

Adrian Crompton

Clerk to the Audit Committee

National Assembly for Wales

Cardiff Bay

CARDIFF CF99 1NA

2 March 2004

THE RENEWAL AND DISPOSAL OF PROPERTY HELD BY THE NATIONAL HEALTH SERVICE IN WALES

You asked for our advice on a note provided by the NHS Wales Department in response to two of the recommendations in the Audit Committee's report *The renewal and disposal of property held by the NHS in Wales*, and which updates the Committee on progress with the disposal of surplus property. The National Audit Office Wales has also had sight of more detailed information from the Department on the disposal of individual properties.

The first of the two recommendations (**Recommendation vi**) relates to the disposal of the remaining residual estate properties, some of which had been identified as surplus to requirements for many years. The note provided by the NHS Wales Department sets out that the number of residual properties will be reduced from 51 (as reported in the Auditor General's report, published July 2002) to 27 properties by the end of 2004-05. Thus steady progress has been made by Welsh Health Estates, a specialist body within NHS Wales, since taking over responsibility for the disposal of the residual estate in April 2002.

The note also mentions that there are a number of properties originally designated as residual that will now be retained for health use. As part of our ongoing monitoring of the implementation of audit recommendations, the National Audit Office Wales will clarify with the NHS Wales Department how many out of the 27 remaining residual properties are going to be transferred to health bodies for continued health use, and monitor progress in disposing of those properties which are still deemed surplus to requirements.

The other recommendation (**Recommendation ix**) relates to realising additional proceeds from disposing of under-used and unsuitable properties (over and above the residual estate), estimated in the Auditor General's report as having a potential market value of £30 million. The note provided by the NHS Wales Department sets out the substantial progress made in identifying surplus properties: £2.75 million was raised in 2002-03; £23 million is expected in 2003-04 and 2004-05: and work has commenced to raise a further estimated £4 million from future sales. This outcome is very welcome.

In addition to the sales proceeds, the NHS Wales will also avoid the estate running costs for these properties – in the Auditor General's report on *Managing the estate of the National Health Service in Wales*, these revenue

savings were estimated at around £25 million a year.

The National Audit Office Wales will continue to monitor progress by NHS Wales to make better use of its estate and with the disposal of the residual and surplus estate. In particular, we will continue to monitor progress in securing financial savings, from the sales proceeds of these properties as well as the associated revenue savings.

Yours sincerely

HELEN KIRKBY
Private Secretary to the Auditor General for Wales