

London Estates Board

4th May 2017 15:00-17:00 (Fourth Meeting)

GLA, City Hall

Minutes and Action Notes

Board Attendees

David Slegg	Regional Finance Director, NHS England London Region	Chair
Geoff Alltimes	Independent Chair	Chair
Amanda Coyle	Director, Health & Communities, Greater London Authority	
Simon Powell	Director, Strategic Projects & Property, Greater London Authority	
Stuart Saw	Director, Financial Strategy, NHS England London region	
Ian Stone	Deputy Director, Financial Policy & Strategy, Department of Health	
Dick Sorabji	Corporate Director, Policy & Public Affairs, London Councils	
John Westwood	For Elaine Hewitt, NHS Property Services	
Clive Shore	Executive Director, Community Health Partnerships	
Alice Liddie	Policy Advisor, Provider Finances and Capital Health Spending, HMT	
Marc Rowland	Chair, CCG Clinical Commissioning Group	
Carolyn Botfield	Associate Director of Estates BHR CCG, representing BHR pilot	
Jane Milligan	Chief Officer, Tower Hamlets CCG, representing NEL STP	
Elizabeth Youard	Programme Director, Richmond CCG, representing SWL STP	
Dawn Wakeling	Director of Adult Social Services, Barnet, representing NCL STP/pilot	
Simon Goodwin	CFO, NCL CCGs, representing NCL STP/pilot	
Malcolm Hines	CFO, NHS Southwark CCG, representing SEL STP	
Clare Parker	Chief Officer of CWHHE, representing NWL STP	
Simon Taylor	NewCo SEP Interim Lead, NewCo	
Liz Lloyd-Kendall	NHS Improvement – for Lee Outhwaite	

Board Apologies

Tim Shields	Chief Executive, Hackney, representing Hackney pilot	
Henry Black	CFO, Tower Hamlets CCG, representing NEL STP	
Jo Farrar	Director of Finance, Kingston Hospital FT, representing SWL STP	
Aileen Buckton	Director for Community Services, Lewisham, representing Lewisham pilot	
Angela Harrowing	Programme Director, Asset Efficiency, OPE, Cabinet Office	

Guests / Observers

Peter Kohn	Office of London CCGs	
Peter Brazel	Head of Project Appraisal, NHS England	
Nabihah Sachedina	Director, London Health and Care Devolution Programme	
Joe Garrod	Regional Programme Manager, One Public Estate Programme	
██████████	Lead Analyst, Sir Robert Naylor's NHS Estates and Property Review	
Marianne Brook	London Health and Care Devolution Programme/LEDU	
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1.	<p>Welcome and Chair's Update</p> <p>David Slegg welcomed the group and noted the many new attendees. He noted that today's meeting would be different to that previously envisaged as the devolution MoU has not yet been signed. This meeting would focus on the multitude of actions underway between LEB partners to progress London health and care estate issues through greater collaboration, while the MoU is awaited.</p>
2.	<p>Minutes and Actions Arising</p> <p>The minutes of the previous minutes were noted. Geoff Alltimes noted that two actions arising were the information sharing paper and LEDU Operating Framework paper:</p> <p>The information sharing paper has been reviewed by the LEDU Steering Group. This steering group considered the draft to be a helpful document to facilitate trust and information sharing between LEB and LEDU partners, particularly for site-specific information. It was noted that the LEDU will aim to minimise sharing sensitive site-specific information in LEB papers. The Board ratified this document and noted that it may be require review at a later date.</p> <p>The LEDU Operating Framework paper has been revised to reflect the critical interface with national partners, and the developing relationship with NewCo. It was noted that this is still a working draft and that it would be difficult to finalise the operating framework pending the MoU signing, the appointment of the LEDU Director and the maturing NewCo structure. It is anticipated that the final document would be brought to the Board in September, once these details are in place.</p>
3.	<p>Update</p> <p><u>Devolution</u></p> <p>Nabihah Sachedina gave a short update on Devolution. The MoU was referenced in the March Budget, indicating central government commitment. The MoU has been delayed by the announcement of the general election, and discussions with central government will resume post-election. The wider London governance and delivery to support devolution is underway. The London Health and Care Strategic Partnership Board will be meeting formally for the first time this month and will consider the draft LEB Operating Framework summary to ensure that members are sighted on the work of the LEB.</p> <p>It is recognised that there are significant limitations to progress in the absence of the MoU, but collaborative work, such as close working with OPE in London, is illustrative of the progress that can be made while the MoU is pending.</p> <p>The Board reflected that for local and STP areas to be prepared to discuss sites in this forum, there needs to be confidence that discussions will happen in a collaborative way and that decisions that fall within the remit of the Board would be brought to the attention of the Board, even in the absence of the MoU.</p> <p>Lord O'Shaughnessy's letter regarding the Naylor review and capital receipts is consistent with the direction of travel in London. A key component of the London approach is to ensure maximised value for Londoners, including consideration of wider OPE opportunities and estates proposals that support local and sub-regional health and care plans.</p> <p><u>LEDU</u></p> <p>Geoff Alltimes updated the Board on the first LEDU Steering Group meeting held in April. The steering group membership has been circulated to the LEB to ensure transparency. The LEDU Steering Group is developing a database of capital projects with local and sub-regional partners. The focus is on ensuring that the database is helpful to local and sub-regional partners and practical.</p>
4.	<p>Capital Receipts and Investment</p> <p>Stuart Saw presented a paper summarising STP five-year capital requirements (based on October 2016 submissions), key capital schemes and potential capital funding sources.</p>

National CDEL is c. £1.3bn, and an additional £325m was announced in the March budget. The available national capital is significantly below the stated STP capital requirements. Available funds are likely to be directed to schemes which have compelling business cases. This requires a focus on quality of London's capital business cases. Many local and STP areas report challenges in capability and capacity to carry out complex financial modelling to support compelling business cases. If this work is outsourced, this risks dilution of ownership by the relevant NHS body. It was highlighted that many current business cases lack a clear return on investment model. This is an essential component to support a funding application.

A potential approach was discussed by the Board, to be supported by the LEDU:

1. Ensure appropriate resources within STPs to develop estate and capital plans.
2. Supporting STPs to develop a coherent in/out of hospital clinical model to allow development of estate and capital plans. NWL have done this and could share this learning.
3. STP to critically appraise each constituent organisation's "do minimum" capital programme.
4. STP to reach a view on the relative priorities of the capital schemes beyond "do minimum".
5. Describe the funding sources for proposed capital programmes, which will include;
 - Retained depreciation;
 - External funding (agreed and proposed);
 - Cash from asset disposals (not required for Trust deficit support).
6. Exploration of STP capital plans, including phasing and potential capital shortfall required; and how this feeds into the overall London investment plan.

Peter Brazel suggested that it is misleading to assume that £1bn could be realised from the current estate. It is important to consider how quickly this capital can be released, and what needs to be done to make this happen. Malcolm Hines noted that we are understating scale of estate development, as many projects are revenue-funded and this paper does not capture the level of that spend.

David Slegg suggested that it will be important to bring these 'high-level' numbers to life, by looking at some real schemes.

Action: LEDU to work with NewCo to explore the current national working assumptions regarding capital expenditure and capital receipts. From that, develop a London pipeline that builds from STP plans. The numbers in this paper must be reconciled in partnership between local and sub-regional areas. Identify some real-life example schemes to illustrate and work through granular issues.

Clare Parker reflected that within NWL perspective, an estates strategy is already in place, but the main issue is a skills gap, e.g. financial capability to support business case development; and commercial property expertise to examine sale and leaseback and other options. It would be valuable to examine this skills gap at London level to determine whether it makes sense for STPs to procure this support or whether the LEDU or NewCo could support either directly or through procurement at scale.

Simon Taylor emphasised that the STP submissions from last October were high level and would now require further detail. There is a clear need to improve local estate plans, and to make them cohesive at an STP level. This should include an overlay of Out of Hospital plans and the Naylor Review. Both NewCo and the LEDU could augment STP support.

Action: NewCo to provide clarity on services they will be able to provide, both immediately and in the longer term. This should be based on anticipated NewCo capability over the next 12 months.

5. Naylor Review

██████████ reflected on the recently published Naylor Review. There is now an opportunity to examine STP and individual sites in more detail, using the Naylor review's benchmarking analysis. By exploring measures such as average acute site area per person per STP, potential opportunities for estate optimisation can be explored.

██████████ discussed the opportunities of the Naylor benchmarking approach to:

1. Estimate the financial, land and housing opportunities from disposals at national and STP levels.
2. Provide tools to support improved efficiency at a local level.
3. Identify what data improvements are needed to support data-driven estates strategies.

It was highlighted that the analysis focuses on acute sites and therefore does not capture potential opportunities from primary care, mental health and community services. It was also noted that the data includes NHS PS properties but not CHP properties, and only focuses on larger sites. The Board agreed that analysis including wider services and property types could be beneficial in the future.

There is considerable surplus land outside London, but 57% of the financial opportunity is within London. This is expected given high property values. The housing opportunity is more evenly spread across the country. The land values used in the Naylor Review are residential, with adjustments for affordable housing provisions, planning and enhanced planning risk.

Sir Robert Naylor also did specific work on opportunities in London, which demonstrated that there is an additional financial opportunity of c.£0.5m. However, this information can't be shared with the group due to confidentiality agreements in place with the trusts.

From benchmarking the acute estate, the opportunity calculated totals approximately what is included within the STP estate plans. However, these calculations need to be ratified with STPs, as the values used in the Naylor Review are approximate.

The benchmarking data can be used by STPs to support further analysis within each STP area. STP leads confirmed that they would be keen to explore their STP-specific data. Malcolm Hines reflected that in some STPs, including SEL, the running costs and depreciation costs may be considerable and this could helpfully be included in the analysis. The total opportunity may therefore also include substantial revenue savings.

Action: STP leads to follow up with [REDACTED] to explore STP-specific benchmarking data.

6. STP Key Estate Issues and Devolution Pilot Updates

NWL

NWL have been going through the NHSE assurance process for the first stage Strategic Outline Case for Shaping a Healthier Future. This is now being reviewed with NHSI. The biggest challenge is that a significant proportion of the return on investment is due to a shift of services out of hospital and a need to provide integrated care or co-locate services. It is hard to get an out of hospital building up and running until you have proved that one works. The group agreed it would be helpful to learn from the NWL experience.

Action: NWL to describe the SOC 1 experience of business case development at the September LEB meeting.

NCL

Significant focus is being placed on the out of hospital capital requirements and on Project Oriel. The St Pancras scheme is in pre-consultation and public engagement is being undertaken on potential options.

Dawn reflected that it would be helpful to get greater clarity on whether projects can apply for multiple sources of national funding (e.g. both ETTF and the '£325m pipeline'). Stuart Saw noted that ETTF is considerably over-subscribed, so many projects will need to seek alternative funding sources.

Action: LEDU to work with national partners to clarify the appropriate inclusion of capital projects on different funding pipelines.

NEL

Work is underway to update the estates strategies and a planned provider workshop in May will support this. Carolyn reported that the LEDU Estates Project Schedule is proving a useful tool to support NEL to review total sub-regional estates plans and expenditure in one place. They plan to include all projects,

	<p>irrespective of size, within the Schedule so that this tool can be used to support local work. Work is also underway to prepare a prioritisation plan for the NEL projects. NEL plan to run a Health and Housing seminar in October. This will include consideration of key worker housing.</p> <p>Carolyn reflected that national timescales for estates plans need to be clearer – NEL are working to a 31st May deadline but there has been no clear request for submission of plans.</p> <p><u>SEL</u></p> <p>Malcolm Hines reported that SEL continues to progress with work on ‘hubs’ and integrated care, and is also working on “sub-hubs” which will consider opportunities to use existing sites. Within SEL, there are some major regeneration opportunities in areas where there is huge predicted growth, including some which will practically be new towns. The Trusts, including Guys’, Kings and SLAM are in the process of revising their estates strategies.</p> <p><u>SWL</u></p> <p>Elizabeth Youard reported that the paper on capital was particularly well-timed as SWL are considering capital bids at present. SWL are particularly keen to learn from other areas and the LEDU could provide valuable support in disseminating learning, both context-specific and context-agnostic.</p> <p>SWL have found the LEDU project database very helpful and are keen to use it as a practical tool locally, in addition to supporting London-level work.</p>
7.	<p>LEDU</p> <p>Marianne Brook reported on the first LEDU Steering Group meeting held on 12th April. This was a successful session, with a focus on cooperation, openness and knowledge-sharing. Topics covered included discussing the Information Sharing Policy; updating on the Estates Project Schedule and the NewCo tracker; and gaining further understanding of the NewCo function.</p> <p>A few priority themes were identified, which are being addressed collaboratively. These include: utilisation policy; back office consolidation; one public estate; LIFT Co; and management of surplus estates disposals.</p> <p>An LEDU document library is under development, which will allow access to all Steering Group members.</p> <p>The LEDU Estates Project Schedule and its reporting dashboard was demonstrated to the group, highlighting its functionality, metrics and the purpose of this analysis. It was noted that the dashboard has been iterated based on feedback from stakeholders – including the LEDU Steering Group – and has been adjusted to reflect the needs of the STPs.</p> <p>Dawn Wakeling reflected that this Schedule will be useful for STPs, but it will be important to consider:</p> <ol style="list-style-type: none"> 1. The classification of a site as a ‘priority’. Options could include e.g. size, cost, multi-organisation involvement. Marianne confirmed that further work is being done through the Steering Group to define appropriate thresholds. 2. The relationship to the v.6 Asset Register, developed by Peter Kohn and his team. Marianne reported that the aim is for the two databases to be complementary with unique property reference numbers enabling tracking between the two. <p>Amanda Coyle remarked that the database could be of significant use, and it would be beneficial to capture housing potential. There could be opportunities to include wider sites e.g. London Ambulance Service sites, to understand wider strategic estates opportunities.</p> <p>Peter Brazel noted that it is important to focus on the timing and phasing of projects. Many state deadlines in next 1-2 years and it will be crucial to work out which projects are the most immediate and match these against phased capital availability.</p> <p>Carolyn Botfield reflected that STPs have limited resources to populate and update this information. Support from the LEDU or NewCo would be valuable in this regard. It was suggested that it would be</p>

	<p>appropriate to update the database bi-monthly, in advance of every LEB meeting. By tracking the status of projects, it will also become possible to examine where blockages are occurring, to better direct LEDU or NewCo support.</p> <p><i>Action: LEDU to progress development of Project Schedule, including considerations of priority classification.</i></p>
8.	<p>Any other Business</p> <p>Clive Shore updated the group that the 10 existing LIFT Companies are forming One London Lift. This aims to simplify the process of working together across London.</p> <p>Clare Parker commented that NWL have had a recent site issue involving NHS PS. NWL are working with the LEDU to explore lessons learnt and will share with the group.</p> <p>David Slegg closed the meeting.</p> <p><i>Arising actions will inform the agenda of the July LEB meeting, including:</i></p> <ul style="list-style-type: none"> • <i>National government response to the Naylor recommendations.</i> • <i>Update on the likely capital pipeline and availability.</i> • <i>The emerging NewCo offer to local and STP areas.</i> • <i>Lessons learnt from the recent NWL site issue</i> • <i>Review of the latest status of the London Asset Register and the LEDU database.</i> • <i>One London Lift update.</i>