Core Objectives Of Project Phoenix

**OFF BALANCE SHEET PPP**
To provide a mechanism to deliver off balance sheet investment in the healthcare estate (both primary care and trust sector) for projects ranging in size from £5-£50m on an aggregated basis. PPP investment to complement public capital.

**NATIONAL COVERAGE**
To ensure that the NHS can access a PPP mechanism, subject to sign up by participating authorities. To complement existing LIFT companies where extant.

**DELIVERY**
To support the health system in delivering on STPs providing resource and commercial expertise to develop and deliver effective VfM solutions within defined resource envelopes at scale and pace. Allows informed judgement to be made about the use of public capital and ensures that CDEL limits are not breached.

**EFFICIENCY**
To ensure that where new build PPP is required that there is a clear and compelling rationale for the facility and clarity as to how it will be paid for / utilised. To facilitate the STP process by providing access to private capital to support the transformation of local service provision.
Commercial Issues – Assessing the demand risk

Project Phoenix will have the ability, due to scale, of grouping of schemes on a regional basis to ensure that smaller value schemes with an appropriate risk profile (i.e. new build) can access private finance through a PPP.
Proposed new PPP Model

COMMERCIAL PRINCIPLES

• 6 Regional PPP companies with the right balance between operational sustainability through scale and local buy-in (£100m demand)
• 80/20% Private/Public shareholding with the ability to bring in trust/local authority shareholding at subsidiary level
• Promote NHS investment at regional and local levels, whilst building private sector confidence in the health sector
• Structured to deliver estate services to transform the health estate through, master planning, health care planning, asset management, transaction support, investment, development and operational estate management
• Ability to hold assets and risk, access funding and cost base.

HOW ARE THEY PROCURED AND WHO CAN ACCESS THEIR SERVICES

• Via an OJEU to ensure competition and to attract the right consortia of partners
• National coverage (geography) and accessible by all health organisations and local authorities.
The proposed structure offers local autonomy

- CHP 20% PSP 80% - Regional DevCo
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SEPI:
- A national organisation acting as the health system’s informed client and delivering support
- Monitors infrastructure demand pipeline
- Central cost base

Existing PPP (LIFT/SEP) would operate at this level

6 Regional DevCos
Delivery via regional coverage to ensure the right scale to sustain a viable PPP

Local AssetCo (DevCo and a trust)

Local AssetCo (Local Authority)

AssetCo (CHP/NHS PS)

Local AssetCo
- Local ownership through ability to take shareholding and investment at a local level
- Vehicle which holds the asset and allows freehold to remain in public ownership where appropriate
PPP in the Modern Health System

Delivering better patient outcomes through the right NHS estate

PPP Delivery Vehicle
Delivers; skills, resources and supply chain management

SEPI
Single centre of support to deliver advisory services

NHS Property Holders
Focus on property and facilities management

Asset holding subsidiary of PPP with ability for health Trusts to take a shareholding and investment stake.
Partnering Services: Key Principles

Key principles underpinning the partnering services include:

• Setting the PPP up to deliver on a non-exclusive basis a broad range of partnering services to participants;
  – deliver system efficiencies or savings to one or more participants
  – support in PID/SOC development for new opportunities
  – provide discrete consultancy technical services (on ad-hoc basis)
  – develop proposals for the delivery of new capital projects and non-clinical service transformation (revenue generation);

• Ensuring there is flexibility to set a process that is appropriate to the scale and complexity of the partnering services being requested;

• Appropriate allocation of roles and responsibilities (or Charter) at the outset of developing any project to be delivered by the PPP;

• Clarity and transparency on pricing;

• Appropriate allocation of risk; and

• Proposals for delivering new capital/service transformation projects to be aligned with NHS and HMT business case approvals.
On/Off Government Balance Sheet Classification

DEV CO

- 20/80 JV under MGDD Classification
- Shareholder rights in line with shareholding
- Public share on public balance sheet as an investment and funded from existing CDEL
- Shareholder reserved matters not to exceed list of rights listed by HMT guidance

ASSET CO

- 20/80 PPP (for assets under contract) under MGDD Classification
- Shareholding may be common with DevCo or there may be different participants whilst retaining 20/80 split
- Any public investment funded from CDEL
- Form of contract to follow PF2 principles and risk transfer as per EPEC guidance
PPP Planned Future Engagement

Detailed communication plan developed to build on current public and private sector interest. The plan identifies the following activities are key to maintaining support and momentum pending business case approvals:

- Regional and national speaking events (e.g. NHS England: Health and Care Innovation Expo 2017, Inside Government: Effectively managing NHS estates, King's Fund: Maximising the value of the NHS estate and back office functions)
- Strategy for gaining participants consent to being named in OJEU;
- Need for Local evaluation panels and their training requirements; and
- Need for on-going engagement with the private sector to maintain market interest.
Thank you for listening

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