

# Asset management and the opportunity for the NHS

**Greg Markham BEng (Hons), CEng, FIHEEM, MIET, MIWFM, Estates & Assets director at Serco Health, and an IHEEM Past-President, argues for a more structured approach to healthcare asset management across the NHS, and reports on IHEEM's plans to create a Framework, and associated tools and training, to provide the NHS (and all healthcare estate providers) with 'a standard, repeatable, structured approach to managing the asset base'.**



Greg Markham is a highly experienced healthcare engineer and EFM professional, who has taken the lead on the new Asset Management Working Group.

I've had a long career to date in healthcare engineering, initially within the NHS, and then across in the PFI service-provider sector, and while both operate healthcare facilities, and much is common between them, one key difference between the two approaches centres around the management of assets. Having been involved with PFI schemes from the early days, the journey has been an enlightening one; it was referred to as 'Lifecycle' as opposed to Asset Management, but I soon grew to understand the fundamental principles of risk, condition, and whole-life costs. Indeed I can recall, on my first PFI scheme, being in the enviable position of explaining why I hadn't spent the full Lifecycle fund in Year 3, a stark contrast to the NHS approach of 'We know you need £X capital, but this is all we can afford; spend it wisely.', and the annual round of reporting an ever-growing backlog of maintenance. It may be approaching 20 years since I left the NHS, but from what I see of the ERIC returns, the backlog maintenance bill has continued to balloon, with current reported levels of £9 bn+.

### The service's third-largest expenditure

The NHS needs to understand that the 'Built Estate' is the third largest expenditure, after 'People' and 'Medicines', and should be managed and invested in appropriately. After all, the NHS has central People Development plans, and NICE looking after the strategic approach to medicines and treatments for the NHS, so why isn't there a focussed Asset Management Plan, or framework, for such a significant cost base, and a key enabler to delivering patient care?

You may recall that we recently canvassed opinion from the membership of both IHEEM and HefmA, and a big 'thank you' to all who took the time to respond; there were many of you from across the NHS, PFI, and outsourced NHS providers. I believe the results of the survey reflect my concerns, with key highlights as follows:

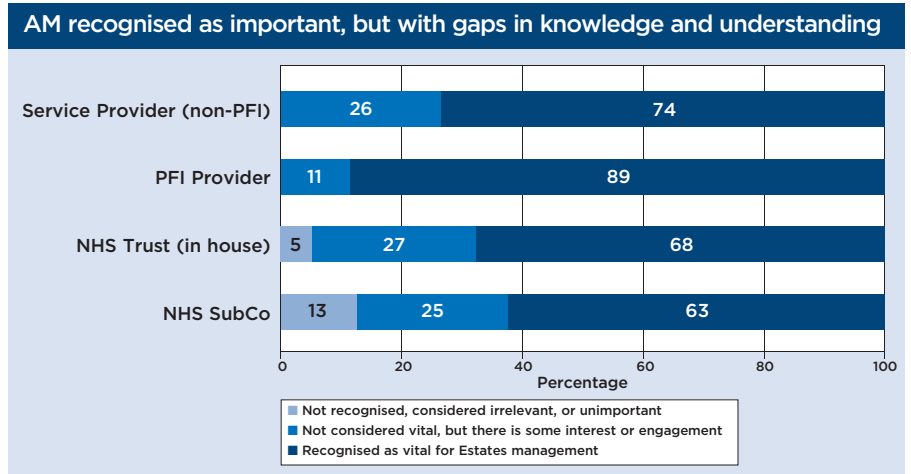


Figure 1a: Perceived value of asset management.

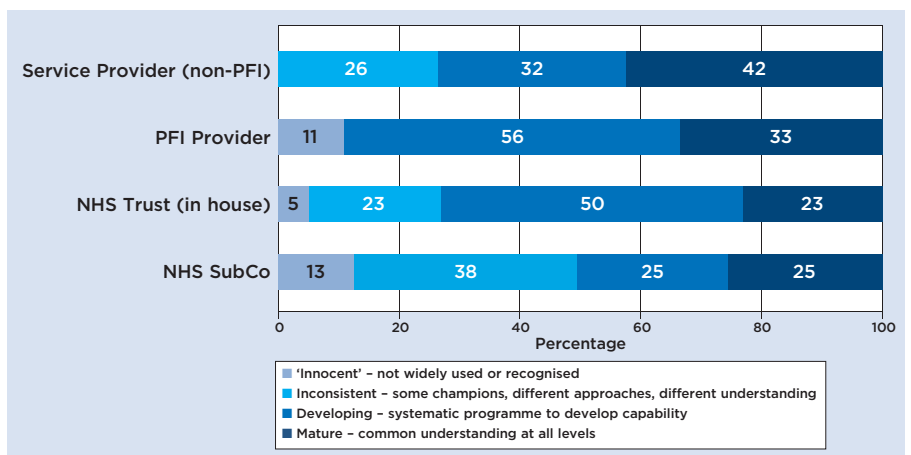


Figure 1b: How would you describe the level of knowledge and understanding of asset management in your organisation?

- Asset management is seen as a key requirement, although knowledge and capability were accepted as variable.
- Systematic management of asset-related risk was significantly higher in PFI providers; in fact more than double than within NHS Trusts. This was a similar picture in terms of financial justification of asset replacement, with rates of around half in NHS Trusts compared with other entities.
- The survey also indicated higher rates of risk evaluation in respect of maintenance than within NHS Trusts, and a similarly higher proportion of PFI providers utilising SFG 20 as a maintenance standard.
- Training rates on asset management are very low, and those who have completed the training are concerned about the lack of tools available to implement their learning.

A full summary of the survey results will be produced and shared in the near future.

**Looking to allied industries**

The problems facing the NHS are not new, and we should look to allied industries and learn from their journeys to resolve their backlog maintenance and strategic asset planning. Look at the utility industry, the water, gas, and electricity networks, the rail industry, and many others – they have all had to recover from significant under-investment in their asset base, and have made real improvements, while balancing capital and operational costs. How did they achieve this? In part it was by following a structured approach to managing their asset base, utilising the framework that became PAS 55, and is now embedded in ISO 55001.

‘Ah, but we’re healthcare, our assets and context are different’, I hear you cry. I would point you to the PFI asset base, and their Lifecycle approach very much mirrors the principles of ISO 55001; nor do I see any PFI contracts featuring in the ‘backlog maintenance’ statistics? It would be inappropriate to simply lift the utility sector asset plans, but we can borrow the principles and use them to equally good effect. This is where IHEEM comes in, and our plans are now coming together to create a Framework, and associated tools and training, to provide the NHS (and all healthcare estate providers) with a standard, repeatable, structured approach to managing the asset base, to optimise the capital investment and the associated operational costs.

**A structured approach**

Ideally, the director of Estates/Facilities should form part of the Board, but all too often this is no longer the case. However, by following a structured approach to asset management, it should be possible to engage with non-technical audiences at Board level (CEO, CFO, Chief Nurse, Medical Director etc.) i.e. talk their language, whether Estates is directly represented on the Board or not. The opportunity to provide the key decision-makers with a

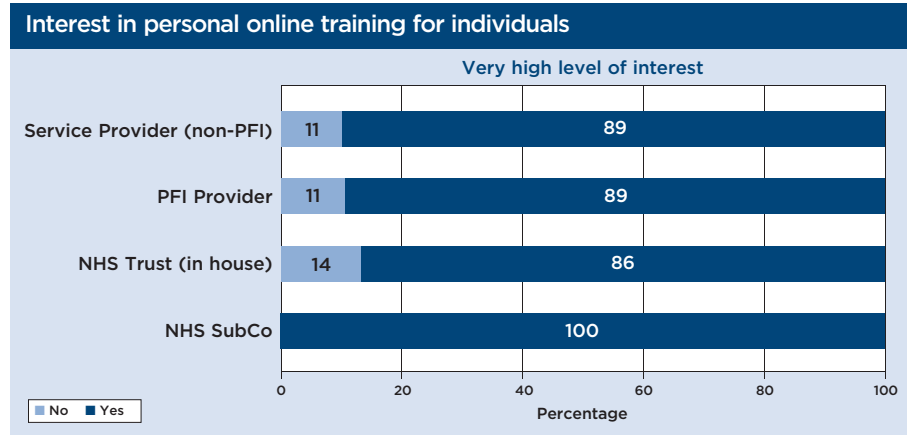


Figure 2: Would you have a personal interest in further developing your understanding and competency in asset management to enable you to improve your performance and that of your organisation?

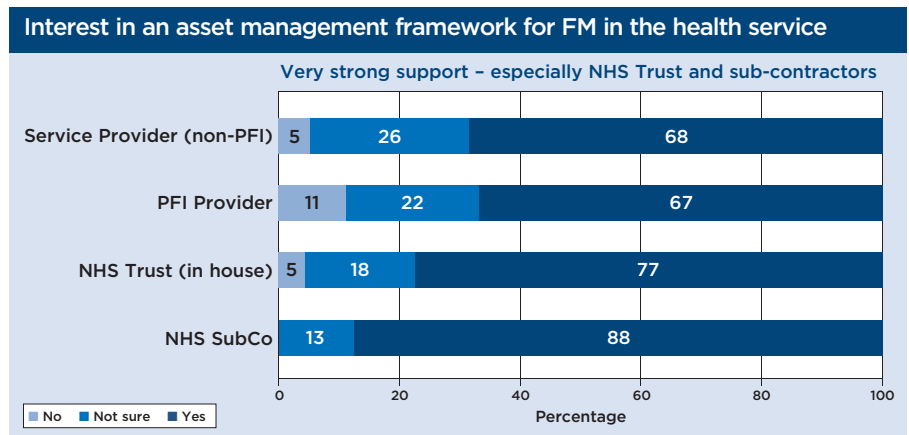


Figure 3: Interest in an asset management framework for the health service.

fuller understanding of the benefits that can be realised with appropriate investment, and, equally, to educate them as to the strategic risks associated with not committing the necessary funds, should not be passed over. Given the significant investment available to the NHS through the HIP programme, the Carbon Net Zero targets, the likely capital investment that will be made available to start to address the backlog maintenance, and the very likely changes that the built estate will need to deliver in response to the Pandemic and associated clinical backlogs, there is no time to lose in making our case for a structured

and strategic approach to management of the NHS estate.

**Asset management training online**

The Asset Management Working Group has plans to move this forward. The first step will be to make available asset management training online, which will provide an opportunity for people to improve their knowledge and understanding as it relates to healthcare facilities using language that we recognise. In the near future we will be looking for ‘early adopters’ from NHS Trusts and PFI providers to participate in developing an asset management approach designed to meet the needs of health service estates.

As part of the upcoming Healthcare Estates 2021 conference, there will be sessions focusing on the subject of asset management, including more about the learning that is available online, and we would encourage you to join the webinars to learn more about our plans and the opportunities for how a structured asset management approach can help shape the future for the NHS.

- The Asset Management Working Group's members are:**
- Greg Markham, Estates & Assets director, Serco Health.
  - Keith Hamer, MD, Gloucester Managed Services.
  - Peter Jay, retired asset management consultant.
  - Nick Fox, deputy director of Estates and Capital Projects, North Bristol NHS Trust.
  - June Lancaster, MD, and Janet Wilson, Client Relationship manager, Asset Wisdom.

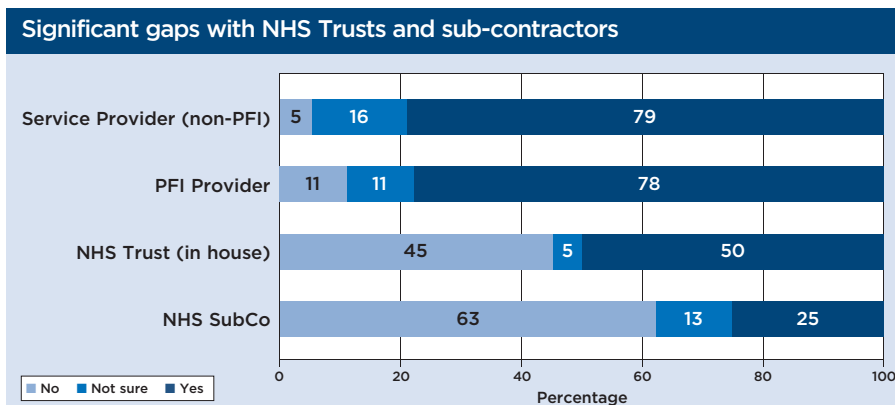


Figure 4: Does your organisation have a systematic approach for the recognition and management of asset-related risk, including degradation with age?