

## PAPERS FOR SUBMISSION TO TRUST BOARD

<b>Title:</b>	Key Estate & Facilities Performance Indicators (KPI's)		
<b>Summary:</b>	<p>The 2008/09 ALE report indicated that the Trust needed to execute improvements in the reporting of key estate and facilities performance indicators (KPI's) to the TEG and Trust Board. The 2009/10 ALE action plan was prepared in response to the Trusts ALE assessment. The Financial Management section of the 2009/10 ALE action plan required the following response: <b>“The Trust should report to the Board against a set of estate key performance indicators and take appropriate actions where necessary, use of the estate is discussed at Board level.”</b></p> <p>This paper provides the Board with details of proposed Key Estate and Facilities Performance Indicators, these will enable overview and assurance that assets are appropriately managed and that targets will in be set for improvement to allow LEAN management principles to be applied. This will provide the TEG / Trust Board with comprehensive information to oversee improved management and decision-making processes associated with the Trust's assets. It will also enable information and assurance to be provided on a range of facilities services and, targets to be set for efficiency and service improvements linked to corporate objectives.</p>		
<b>Action required of Trust Board:</b>	<ul style="list-style-type: none"> <li>• That the Board receive and endorse this paper, to approve the use of the proposed KPI's as measures against which the trusts assets and FM services can be reported on annually or at frequency's determined by the Trust Board.</li> <li>• To note a further paper will be presented later in the financial year to report on 08/09 results and to propose KPI performance targets.</li> <li>• To note the paper was endorsed by TEG at its Sep 22 Meeting.</li> </ul>		
<b>Corporate Objective Ref:</b>	Finance		
<b>Standards for Better Health Standard Ref:</b>	C20a, C21		
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<b>Lead Director(s):</b>	J D Hayward RD		
<b>Date of Paper:</b>	2 Sep 2009		
<b>Section of Meeting:</b>		<b>Public</b>	<b>Private</b>
	<b>Items for Decision</b>	√	
	<b>Items for Information</b>		
<b>Date of Trust Board:</b>	29 Sep 09		

## Development of Key Estate Performance Indicators

### 1.0. Background

The 2008/09 ALE report indicated that the Trust needed to execute improvements in the reporting of key estate performance indicators (KPI's) to the Trust Board. The 2009/10 ALE action plan was prepared in response to the Trusts ALE assessment.

The Financial Management section of the plan required the following action: **“The Trust reports to the Board against a set of estate key performance indicators and takes appropriate actions where necessary. Access statements or equivalent referring to the use of the estate are discussed at Board level.”**

This paper provides the Board with details of proposed Key Estate Performance Indicators, these will enable overview and assurance that assets are appropriately managed and that targets will in be set to improve performance, the data will also aid in decision making and input into the estate strategy. Regular reporting will provide the board with comprehensive information to oversee improved management and decision-making processes associated with the Trust's assets.

In addition a set of Facilities Management Performance indicators are proposed which will enable informed decisions to be made regarding the service, its efficiency and future service efficiency and improvement plans.

### 2.0 Current Guidance

In preparing this paper reference has been made to the following Department of Health guidance: “Estatecode”, “An exemplar Estate Strategy” and “Assets in Action – An Asset Management Guide for Non Technical Managers”. In addition use of the standard definitions referenced by the ERIC returns has also be utilised. The Facilities Directorate have also recently been invited to join the NHS NPAG Estates best value forum, through which future KPI's will be influenced.

### 4.0 Principle Drivers

The principle driver for delivering these KPI's is an increased focus on the optimal management of the Trusts asset's base, and the FM services provided recognising that:

- The quality of the physical environment plays a key role in the well – being and recovery of patients.
- The changing environment of the NHS requires a focus on the performance and management of assets and specifically the contribution they make towards the delivery of clinical services,

business, financial plans, risk reduction and registration with the CQC.

- Potential for improvements in value for money and cost savings exists that can release resources for other uses.
- Asset utilisation is a major cost driver.
- The cost of developing and maintaining assets must be recovered through the income received from commissioners.
- Systems, records and procedures have to be in place to assure that assets are compliant with statutory legislation/regulation & governance responsibilities.
- Services provided through the FM team can influence patient safety and the perception of the public regarding the overall patient experience when visiting the Trust.

## **5.0 KPI's - Estates**

The Trusts assets are should be managed by the estates department against the following KPI's:

### **5.1 Minimum Basic Data set:**

- Property interest by Tenure e.g.: By Freehold. Leasehold. Licence, Agreement.
- Land Areas: Operational & Non operational.
- Total Floor Area m2: Occupied Area. & Unoccupied Area
- Age Profile. Pre 1800, Pre1900, 1901-1950. 1951-1996. & Post 1996

This is held within the estates department, having reviewed the nature and scope of the information, current arrangements are sub optimal. A work plan to update the Trusts Estate Terrier is under way to enable assurance to be provided to the board by March 2010.

### **5.2 Land & Property Appraisals:**

The Trust should have a well defined 6 facet survey to include;

- Physical Condition
- Functional Suitability
- Space Utilisation
- Quality
- Fire, Health & Safety. (Includes compliance with statutory legislation & regulation).
- Environmental Management.

Each category is surveyed and graded as;

- A (Very good)
- B (Optimal)
- C (Sub optimal requiring minor investment)

- D (Sub optimal requiring major investment)

The investment / cost to achieve Condition B (the target standard) is also established for each category. The condition survey should be broken down to enable a risk based assessment of all aspects of the estate; this enables the Board to receive the best information when making investment decisions on assets. The Trust does not have a 6 facet survey, it is hoped to secure funding for one in year or at the latest in 10/11. Without this the Facilities Director has no sound definitive comprehensive baseline for providing advice to the board. The Board agreed at its July meeting to empower the Facilities Director to make progress in year to developing this information base in year.

## **6.0 KPI's - Facilities Management Services:**

An annual assessment of the patient environment, the facilities and services provided for patients is undertaken by the Patient Environment Assessment Teams (PEAT) against the following criteria:

- Cleanliness & Tidiness, Laundry and Linen. Infection Control.
- Environment, (Decoration, Soft / Hard Furnishings, Lighting, Design, Layout).
- Accessibility / Services, Information / Way finding /Refreshments & Shops.
- Disabled Facilities.
- Security
- Food and food services.
- Privacy & Dignity Standards.

A PEAT action plan is in place and takes input from the annual patient survey to influence the work plan. The Trust Board have received papers and feedback on the annual PEAT process and results. Attached at annex 1 is a proposed set of composite KPI's which include FM services.

## **6.0 How KPI's should be used**

KPI's should be used to inform the:

- Trust's Estates Strategy and development control plan.
- Acquisition / Rationalisation and Capital Investment Plans.
- Quality and Cost Improvement Programmes.
- Informing business cases and investment decisions.
- Benchmarking exercises.
- Annual returns submitted to the Department of Health. (ERIC)
- Records maintained to provide evidence of compliance with statutory legislation /regulation and governance responsibilities.
- Reference portfolio for the CQC, NHSLA and Auditors (ALE) in fulfilling their inspection /assessment and auditing roles.
- "Fit for the Future" programme, in a supporting capacity.

- PEAT assessments are used as a reference source by the Care Quality Commission in its annual assessment of health care services.

## 7.0 KPI's – Estates (Table 1 – 2007/08 data)

- **Space Efficiency:** This measures annual occupancy costs to the output of the trust.
- **Asset Productivity:** This measures the actual cost of owning / renting assets.
- **Asset Deployment:** This measures the make up of the asset base.
- **Estate Quality:** This measures the overall condition of the estate relative to value and age.
- **Cost of Occupancy:** This measures the occupancy (revenue) costs associated with the assets.

<b>Table 1: SNEY Estate KPI's</b>			<b>Grouping PI (Percentile Bands)</b>		
<b>PI SUMMARY</b>	<b>Trust PI</b>		<b>33%</b>	<b>34%</b>	<b>33%</b>
<b>Space Efficiency</b>					
Income £10/m <sup>2</sup>	189		136	137 and 228	229
Activity/100m <sup>2</sup>	79		6	7 and 81	82
Asset Value £10/m <sup>2</sup>	172		131	132 and 175	176
Occupancy Cost £/m <sup>2</sup>	172		132	133 and 200	201
<b>Asset Productivity</b>					
Asset Value £10/m <sup>2</sup>	172		131	132 and 175	176
Capital Charges £/m <sup>2</sup>	132		45	46 and 113	114
Total Backlog £/m <sup>2</sup>	144		39	40 and 117	118
Rent & Rates £/10m <sup>2</sup>	102		136	137 and 460	461
<b>Asset Deployment</b>					
Land £/m <sup>2</sup>	186		291	292 and 519	520
Building £10/m <sup>2</sup>	126		78	79 and 110	111
Equipment £/m <sup>2</sup>	269		91	92 and 161	162
Capital Charges £/m <sup>2</sup>	132		45	46 and 113	114
<b>Estate Quality</b>					
Asset Value £10/m <sup>2</sup>	172		131	132 and 175	176
Depreciation £/m <sup>2</sup>	79		47	48 and 78	79
Critical Backlog £/m <sup>2</sup>	98		6	7 and 31	32
Risk Adjusted Backlog £/m <sup>2</sup>	93		8	9 and 41	42
<b>Cost of Occupancy</b>					
Rent & Rates £/10m <sup>2</sup>	102		136	137 and 460	461
Energy/Utility £/10m <sup>2</sup>	130		133	134 and 167	168
Maintenance Costs £/10m <sup>2</sup>	168		190	191 and 264	265
Capital Charges £/m <sup>2</sup>	132		45	46 and 113	114

The KPI's in table 1 above provide information on the relationship between the costs associated with the assets and the services delivered from them. The information will be developed to be available on a trust wide and individual site / premises basis enabling comparisons to be drawn of the performance against each site as well as other Acute providers of a similar size, this will enable the Trust to set targets for improvements in the estate utilisation.

The information will further inform the service, business and financial planning of the Trust during the annual planning cycle; it will also contribute to the "Fit For the Future" programme in helping make investment decisions.

## 8.0 Recommendations

- It is recommended that the TEG receive this paper and endorse the use of the Estate KPI's as measures against which the trusts assets will then be reported on annually or at frequency's determined by the Trust Board.
- TEG to note that the data provided is that most recently available (2007/08) the 2008/09 data is expected to be available by November 2009, a further report will provided to the TEG and Trust Board.
- The TEG note the FM composite KPI's attached at annex 1.
- To note that upon receipt of the 2008/09 data a set of KPI targets will be proposed which will link to the estate strategy; the TEG will receive a follow up paper on this topic.
- TEG to note that if approved the paper will be submitted to Trust Board.

J D Hayward RD  
Director of Facilities

**Annex 1 to KPI paper dated 2 Sep 09**

Scarborough & N E Yorkshire Health Care NHS Trust

Cost of Serviced Space

FIXED ASSETS	RCC £'s / M <sup>2</sup>	Median £'s / M <sup>2</sup>
Capital Charges	131.51	132.21
Rent & Rates	10.23	14.79
Leases	0.08	2.24
<b>Fixed Asset Total</b>	<b>141.82</b>	<b>149.24</b>

**Data set based on 2007/08 information  
SNEY = RCC**

OPERATIONAL COSTS	RCC £'s / M <sup>2</sup>	Median £'s / M <sup>2</sup>
Electricity	7.75	9.45
Fossil Fuels	5.28	7.17
Water & Sewage	2.43	2.43
Waste Disposal	3.64	3.32
Maintenance	15.90	24.51
Grounds & Gardens	0.86	0.78
Cleaning	29.02	29.65
<b>Operational Costs Total</b>	<b>64.89</b>	<b>77.32</b>

OCCUPANCY COSTS	RCC £'s / M <sup>2</sup>	Median £'s / M <sup>2</sup>
Fixed Asset Total	141.82	149.24
Operational Costs Total	64.89	77.32
<b>Occupancy Costs Total</b>	<b>206.71</b>	<b>226.56</b>

SERVICED SPACE	RCC £'s / M <sup>2</sup>	Median £'s / M <sup>2</sup>
Catering	25.30	27.26
Portering	12.15	14.12
Laundry	8.51	8.61
Post	2.26	2.66
Sterile	10.67	10.37
Telephones	7.38	5.93
EBME	17.39	12.88
<b>Serviced Space Total</b>	<b>83.66</b>	<b>81.83</b>

COST OF SERVICED SPACE	RCC £'s / M <sup>2</sup>	Median £'s / M <sup>2</sup>
Occupancy Costs Total	206.71	226.56
Serviced Space Total	83.66	81.83
<b>Annual Cost</b>	<b>290.37</b>	<b>308.39</b>

The overall cost of serviced space is derived from £'s / M<sup>2</sup> rates for all services.

This is useful strategic information but to evaluate specific services is less appropriate

Supplementary Costs	RCC	Median
Catering - Patient Meal	7.30	6.54
Laundry - per Item	0.33	0.30
Post - per WTE	68.76	73.10
Telephones - per WTE	224.34	161.23

**Acute Trusts Only - Number of Returns =  
120**