

This paper is to provide general information about NHS Property Services.

It also includes details regarding the transfer of 12 community hospitals to NHS Property Services as part of NHS Northern, Eastern and Western Devon Clinical Commissioning Group's plans to award its contract for community services to the Royal Devon and Exeter NHS Foundation Trust (RDEFT) for the Eastern locality of Devon.

This information is provided further to a briefing given to members of the committee at County Hall in Exeter on 20 June, 2016.

About NHS Property Services

NHS Property Services manages, maintains and improves NHS properties and facilities, working in partnership with NHS organisations to create safe, efficient, sustainable and modern healthcare and working environments.

NHS Property Services is a limited company created as part of the 2013 health reforms and wholly owned by the Secretary of State for Health. It is responsible for managing 3,500 NHS properties, worth an estimated £3 billion. The portfolio covers around 10 per cent of the NHS estate in England and was inherited from the 161 Primary Care Trusts and Strategic Health Authorities which were abolished as part of the 2013 health reforms. It comprises mostly clinical premises such as health centres, GP practices and community hospitals but also includes office buildings.

The company aims to drive efficiency in order to offer occupiers, tenants and customers reduced costs in running properties and related services.

In 2015/16, core operating costs were reduced by more than £30 million and over the last two years, operating costs have been reduced by £84.6 million.

Every pound saved by the company is returned to the NHS.

NHS Property Services has two main roles:

- Strategic estates management – acting as a landlord, modernising facilities, buying new facilities and selling facilities the NHS no longer needs.
- Dedicated provider of support services such as cleaning and catering.

Transfer of 12 Community Hospitals in Eastern Devon

NHS Northern, Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG) has set out plans to award its contract for community services to the Royal Devon and Exeter NHS Foundation Trust (RDEFT) for the Eastern locality of Devon.

As part of this process, the Department of Health decided that 12 properties will be transferred to NHS Property Services from the ownership of the existing healthcare provider, Northern Devon Healthcare Trust (NDHT).

The properties transferring are: Axminster Community Hospital, Honiton Hospital, Tiverton Hospital, Seaton Community Hospital, Budleigh Salterton Community Hospital, Exmouth Community Hospital, Sidmouth Hospital, Ottery St Mary Community Hospital, Crediton Hospital, Moretonhampstead Hospital, Okehampton Hospital and Whipton Hospital.

As part of the NHS family, the role of NHS Property Services is to work with commissioners to meet their healthcare estates requirements.

NHS Property Services will therefore provide professional estates services to colleagues at NEW Devon CCG to help them develop their commissioning plans for the hospitals involved in the transfer, but it is important to be clear that decisions about service provision in these buildings, and their futures, rest with the CCG.

NHS Property Services can only act on the wishes of commissioners (i.e. CCGs and NHS England) if they declare a site surplus to NHS requirements.

The transfer of community services is due to take place on 1 October 2016

The transfer of the ownership of community hospitals is due to take place on 1 December 2016.

Property managers are currently finalising a due diligence exercise as part of the transfer process and are working closely with NHS partners to agree leases with occupiers.

This process will see NHS Property Services become the landlord of the properties and therefore ownership remains in the NHS.

Community involvement

Many communities and Friends groups have raised vital funds for their local hospital and this is always hugely appreciated by the NHS and patients.

However, the buildings themselves are owned by the NHS (whether this is an NHS Trust, NHS Foundation Trust or NHS Property Services) and charitable donations raised by leagues of friends and other groups are gifted to the NHS for a specific purpose. Patients and the community benefit from this specific purpose but the donation does not in itself provide rights of ownership.

NHS Property Services has about 270 hospital related properties nationwide and property and facilities teams work with NHS partners, local people, councils, charities and friends groups – and the organisation will work to achieve the same in eastern Devon.

Health hubs

When the NHS requirements for each of the buildings involved in the transfer are confirmed, NHS Property Services will be able to consider the options available for working with other prospective tenants locally.

Market-based charging

At the start of the current financial year, NHS Property Services moved to market-based rental charging on all freehold properties, which has been agreed with the Department of Health and NHS England.

The market rent model applies the property sector's standard method of charging and is a long-planned part of a move across the public sector to improve utilisation and value for money in property occupancy by putting publicly owned property on a level with privately owned alternatives.

The change has benefits for the NHS:

- It helps the NHS understand the true cost of occupation and reflect these transparently.
- It informs decisions about the best location for services and investment.
- It drives better and more efficient use of space.

The Department of Health has committed to meeting any increased property costs in the 2016/17 financial year arising from the introduction of market rent. Arrangements in relation to funding adjustments for 2017/18 and beyond will be considered by the Department of Health in conjunction with NHS England and NHS Improvement.

Charging market rents will provide the money needed for the ongoing renewal of the estate to the high standards that people rightly expect and NHS Property Services does not make a profit from its involvement. Any surplus funds are reinvested into NHS services.

The estimated annual rental value for all 12 hospitals is approximately £3.1million. This is based on 100% occupation at market rent.

Investment in the health estate

Projects to keep our buildings statutorily and lease compliant and in a good state of repair, are carried out by NHS Property Services in line with our obligations as a landlord.

Larger schemes, typically major multi-million pound projects, such as new buildings, extensions and major refurbishments, are requested by our customers. Up-front funding is normally provided by NHS Property Services, but in some cases we work with third-party development partners. These capital projects are led by commissioners and, if approved, delivered by NHS Property Services.

By way of local example, NHS Property Services has recently completed a £4.2 million refurbishment of two wards at the Glenbourne Unit in Plymouth.

Nationally, NHS Property Services invested £55.4 million through the capital programme in 2015/16 to improve the property portfolio. Of this, £21.1 million related to new or refurbished buildings requested by customers within the NHS, and £34.3 million related to ensuring the estate managed by NHS Property Services is safe, warm, secure, and operates efficiently.

Further information

More details about NHS Property Services are available on the organisation's website, www.property.nhs.uk