

Greater Manchester Health and Social Care 15 Partnership Executive Board

Date: 21 June 2019

Subject: Estates Strategy Update

Report of: Steven Wilson, Executive Lead, Finance and Investment

PURPOSE OF REPORT:

The purpose of this report is to provide an update on the work being undertaken within the GM estates strategy.

REQUESTS OF PEB:

The Partnership Executive is asked to note the GM estates strategy and progress of the estates programme and delegate final agreement of the Estates gateway submission to the chief officer and the chair of the strategic estates board

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System engagement

PRIMARY CARE ADVISORY GROUP (PCAG)

Has the paper been discussed by PCAG? No

The programme does not have any interactions with primary care in the workstream plan

PROVIDER FEDERATION BOARD (PFB)

Has the paper been discussed by PFB?

To be considered 14th June

JOINT COMMISSIONING BOARD (JCB)

Has the paper been discussed by JCB? To be considered 18th June

Date of meeting: 18th June 2019

WIDER LEADERSHIP TEAM (WLT)

Has the paper been discussed by WLT? No

1.0 INTRODUCTION

1.1. In June 2018, the GM Strategic Partnership Executive Board endorsed an updated estates strategy which set out the key work programmes for GM and considered the inter-dependencies between the estates work and emerging outputs from the wider GM Taking Charge strategy. In particular, the paper considered the crucial link between the development of local and GM-wide estates solutions in supporting the transformation of health and care.

1.2. Twelve months on, the Greater Manchester health and social care prospectus, "Taking Charge: The Next 5 Years" describes the third phase of our operation as a devolved system with a focus on implementation of our plans, building on the following features, developed over the past two years:

- A Local Care Organisation (LCO) in each of Greater Manchester's 10 localities will integrate provision based on neighbourhood models focussed on improving the health and wellbeing of populations of 30-50,000 and are structured around GP-registered lists and place-based working.
- Pooled health and social care resources are managed through an integrated single commissioning function in all 10 localities, offering a deep understanding of their interdependence and how investment in high-quality social care underpins the stability of both demand and finance in the NHS.
- New models of provision mean Greater Manchester hospitals work together at a much greater scale than ever before to consistent quality standards.
- A Greater Manchester-wide architecture operates across the city-region where this makes sense, such as a commissioning hub, digital and workforce collaboratives, and a 'one public service estate' strategy.

1.3 The vision for Health and Care Estates in Greater Manchester is to:

- Seek to drive maximum value from the public estate in order to enable the delivery of our local strategic & national policy objectives.
- Drive development of more 'fit for purpose' flexible & cost-efficient estate.
- Long term this should lead to social & economic benefits including additional housing delivery; economic & employment growth.
- Move beyond the initial focus on health and care towards a broader, place-based approach, strengthening links to the GMCA and the One Public Estate (OPE) Programme.

1.4 The strategy is being delivered around three themes; Place Based Strategic Estates Planning, Divestment and Investment. Strong joint working and collaboration underpins the strategy with GMHSCP, GMCA, Providers, Local Authorities, Primary Care and others. Strategic Estates Groups (SEGs) are successfully established in all ten of the localities in Greater Manchester. Many SEGs have established Operational Working Groups to drive project delivery.

- 1.5 To ensure the collaborative working between GMCA and NHS is maintained effectively to deliver the transformation of the GM health estate and to maximise the use of available resources to meet GM priorities, a staged approach is being followed:

Stage 1 (to 2018): Joint working between GM Land and Property and GMHSCP adopting a virtual delivery approach to health estate transformation.

Stage 2 (current): GM Land and Property function working with GMHSCP to support resourcing and skill-mix thereby strengthening links between the services.

Stage 3 (tbc): Greater integration, moving from ad-hoc working to a more permanent relationship of estate functions across the services. A joined-up delivery approach to support the GM One Public Estate agenda.

- 1.6 As the programme moves from development to delivery, a review of the estates strategy's governance is underway, starting with a review of the Strategic Estates Board's terms of reference at its June meeting. The Board has identified the need to play a more strategic leadership role. It is intended to review locality estates' governance in the Autumn.

2.0 CURRENT CONTEXT FOR ESTATES

- 2.1 In January 2019, NHS England released The NHS Long Term Plan, which outlines a 10-year vision based on its recent funding settlement. However, as the capital budget is not part of NHS England, but is determined by the DHSC, The NHS Long Term Plan did not include any capital funding commitments, with changes to capital funding expected to be announced following the 2019 Spending Review.

- 2.2 The NHS has historically made use of private finance initiatives (PFIs) to fund some of its capital spending. PFIs involve the NHS using private sources of finance to fund capital projects. PFIs have a complicated impact on trusts' finances, as the payment does not count towards CDEL. This means that in the past, NHS trusts have been able to obtain new assets without it coming out of the capital budget. However, other costs, including the interest charges, will count towards the revenue budget. There have been concerns about PFIs, including value for money and poor management of contracts. In the autumn 2018 budget, the Chancellor of the Exchequer announced the end of these contracts, which will leave a gap in future funding, placing additional pressures on the DHSC capital budget. In addition, DHSC has also announced the end of PPP projects which means that LIFT projects will no longer be developed and the RHIC project (formerly Project Phoenix) was also put on hold in 2019.

- 2.3 In Greater Manchester, work is ongoing to further deepen relationships with Local Authorities and the local pension fund especially as potential strategic investment partners where investment assets would fulfil their investment criteria (albeit GM fully recognising potential CDEL and VFM implications of this along with other funding options and we are working to understand this better).

- 2.4 As with all STP areas, Greater Manchester produced a Single Estates Strategy that was submitted to the centre in summer 2018 along with STP W4 Capital bids. The GM HSC

partnership went through a rigorous process to evaluate capital bids against this plan prior to submission into the wave 4 round. We also made clear at the time of submission that there was a priority case for major investment in the Pennine Acute FT estate, and in particular at North Manchester, that should be considered through the transaction processes and therefore was outside the scope of our bids.

- 2.5 The outcome of the capital round was disappointing (we only received £4.8m of capital funding for the PCFT PICU project) and has caused a loss of confidence in the national capital finance process. Greater Manchester, as with many of other STPs, faces not only a growing backlog in terms of maintenance, but also a logjam in terms of schemes identified in our estates strategy that are fundamental to our overall transformation programme.
- 2.6 With respect to the Pennine Acute estate there are risks that are difficult to mitigate without a substantial rebuild programme. Most of our hospitals continue to struggle with estates configurations that are not fit for purpose in terms of the size and complexity of the populations they now serve. Under our Estates Strategy and with use of our transformation resources (including the PSF system control bonus of 2018/19) the GM Partnership will do what it can at the margins.
- 2.7 We have funded master planning at most of our key Acute sites, developed a single mental health estates strategy, developed a comprehensive database to drive a one public service estate model and maximise utilization; and taken a creative approach to exploring alternative financing models.
- 2.8 However, the whole strategy is predicated on delivery of public service capital and GM's priorities being respected through whatever allocation process is used. Through the forthcoming Spending Review, we hope to see a significant settlement and a reformed distribution process for capital resources. Without this, the national Long-Term Plan, and GM's five-year plan risk being undermined.

3.0 OVERVIEW OF DEVELOPMENTS IN GREATER MANCHESTER

- 3.1 Despite the challenging financial context, there have been a number of significant developments across the healthcare estate in Greater Manchester, including:
- The Christie: the first high energy NHS proton beam therapy centre (£125 million) in the UK at the Christie. Construction of the new Paterson Unit (c£150m) is planned to start in 2020/21.
 - 'Project Red' (Urgent Care at Manchester University NHS Foundation Trust): Redevelopment and enlargement of the MRI Emergency Department at a cost of c£30m. Work will commence in 2019/20.
 - Bolton College of Medical Sciences: a planning application has been submitted for a proposed new £30 million training facility at the Royal Bolton Hospital in Farnworth.
 - Ashton Health Centre: a new £4 million health centre in Ashton in Makerfield, Wigan, Greater Manchester is under construction. The building will comprise two GP practices

and a medical centre on the first floor, with the ground floor used for community services, including the integrated health and social care teams.

- Intermediate Care Beds, Salford Royal FT - 60 bedded extended (intermediate) care unit: The project will build a new a 60-bed intermediate care (IMC) unit which delivers nursing bed capacity fit for the future. The proposal will bring together intermediate care nursing bed provision from three settings in Salford into a purpose-built unit improving the consistency and quality of care offered to patients. The planning application has been submitted. In parallel to this, the project will be proceeding to RIBA Stage 3.
- Kirkholt Health Centre: a new £2.2 million health centre in Rochdale with a 21-year lease to Rochdale Council in partnership with Heywood, Middleton and Rochdale CCG. It is a BREEAM 'Excellent' development with construction work started in May and occupation from April 2020.
- Gorton Hub: a new facility that will host a multi-service partnership, home to a range of health, social and public services in a single site in Manchester is approaching construction phase.
- Altrincham Hub: a completed £30 million development in the town centre. There were significant challenges with occupation of the facility on hand-over, but lessons have been learned and detailed plans for a range of services to move in are now being implemented.
- Little Hulton: this development in Salford is planned to be operational in summer 2020 and will house four practices plus community services. Salford Primary Care Together will be the landlord via an SPV with Greater Manchester Pension Fund.
- Psychiatric Intensive Care Unit: Pennine Care's wave 4 STP capital funded project (£4.8m) for the development and provision of Psychiatric Intensive Care Services in Tameside and Stockport is progressing well to full business case (currently at RIBA Stage 3 - Developed Design). Construction will commence during 2019/20.

4.0 UPDATE ON KEY ESTATES STRATEGY WORKSTREAMS

- 4.1 An update of a range of projects and programmes to support delivery of the estates outcomes are outlined below:

Development of the GM Capital Pipeline and GM Capital Financing Strategy

- 4.2 A robust and comprehensive capital pipeline is essential to the delivery of the GM estates strategy. A number of the transformation programmes across GM will be dependent on capital investment and new development. Alongside this work, it is essential there is a clear understanding of the potential funding source for any future investments. GMHSCP will need to maximise the opportunity to access appropriate sources of capital.

- 4.3 GM has a successful track record of bidding for national NHS strategic capital funding, receiving approval for £93m of investment in the Major Trauma and Healthier Together programmes out of a total wave 1 national pot of £325m. In wave 4 GM received £4.8m for the development and provision of Psychiatric Intensive Care Services. We need to get better and faster at developing business cases and at developing bids for future NHS capital allocations.
- 4.4 GM is defining total capital requirement incorporating business as usual and capital to achieve our strategic objectives. This has three components:
- **Primary and Community Capital:** Continues to evolve and funded through a range of sources including up to 50% through Local Authority PWLB funding. Capital requirement is influenced by Locality Asset Reviews, Clinical Plans, Master Planning and strategic work on One Public Estate.
 - **Provider Baseline Capital:** Existing five-year Provider prioritised capital plans within available resources which includes capital for new build, backlog and reactive maintenance across estates, equipment and information technology.
 - **Provider Pipeline Capital:** There are two components of provider pipeline, both of which are unfunded:
 - Strategic Capital including unfunded Wave 4 capital bids, requirements for Pennine acute estate, capital investment to deliver transformation of mental health estate and capital investment from theme 3 outcomes.
 - Risk Assured Capital that minimises capital risk including backlog maintenance, IM&T and replacement of ageing equipment.
- 4.5 In order to best match funding solutions to the emerging total capital requirement, GM is:
- Identifying and understanding the funding gap: Creating a baseline profile of capital sources and uses identifies a net funding gap supporting development of a system-wide strategy to manage this funding gap.
 - Maximising system collaboration and resource allocation: Focusing on deepening relationships with local Authorities and the GM Pension Fund as potential strategic investment partners
 - Understanding available options and constraints: Understanding commercial structures and pricing will allow GM to best match assets/services to potential investors/partners.
- 4.6 Current actions to progress this work include soft market testing with potential investors, preparation of a paper on commercial options and workshops on accounting implementation.

4.7 Estates capacity and capability is an important element of this workstream. A survey to gather baseline information on estates capacity has been conducted and shared with partners. Meetings with GMCA to discuss apprenticeship and Graduate Programme and with IHEEM, HEFMA, RICS, ACES and NHSI on how to progress this. In 2019, over 30 people from CCGs, NHS Providers, Local Authorities and other sectors have received better business case preparation (foundation level).

Locality Asset Reviews (LARs)

4.8 Greater Manchester Combined Authority and the Greater Manchester Health and Social Care Partnership adopted the Locality Asset Review (LAR), as an integrated place-based approach to understand community performance and needs, public services delivery and service transformation, taking a holistic view across all public sector organisations and their combined asset base.

4.9 The primary purpose of LARs is to appraise all public sector estate within a locality or neighbourhood in order to ensure that it is effective, appropriate and fully utilised, and, working across all service sectors to assemble where appropriate, right- sized asset solutions to reinforce an integrated place-based approach that underpins the ambitions for improved health and community outcomes, social and economic regeneration. The completed LARs will inform strategic planning of the estate, identify opportunities for improvement and inform the development of subsequent business cases.

4.10 The completed studies provide both neighbourhood specific and locality-wide options for primary care, health and well-being hubs, extra care, care homes, education (primary and secondary) and community space in each of the localities.

A summary of emerging outputs to date (incomplete – four localities) is as follows:

Potential annual operational savings	c.£4 million p.a.
No. of sites recommended for disposal	c.110
No. of hectares potentially available for housing as a result of disposals	c.140 (c.280 potential housing units)
No. of potential jobs created	c.600
Capital receipts from land disposals	c.£38 million

4.11 A Greater Manchester report is to be completed for June and report to the GM Strategic Estates Board to agree the next phase of the programme.

Place-based Master Planning of Acute Sites

- 4.12 The GM H&SC Strategic Estates Board and the GM Land and Property Panel have endorsed the use of place-making through the use of LARs from which the future shape of the health estate can be modelled. The Masterplan Transformation programme of works will be informed by key LAR outcomes and therefore dovetail the LAR process. The overarching aim of the programme is to drive the development of a more fit for purpose, flexible and cost-efficient estate. The outcomes from each locality must align with wider GM Master Planning objectives and strategic plans including the master planning of key Acute sites.
- 4.13 The key objectives are to identify opportunities for efficient and effective capital developments if required, improve utilisation of acute sites and identify land for disposal and housing development.
- 4.14 As of May 2019, the following master plans are ongoing/active or complete:
- Stepping Hill Hospital
 - Tameside Hospital
 - Rochdale Infirmary
 - Salford Royal
 - Leigh Infirmary
 - Oldham Royal

Pennine Transaction

- 4.15 NHSI agreed the preferred option for future of Pennine Acute Hospital Trust (PAHT) in the Summer of 2017. This involves two separate but intrinsically linked transactions to split PAHT, firstly North Manchester General Hospital to be acquired by Manchester Foundation Trust and secondly, Bury/Oldham/Rochdale sites to be acquired by SRFT. On the basis of this decision NHSI has directed Pennine Acute to work with SRFT and MFT towards implementing the preferred solution.
- 4.16 The future plans for NMGH is part of the longstanding plan to create a Single Hospital Service for the City of Manchester and Trafford. The plan is for NMGH to become an integral part of the MFT group of hospitals extending the benefits of the new Trust across the whole of Manchester and building on the existing expertise at North Manchester across a wide range of clinical specialties. Manchester Health Care Commissioning (MHCC) is working with Oldham, Bury and Rochdale CCGs, as well as Manchester City Council, MFT and NCA, to agree an acute services strategy for NMGH. And work has already begun to better join up hospital services with mental health services, community health services and GP practices to best meet the needs of local residents in one place. An on-site multi-professional 'Education, Training and Skills centre of excellence' is being discussed with local universities and colleges.

- 4.17 The first phase of a Master Planning process has concluded. This has developed a series of high-level future options for the site, with indicative costs. These will enable improvements to quality, efficiency, integration with on-site acute mental health and community health services. It will also enable significant release of land. The current timescale for completion of the transaction is April 2020.

Mental Health Estates Strategies

- 4.18 Colleagues from across the GMHSC Partnership have worked to develop a GM-wide Mental Health Estates Strategy to support its plans to improve Mental Health service provision. The strategy covers the short, medium and long-term estate projects to support investment and make significant improvements in care and services for the next 15-20 years.
- 4.19 Development of the strategy provides an opportunity for the three main providers of Mental Health Services in GM, Greater Manchester Mental Health NHSFT, Pennine Care NHSFT and North West Boroughs NHSFT, to work together and develop an Estates Strategy linked to the Mental Health Service Strategy for GM. Individual Strategies have been developed for GMMH and PCFT and NWB produced their own strategy in Autumn 2018.
- 4.20 Key actions going forward include delivering approved projects and identifying quick wins, developing high quality business cases and establishing strong links to system activities, including clinical models and pathway redesign. Locality reviews of Community Mental health services will be undertaken, building on LAR work and considering Hub and Spoke approaches for CMHTs and an overall place-based approach.

Other Estates Workstreams

- 4.21 Surplus Land Disposals: Identifying land that is likely to become surplus and planning for disposal. NHSI SEP Team have a list in place that is then reviewed and updated by localities. This looks at opportunities to release land for housing or employment opportunities where possible. A GM Workshop will take place on 14th June. The team is also contributing to the new National Disposals tracker starting in April 2019 and ensuring GM data is up to date.
- 4.22 Estates support for Improving Specialist Care: Support the finalisation of modelling and options providing estates specialist support with regard to capital costs, disposals, implications for backlog maintenance and capacity /activity modelling. When the final options for the whole of the GM System are agreed estates support will be required to analyse the site-specific estates implications in more detail, working closely with Trusts and GM HSCP to develop in-depth proposals and costs to facilitate implementation of the models of care at the agreed sites.

- 4.23 Utilisation and Optimisation of Estates: Supporting localities to improve the utilisation of their estate. This includes influencing a number of enablers of utilisation e.g. centre management and having online booking systems. Utilisation sensors to be distributed to all localities with training on utilisation sensors to be rolled out to localities with the first deployment of sensors. Sensors to be deployed in Tameside and Glossop, Salford, Trafford and HMR in April/May.
- 4.24 NHS Office Rationalisation: Rationalisation of number of (non-clinical) office sites across Greater Manchester to generate savings on running costs. Each Locality has an implementation plan that includes opportunities that are being progressed.
- Vacating one floor at 3 Piccadilly Place, Manchester.
 - Silver Street, Bury has been vacated and is being marketed for disposal. The project will release circa £500k revenue savings p.a.
 - Tameside CCG /Children Services move will realise c. £200k revenue savings p.a.
 - Currently supporting Bolton CCG with office relocation which would generate up to an estimated £500k revenue savings p.a.
- 4.25 Estates Data Mapping: Mapping key health and social care sites to inform strategic planning of the estate on the GM Mapping Platform. Integration with the new GM HSCP Tableau System. Plan to ensure usage of mapping data by all localities and organisations. Project managers in place to progress this workstream.

5.0 ESTATES STRATEGY 'CHECKPOINT' UPDATE

- 5.1 All STPs were contacted on 7th May by their NHSE/I Regional Director of Finance with a request to provide a 'checkpoint' update to their estate strategies. The purpose is to ensure that systems are making sufficient progress in the implementation of the recommendations outlined following assessment of their 2018 submissions, particularly in relation to disposal opportunities in their area. The checkpoint template format is set by NHSI.
- 5.2 As a 'good' rated system, Greater Manchester will be subject only to a light touch review, with an informal RAG rating and identified follow-up actions. 'Fair' and 'Improving' systems will be subject to a full re-assessment and are required to demonstrate that their STP capital and estates plans and disposal plans are up to date and of sufficient quality to be banded as at least Good; to support the requirement for the production of a "robust" Estates Strategy as a prerequisite for the approval of Wave 1-4 STP Capital project business cases. The submission deadline is 15th July 2019.
- 5.3 A draft of the "checkpoint slides" are attached for information, the executive board are asked to comment on the current draft and delegate final approval to the chief officer and chair of the strategic estates board.

6.0 RECOMMENDATION

- 6.1 The Partnership Executive is asked to note the GM estates strategy and progress of the estates programme and delegate final agreement of the Estates gateway submission to the chief officer and the chair of the strategic estates board