

NHS Property and Estates: Why the estate matters for patients

An independent review by Sir Robert Naylor for the Secretary of State for Health

20th June 2017

<https://www.gov.uk/government/publications/nhs-property-and-estates-naylor-review>

A review to develop a new NHS estates strategy

Invited by SoS (April 2016) to advise on options for the NHS Estate, including;

- reviewing the NHS Estate strategy
- achieving best value from NHS estate : target the sale of £2bn of surplus or inefficiently used NHS property
- Release land to build 26,000 new homes on NHS land
- supporting the realisation of the 5YFV by developing a high quality estate, enabling clinical transformation to deliver world class care

This report sets out my vision for how this can be achieved

A second report on high value opportunities in London – not published due to commercial information content.

Conservative party manifesto

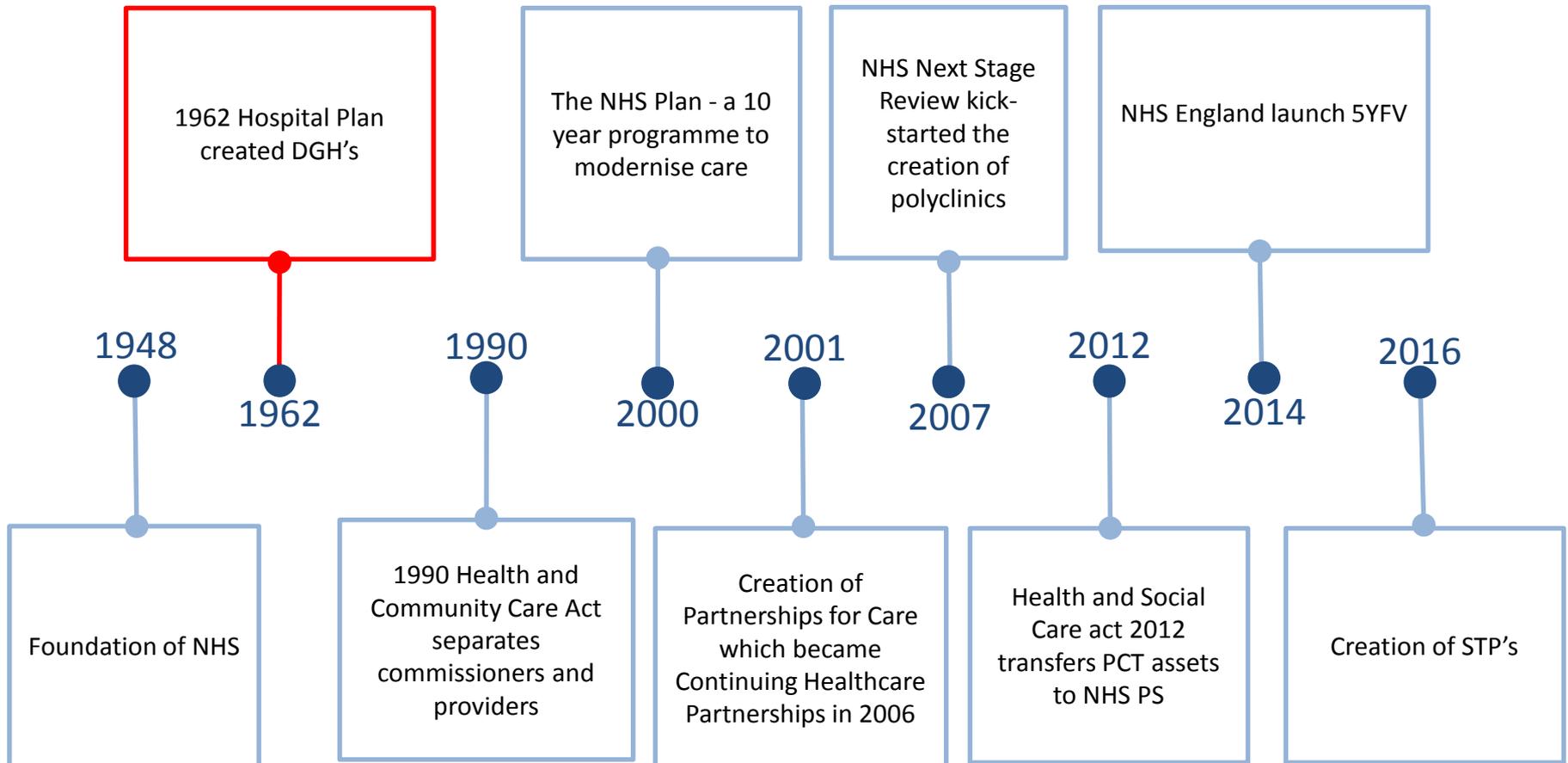
“ We will ensure that the NHS has the buildings and technology it needs to deliver care properly and efficiently. Since its inception, the NHS has been forced to use too many inadequate and antiquated facilities, which are even more unsuitable today. We will put this right and enable more care to be delivered closer to home, by building and upgrading primary care facilities, mental health clinics and hospitals in every part of England. Over the course of the next parliament, this will amount to the most ambitious programme of investment in buildings and technology the NHS has ever seen”



Background

NHS Estate initiatives

(but no comprehensive reform since 1962)



Current NHS estate

NHS provider trusts occupy

- over 1,200 sites
- 6,500 hectares of land
- gross internal area of 26m sq. metres

In addition,

- over 7,600 GP practices in England
- over 100 licensed independent providers operating out of multiple sites



9,000 football pitches



3000 Albert Halls



More sites than petrol stations

Wider context/the size of the challenge

The estate is not fit for the 5YFV

18% predates 1948

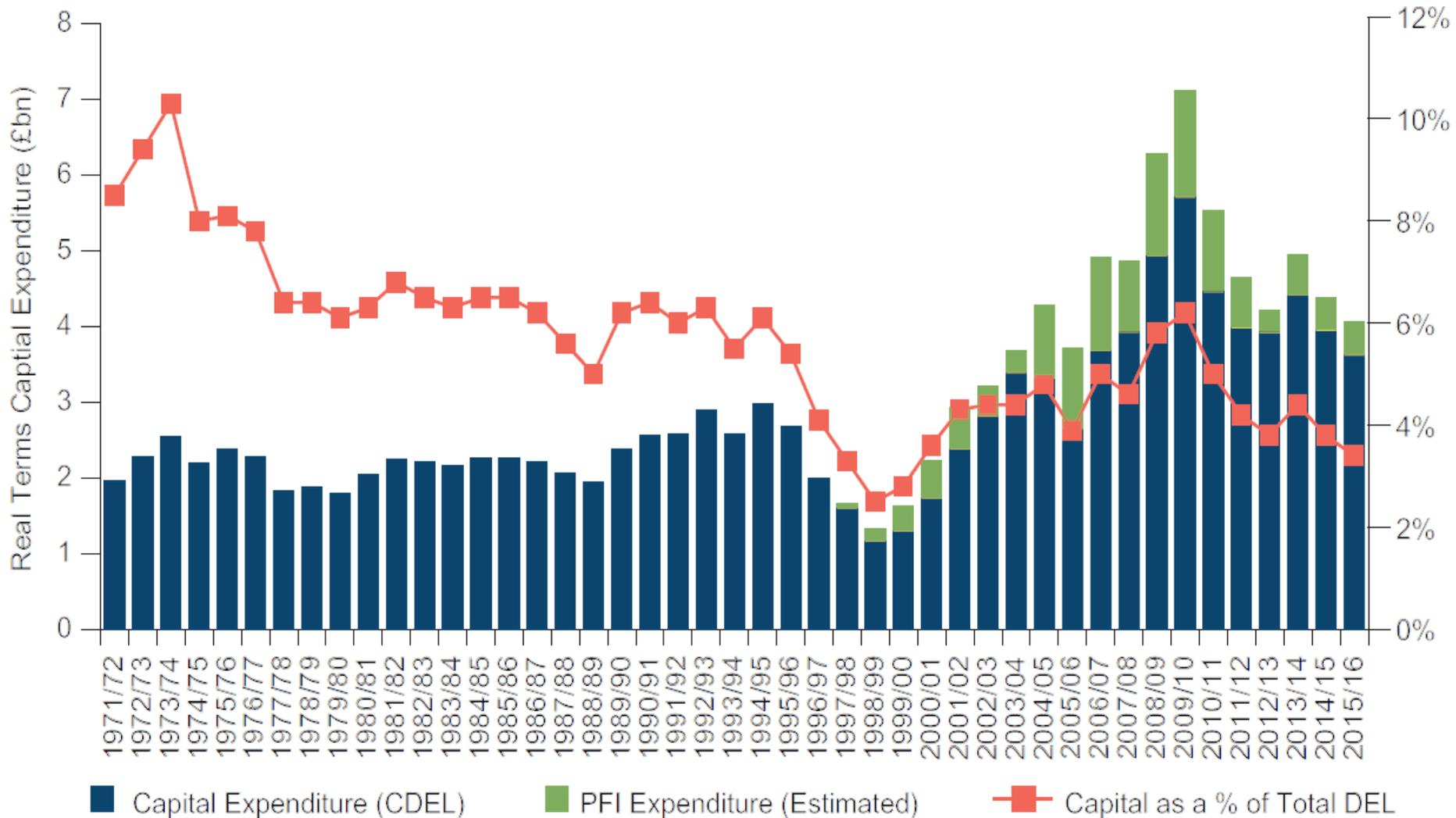
£5bn backlog maintenance

30% GP branches list size under 4,000 patients

Inadequate community services to deliver new models of care

Cost of 5YFV conservatively estimated at £5bn

NHS capital funding over 4 decades



What are the challenges?

Capability and capacity

- Continuous NHS reform has removed capacity and capability for strategic estates planning
- Resulting in no overarching NHS estates strategy and fragmented leadership
- NHS skills are focused on technical knowledge & project planning rather than strategy

Incentives for local action

- Financial mechanisms should encourage trusts to dispose of spare land but...
- This has not been the case - providers tend to hold on to land until they need funds for new facilities
- Trusts often worry that receipts will be retained for use elsewhere or new allocations reduced for trusts with strong balance sheets
- No incentive for acute trusts to invest in primary/community care
- Few incentives for organisations to collaborate to meet the needs of their local population

National planning

At a local level

- Constrained capital means that providers lack confidence that well evidenced schemes will be funded
- Therefore less willing to invest time developing strategy

At a national level

- The lack of funding and strategy makes it difficult to take national decisions on investment priorities, weakened the NHS to make a robust case for investment

Investment requirements

Two key priorities are backlog maintenance & the 5YFV

£5bn

Required for backlog maintenance



£5bn

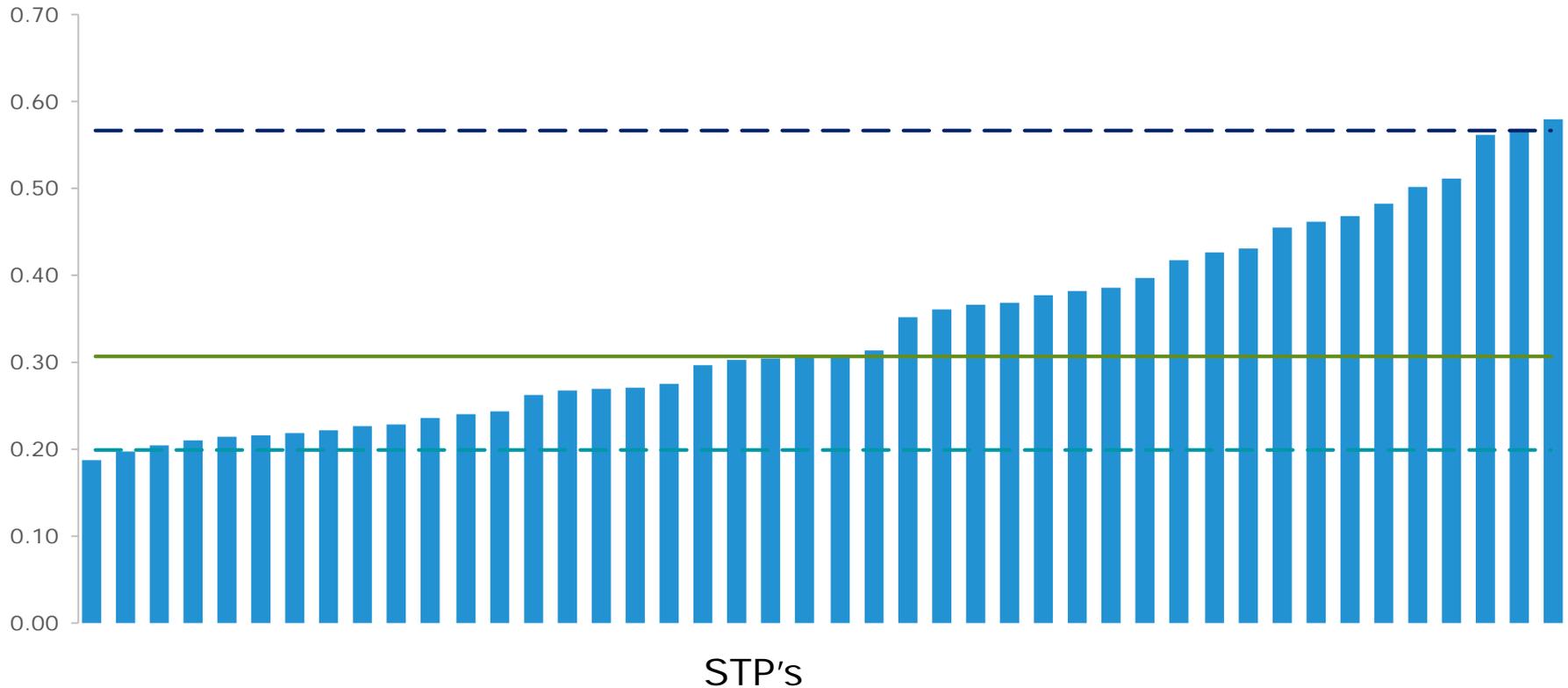
Estimated investment required for 5YFV

Estimate of 5YFV investment is not robust - needs to be determined through the STP process.

The size of the prize

Variation of NHS estate efficiency

Acute GIA per person



Around three fold variation in acute GIA/person across STPs.

Opportunity to realise value & deliver land for housing – Acute sector only

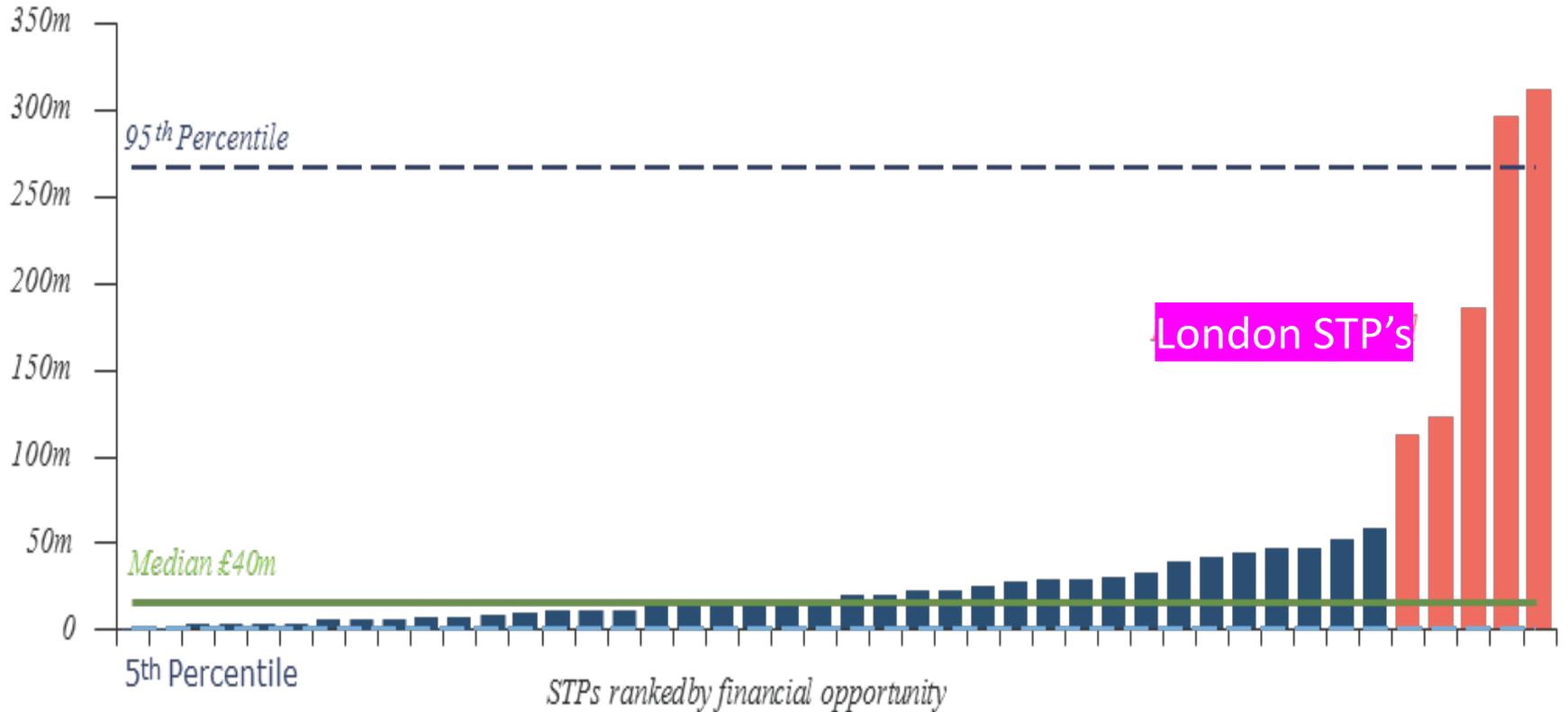
Region	Total Acute site area	Total Potential Surplus Land Opportunity	Risk Adjusted Total Potential Financial Opportunity	Total Potential Housing Capacity
	Ha	Ha	£ bn	#
All Regions	3,548	1,322	1.8	29,922
North	1,260 (36%)	470 (36%)	0.2 (12%)	8,343 (28%)
South	839 (24%)	321 (24%)	0.3 (18%)	5,302 (18%)
Midlands and East	1,051 (30%)	361 (27%)	0.2 (14%)	6,334 (21%)
London	398 (11%)	170 (13%)	1.0 (57%)	9,943 (33%)

Figures do not account for cost of realisation

London *acute* has 13% of land opportunity but 57% of value

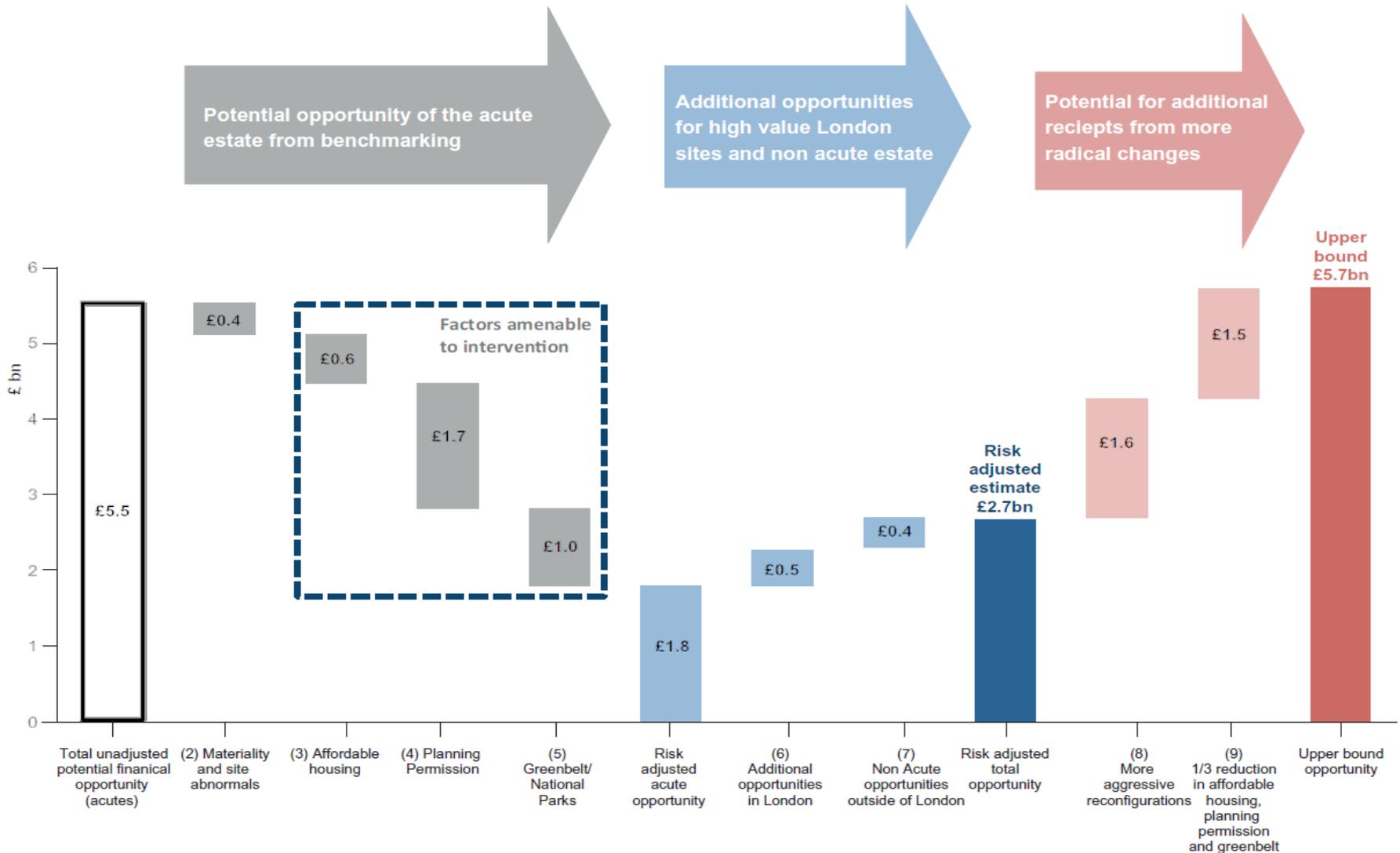
The impact of property values in London

Gross risk adjusted potential financial opportunity by STP (Acute only)



Source: Naylor Review: Data Analysis Report

Maximum potential opportunity of £5.7bn



Revenue savings estimated at £500m - £1bn

Operational productivity
and performance in English
NHS acute hospitals:
Unwarranted variations

An independent report for the Department of Health
by Lord Carter of Coles

Carter report set out £1bn opportunity by reducing non-clinical and unutilised space as well as directly reducing cost per m²

My report has built on Carter metrics at a site level and clinical floor-space per weighted activity unit

£500m

Annual savings in hard FM costs rising to £1bn with soft FM costs

This will only be realised by a new strategic approach to estates

Recommendations

17 recommendation's across 3 key themes;

- Strategic capability
- Incentives for providers and STP's
- Funding and national planning

Establish a new NHS Property Board

“provides leadership to the centre, expertise and delivery support to providers and STP’s”

- bring together and expand strategic estate resources
- primary voice to the system on estate matters
- improve guidance on estates planning
- improve guidance on building standards to support the 5YFV and VFM
- improve transparency and intelligent use of data
- review processes to ensure they are proportionate and effective

Provide incentives for local areas

- **STPs should develop affordable estates and infrastructure plans, to deliver the 5YFV and address backlog maintenance**
- **STP estates plans to be assessed against benchmark targets before accessing capital investment**
- **DH & HMT should provide robust assurances that sale receipts will not be recovered centrally provided the disposal is in agreement with STP plans**
 - incentivise land disposals through a “2 for 1 offer” in which public funds match disposal receipts
- **NHSE/I should provide guidance on the relative roles of providers and STP’s with respect of estate matters**
- **NHSE and the NHS Property Board should ensure primary care facilities meet the vision of the 5YFV**

New homes for NHS staff

- **Land vacated by the NHS should be prioritised for the development of residential homes for NHS staff, where there is a need**
- **Consideration should be given to leasing homes to NHS staff for the duration of employment so they can share in any equity upside**
- **Urgent action should be taken to accelerate the delivery of a large number of small scale and low risk developments to deliver housing**

Develop a robust and funded capital plan

- **National bodies should develop a robust NHS capital investment plan by summer 2017.** Based on STP plans and making a strong case for both public and private investment
- **Substantial capital investment will be needed to deliver well evidenced STP plans and reduce backlog maintenance.** Estimated at around £10bn, to be met by contributions from:
 - property disposals
 - private capital (for primary care) and
 - from HMT

Key Reactions



The government will invest £325 million over the next 3 years ... In the autumn, a further round of proposals will be considered ... decisions will consider whether the local NHS area is playing its part in raising proceeds from unused land.

Philip Hammond – Budget Statement 2017.



£325m of capital for STP's as a “down payment” on the further sums the chancellor – in a highly unusual move – said he would provide in the autumn budget.

Simon Stevens



Investors ‘desperately want to lend money to the NHS’ ... need to go in with eyes open.

Jim Mackey



Sir Robert's vision is bold and far reaching – now he just needs politicians to back it up.

Robert Ede, HSJ