements, Boards retain ultimate responsibility for the disposal of NHS property relating to headquarters and directly managed units. Although the terms of this letter are aimed primarily at Health Boards and the Common Services Agency, it is being copied to the General Managers of the State Hospital and Health Education Board for Scotland, so that they may also take account of some of the points made insofar as they apply to their operations.
5. The letter is also being copied for information only to the Chief Executives and to the Chief Executive designate of NHS Trusts who should take account of the comments made at paragraph 2 of the Action Plan. The intention is that generally Trusts will be expected to participate fully in the implementation of the Action Plan so that the national objectives can be achieved. Action expected of Trusts will include the completion of

24 September 1992

Addressees

For action:

General Managers,  
Health Boards

General Manager,  
Common Services Agency

To be copied to Unit  
General Managers for  
action as appropriate

For information

Chief Executives,  
NHS Trusts  
Chief Executive  
Designate, NHS Trusts  
General Manager, State  
Hospital  
General Manager,  
Health Education Board  
for Scotland

Enquiries to:

Mr B G Callaghan Tel:  
031-244-2425 or Mr P  
Lorimer Tel:  
031-244-2423 NHS  
Management Executive -  
Estates, Room 355 St  
Andrew's House  
EDINBURGH EH1 3DG  
Fax: 031-244 2323

SCOTMEG survey returns; further information on the completion of SCOTMEG survey returns and the implementation of the Action Plan will be sent to Trust Chief Executives in due course as part of comprehensive guidance on property transactions.

6. References to "Boards" in this letter and the Action Plan should be read as meaning also the Common Services Agency.

7. This letter should be copied to Unit General Managers for action as required.

Yours sincerely



DON CRUICKSHANK  
Chief Executive, NHS

## INTRODUCTION TO ACTION PLAN

### Introduction

1. I am very grateful for your comments on the proposed Action Plan. All the comments received have been considered most carefully in the Action Plan now attached. A number of the points made will be considered further in the Management Executive's implementation of the Action Plan eg in further work on revision of the 1986 circular on disposal of housing stock.

2. Although the Action Plan is written in terms of action by "Health Boards" this term should be read as meaning also the Common Services Agency. Respective responsibilities may change in the light of the emerging pattern of Trust applications. Although Boards retain ultimate responsibility for the disposal of NHS property relating to headquarters and Directly Managed Units, they have no responsibility for property held by Trusts. It is nevertheless our intention that the future collection of information related to performance measurement, target setting and monitoring will continue to be grouped on the basis of Board areas (ie, including areas covered by Trusts) - regardless of the pattern of Trusts and Directly Managed Units emerging over the next few years. The grouped information will be capable of disaggregation for performance accountability purposes.

### Aim

3. The aim is that the attached Action Plan should build on the existing framework for property disposal established by our letter of 29 November 1990 to General Managers. Boards are increasingly aware of the contribution property disposal can make to reducing maintenance costs, improving estate utilisation and, critically, advancing patient care. The rewards from successful action in this area of the NHS can therefore be substantial; and I believe that we need an Action Plan to help us ensure success over the next few years.

### Action Plan

4. Within the Action Plan there are 3 key themes:
- 4.1 the allocation of responsibility for property transactions;
  - 4.2 performance measurement and target setting; and
  - 4.3 improvements in information flow.

Successful work in these areas will provide the climate for maximising income from property transactions and help the NHS to gauge progress.

### Decision Making

5. Reflected within the first of these themes is the recognition that those charged with delivering the required results should enjoy the maximum possible operational responsibility. I therefore concluded from our review of disposal procedures that we must achieve a substantial transfer of decision-making to Boards and MEL(1992)8 issued on 1 May

gave effect to this by introducing revised procedures for property disposals. Broadly the new arrangements provide for Boards and the CSA assuming management responsibility for all property disposals, subject to safeguards to protect my position as Accounting Officer. These arrangements were welcomed through the joint working framework in the Estates Policy and Management Group and the Strategic Management Joint Working Group. New delegated limits for certain Boards were also notified on 1 May and the position of remaining Boards has now been settled. In the light of the new arrangements introduced on 1 May the Management Executive's role is now primarily that of approving Boards' proposed action where strictly necessary, setting targets and performance measures and monitoring overall progress (see paragraphs 11, 12, 13 and 14 of the Action Plan at Annex B).

6. I have noted comments by 2 Boards that the transfer of disposal responsibilities has complicated matters and introduced substantially increased paper work. However the only significant additional paper work introduced for Boards relates to the certification requirements, which are not onerous, and these are required to protect my position as Accounting Officer. Certification is necessary to ensure that the significant increase in delegated authority granted in May is properly recognised and acted upon by Board General Managers as sub-Accounting Officers.

### **Measuring Progress**

7. This transfer of responsibility heightens the importance of measuring progress. The second key theme of the Action Plan is therefore that of performance measurement and target setting. In this respect we have agreed 5 key performance indicators (see paragraph 3 of the Action Plan) and I have set annual targets for essential land (paragraph 4) and housing stock (paragraph 8). These measures of performance will assist Boards to gauge their own progress; Boards and General Managers are accountable for their performance on property disposal. It is, however, also important that the Management Executive is able to assess the performance of individual Boards, since the Chief Executive has a continuing responsibility for overall progress on disposal of NHS property throughout Scotland. The Management Executive will therefore review the performance of each Board on property disposal at 6 monthly intervals (paragraph 11 of the Action Plan) and Boards will be expected to justify instances where their performance on particular aspects of disposal is significantly worse than others (see paragraph 10 of the Action Plan).

8. Boards generally agree with the setting of these performance indicators, although there is an understandable concern that interpretation of the results should take account of local circumstances and wider considerations. It was because of the need to reflect individual Board circumstances that I proposed agreement of targets with each Board against the background of national targets. And I can assure Boards that assessments of performance will take into account all relevant circumstances.

### **Information Base**

9. If Boards and the CSA are to be held responsible for progress on property disposal in this way, it is essential that the information base is sound - and that Board staff should not spend undue amounts of time on paperwork at the expense of action on individual disposals. The third

key theme of the Action Plan is therefore the improvement of information for decision-making. It is essential that we collect only the information required to achieve our objectives; and that this information should indicate, in a measurable way, whether those objectives are being achieved. The Management Executive is doing further work in this area. This work will include consideration of the scope of the SCOTMEG surveys and of the steps required to move away from the current paper based arrangements.

10. Discussions with SCOTMEG have already taken place. The objective is to ensure that our information requirements are reduced to a minimum and integrate their collection into MIS.

### **Targets**

11. I have noted that some Boards regard the proposed national targets for essential land and housing as difficult to achieve. On essential land targets, reference has been made to the time required to obtain planning consents which will maximise proceeds; to the difficult property market; and to the dangers of piecemeal sales of parts of a property detracting from the total value. On housing targets, Boards have commented on difficulties faced in disposing of properties where the tenant has refused to purchase; on the effect that certain house disposals can have on the residual value of a hospital site; on community care considerations; and referred to recruitment requirements, particularly in rural areas. However the targets we have specified so far are national targets. I accept that achievements of such targets in particular areas may be difficult and all the relevant factors will be taken into account in agreeing targets for each Board area.

12. Although we had initially intended that the targets for each Board area would be set in July, I have decided, in the light of Boards' comments, that these targets should take account of the results of the 1992 SCOTMEG survey. (See paragraph 9 of the Action Plan). SCOTMEG's final report on the survey has been delayed because of late returns from Boards. It is now expected later this month and individual targets will be agreed as soon as possible thereafter.

13. There should of course be no question of targets being accorded higher priority than the central objective of obtaining the best price obtainable for the public interest. There is no inconsistency between the setting of targets and achieving the best price. Our land transactions procedures are based on the general principle that Government should not own land for its own sake, and that surplus land is disposed of as soon as possible consistent with obtaining the best return to the Government from the disposal. Speed is not therefore the paramount consideration. But it is nevertheless necessary to aim for a certain level of achievement. And property disposal should normally only be delayed in the light of professional advice, where marketing would be likely to overload the market in a particular locality. Any proposal for delaying disposal of property requires my approval.

this our national target of at least 85% by March 1995 still seems achievable in the following steps:

- 75% by 31 March 1993
- 80% by 31 March 1994
- 85% by 31 March 1995.

Individual targets will be agreed for each Board, taking account of local circumstances and all relevant wider considerations, in the light of the results of the 1992 survey.

5. All targets will be subject to annual review. The targets for the period after March 1995 will be established by assessing the remaining stock.

### Housing Stock

6. The Chief Executive agrees with SCOTMEG that housing stock levels remain too high. He notes SCOTMEG's view that the criteria for retention of houses set out in 1986 guidance should be tightened and has asked SCOTMEG to undertake a survey to determine the residential accommodation held by Boards and the category of occupant: eg learner nurses, doctors etc. A questionnaire on this was issued with the forms for the mid-year survey on 9 September and SCOTMEG's findings, including their views on how the 1986 guidance should be tightened, will be presented to the Chief Executive, with the mid-year survey report by 7 December 1992. The views expressed by Boards in consultations with the Management Executive will be taken into account by SCOTMEG.

7. It is the Chief Executive's intention that the Management Executive's conclusions on the review of the 1986 guidance will be issued early in the new year.

8. Targets for housing stock will be agreed for each Board area in the light of the results of the 1992 survey. In setting such targets, the objective will be to achieve a target figure for Scotland of 950 units by 31 March 1995 in the following steps:

- 1330 units by 31 March 1993
- 1150 units by 31 March 1994
- 950 units by 31 March 1995

Consideration of the provisional figures from the 1992 survey suggests that these national targets are still appropriate. In agreeing targets for each Board area, the Chief Executive will need to be satisfied that the stock to be retained is strictly required for operational purposes. The NHS should not be acting as a significant housing landlord and the Board will be required to fully justify the retention of housing stock. However the targets agreed for individual Board areas will take account of local circumstances and relevant wider considerations.

9. Targets will be subject to annual review. The targets for the period after March 1995 will be set by assessing the remaining stock. The results of SCOTMEG's investigation of the particular circumstances where housing stock has remained empty in certain Boards for excessive periods will be released in due course.

### Variations Between Boards

10. To address SCOTMEG's understandable concern about the variations in performance between Boards, the Chief Executive will write to General Managers of Boards where survey results suggest that performance on property disposal is significantly poorer than others. Discussions between the Management Executive's Estates Division and the Board officials responsible for disposals will normally precede or follow such action.

### Reviews of Performance

11. The Management Executive will review the performance of each Board on property disposal at 6 monthly intervals. Key elements of the review will be consideration of performance indicators (paragraph 3), achievement of targets for essential land (paragraph 4) and house sales (paragraph 8). Such monitoring of performance should be greatly assisted by the new Management Information System. Boards' handling of individual completed transactions, in terms of the new procedures (see paragraph 12), will also be subject to review under these arrangements.

### Revised Guidance

12. New procedures for land transactions work were introduced in MEL(1992)8 issued on 1 May. These new procedures take account of a review of responsibilities and procedures agreed through the joint working arrangements (Estates Policy and Management Group, and Strategic Management Joint Working Group). New delegated limits for certain Boards were also notified on 1 May and the position of remaining Boards has now been settled (see paragraph 13 below). These new arrangements have resulted in a substantial transfer of responsibility for decisions on property transactions to Boards. Such a transfer of operational responsibilities should assist the efficient handling of property disposal cases and thereby increase the flow of receipts available for reinvestment in the NHS. A comprehensive manual on property transactions procedures is currently being prepared for issue as soon as possible.

### Delegated Authority

13. The existing levels of delegated authority for each Board have been reviewed by the Chief Executive in the light of the results of a recent monitoring exercise. Levels have been confirmed or increased on an individual basis as appropriate.

### Boards for Priority Action

14. Particular priority will be given to securing achievement of the disposal targets set by Greater Glasgow, Lothian, Argyll and Clyde, Grampian, Lanarkshire, Tayside and Ayrshire and Arran Health Boards who together account for over 90% by value of the disposals planned by Boards between now and March 1995 as recorded in the 1990 SCOTMEG survey. We will discuss with each of these Boards the steps necessary to achieve their targets, since this will have a major effect on the national position. During these discussions we will seek to facilitate progress and, in particular, consider measures for streamlining the Management Executive's consideration of any cases from these Boards which still need our involvement following the introduction of the new arrangements.

Priority has been given to considering whether the delegated limits of these Boards should be increased.

#### Action Plan 7

15. The Chief Executive agrees with SCOTMEG that recommendations on their Action Plan 7 of 1987 dealing with vacating expensive rented accommodation and relocation of offices away from prime sites should be pursued. He has therefore asked SCOTMEG to expand their regular surveys to cover the extent to which action has been taken on these matters. SCOTMEG's 1992 annual survey will cover this information.

#### Information Requirements

16. In the context of the work on the new Management Information System, the Management Executive will make further efforts to streamline information requirements on property disposal. The Chief Executive's objective is that all the Executive's requirements for information on property disposal will be covered by the regular SCOTMEG surveys.

17. Currently almost all the Executive's requirements are covered by the surveys but further work is needed, in the context of developing the MIS system, to achieve the Chief Executive's objectives. This work will include consideration of the scope of the SCOTMEG surveys. One option for consideration is whether the mid-year surveys should simply require Boards to report the key performance indicators - without the need for further supporting information (see paragraph 3). Another aspect for consideration will be the steps required to move the surveys from the current paper based arrangements. A key objective will be to ensure that our information requirements are reduced to a minimum, thus lifting burdens on Boards as much as possible.