



National Health Service in Scotland
Management Executive

St. Andrew's House
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Dear Colleague

ESTABLISHMENT OF NHS TRUSTS - TRANSFER OF ASSETS

Summary

1. This letter addresses the issue of estate ownership in an NHS environment in Scotland where NHS Trusts look likely to become the normal vehicle for delivery of services and where Health Boards, saving only those DMUs for which they will continue to be responsible, will be free to concentrate on their planning/purchasing functions. Subject to the exceptions described in paragraphs 3 and 4 below the conclusion is that all assets associated with an emerging Trust should be vested in that Trust on its commencement date.

Background

2. Since 1 April 1993 there have been 17 **operational** NHS Trusts in Scotland. From that date two Health Boards, Ayrshire and Arran and Grampian, ceased to have day-to-day **operational** responsibilities for hospitals and community health services (other than GPs) in their areas. This pattern of DMU-free areas could be replicated in up to six other Health Boards by April 1994.

3. The bulk of assets, including estate, used within the NHS relate to the provision of services ie they are "provider" rather than "purchaser" orientated. Given this and a wish to free Health Boards to concentrate on their prime planning/purchasing functions it is proposed that all estate associated with an emerging Trust should be transferred to that Trust on its establishment. **Health Boards will however continue to have estate responsibilities for DMUs and for estate associated with Colleges of Nursing (and related residential accommodation) pending a resolution of their future.**

4. It is recognised that in relation to both first and second wave Trusts fairly detailed discussions have already been held between those Trusts and their host Health Board and agreement reached that certain assets, already recognised as surplus or likely to be so within a short period, would be retained by the Boards concerned for disposal. In view of the uncertainties in the property market Boards could however find themselves carrying this responsibility for an indefinite period. This could

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have major repercussions in terms of staff, maintenance etc and could divert the Board from its primary planning/purchasing function. **Consequently it is proposed that surplus assets will be retained by Boards but only to the extent that they genuinely anticipate now that missives for their sale will be completed by 31 March 1994: otherwise the surplus land should be transferred to the Trust who will be required to comply with the national procedures for the disposal of surplus property.** [Note: Revised guidance on property disposals will be issued shortly: in the meantime Trusts are expected to comply with the terms of MEL (1992)8 (Property Transactions Procedures) and MEL (1992)53 (Sale of Health Centres).

5. In situations where there are multiple NHS users on the same site the presumption is that the site will transfer to the major user with leases entered into between that Trust and the other bodies including other Trusts and CSA organisations such as the National Blood Transfusion Centre at the Scottish Ambulance Service. Recognising that all these bodies are part of the NHS the financial terms of leases should be cost neutral ie should reflect the lessor's costs without including a profit element.

6. A possible consequence of the wholesale transfer of assets to Trusts is that they will inherit some which are surplus to requirements. As indicated earlier the obligation will be on the receiving Trust to dispose of surpluses in line with national procedures, including those for trawling other potential Government and NHS users. It should be recognised that it would be unrealistic for Trusts to benefit from these windfall gains and appropriate adjustments will be made to the Trust EFL, in line with the Trust Finance Manual, to ensure that the benefits are available to the NHS in Scotland as a whole and reflecting national priorities for capital investment.

Action

7. Action will be required as follows:

7.1 Health Boards to press ahead with sales which can be completed by end-March 1994.

7.2 Health Boards, Trusts and DMUs which are seeking Trust status to identify assets which will transfer: Health Boards to retain only those assets appropriate to their purchasing/planning function, those associated with any residual DMU function, and those related to Colleges of Nursing though special arrangements may have to be entered into where college related accommodation is an integral part of main hospital buildings. Health Boards will wish to involve Nursing College Principals in any relevant discussions.

7.3 New Trusts to draw up cost neutral leases with other NHS users.

7.4 Trusts to prepare strategies for the disposal of surplus properties.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gavin Anderson', followed by a long horizontal flourish line.

GAVIN ANDERSON
Acting Chief Executive