



London Health and Care Strategic Partnership Board

29 September 2017

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| Title: | London Estates Board Update |
| Author: | Geoff Alltimes, Co-Chair, London Estates Board (LEB) |
| Purpose of paper: | <p>This paper provides an update on the estates work in London and an overview of the current challenges, in order to facilitate discussion of next steps to progress this work.</p> <p>At the May meeting, the Board received an update from the LEB and agreed to provide operational oversight of this work.</p> |
| Action required by Board members: | <p>Board members are asked to:</p> <ul style="list-style-type: none"> • Note the progress of the London Estates Board and London Estates Delivery Unit (LEDU). • Comment on any opportunities to overcome the challenges currently experienced, particularly regarding provider engagement and sharing of information that relates to surplus sites. • Comment on the role of the SPB in supporting the LEB to progress through phases of operation. |
| Partnership considerations: | NHS and wider public sector estate strategies aim to support health and care. As such, the LEB provides reports to the SPB to enable effective oversight of health and care. |

Context

London partners have made significant progress in establishing collaborative estates governance and delivery. The London Estates Board (LEB) was established in December 2016 and enables regular estates discussions between all London and national partners. A London Estates Delivery Unit (LEDU) has been established with dedicated resource from all London partners. The LEB is currently in the first phase of operation and progression to subsequent phases is not possible while the MoU is pending.

Partners are keen to progress further to:

- **Incentivise the release of surplus land for reinvestment in health and care.** London and national partners agree that the DH asset sales and housing targets are predicated on the release of surplus assets in London. The release of surplus land and retention of receipts also aims to reduce the call on national capital. The LEDU is working to develop a single view of surplus assets in London. Our assessment is that this is not fully achievable in the absence of the incentives and process changes that the MoU would deliver.
- **Enable a more strategic approach to capital investment.** A fully operational LEDU aims to give London access to new forms of development, delivery expertise and capital from partnership with local and London government, such as through new London Borough joint ventures; using the GLA London Development Panel to support delivery of housing and regeneration projects; and the possibility of using the TfL Property Partnership Framework to maximise the value driven from assets.
- **Enable faster project delivery.** The LEB would progress to become a forum within which NHS capital investment decision-making can be exercised. This includes the ability to approve capital business cases in London, with early involvement of and influence by local and London government in the process. This aims to accelerate approval of schemes and de-risk projects, enabling faster project delivery than the current 5-10-year average.

This paper aims to:

- **Provide an update** on the estates work in London and an overview of the current challenges; and
- **Facilitate discussion** of next steps to progress this work, with particular consideration of the links between the SPB and LEB.

Partners have formed the London Estates Board and London Estates Delivery Unit

LEB established

For the first time, enables regular estates discussions between NHSE, NHSI, DH, HMT, STPs, CCGs, Providers, GLA, local government, NHS PS, CHP and OPE.

LEDU steering group established

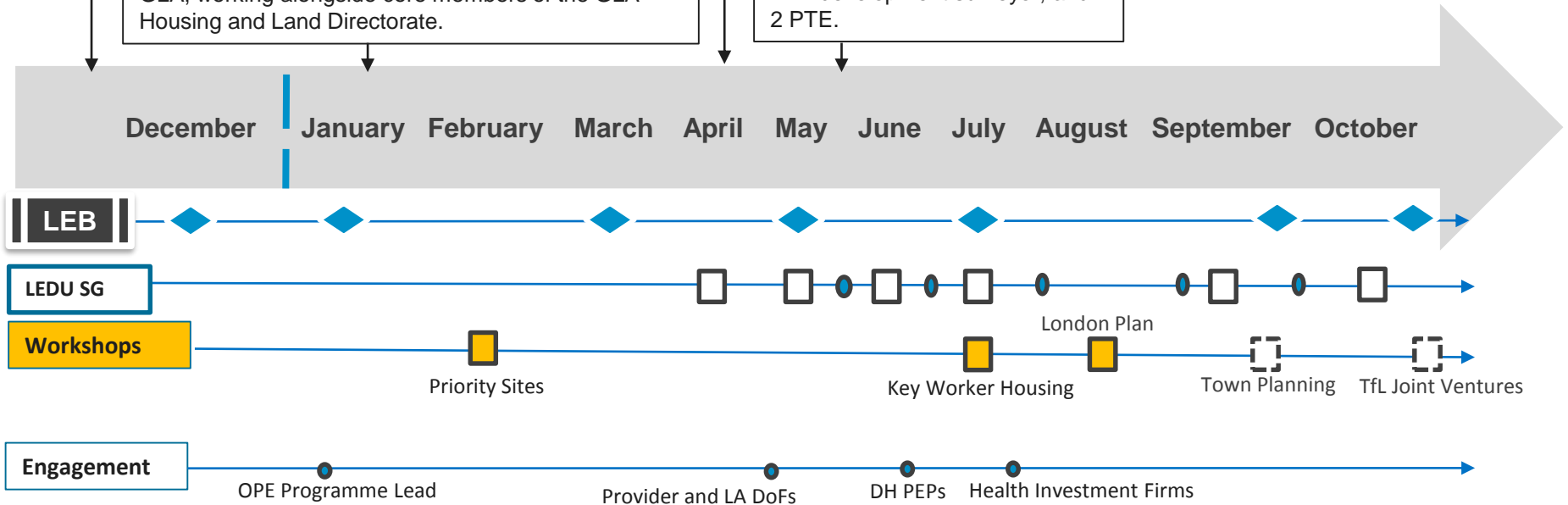
Enables collaborative working between London Partners to identify common issues and potential solutions to progress selected sites and estate matters. Key estate themes identified and working groups established.

Estates Focused Resource

Two part-time specialist development consultants recruited to the LEDU. The team is hosted by the GLA, working alongside core members of the GLA Housing and Land Directorate.

LEDU established

The LEDU is established. A full-time Programme Manager plus 1 FTE development surveyor, and 2 PTE.



NHS England (NHSE); NHS Improvement (NHSI); Department of Health (DH); HM Treasury (HMT); Sustainability and Transformation Partnerships (STPs); Clinical Commissioning Groups (CCGs); Greater London Authority (GLA); NHS Property Services (NHSPS); Community Health Partnerships (CHP); One Public Estate (OPE); full-time equivalent (FTE); Part-time equivalent (PTE); Provider engagement programme (PEP); Transport for London (TfL), Director of Finance (DoF); Steering Group (SG)

Collaboration and co-development through the LEB and LEDU has enabled progress in key areas

Estate planning and central reporting for London

The LEDU has developed a single, central **LEDU Estates Project Schedule** that combines all currently available London estates programmes and pipelines. This is a live schedule with periodic STP updates. It incorporates a dynamic reporting dashboard allowing the data collected to be analysed in a simple and efficient way to inform future strategy and identify key issues and 'blockers' in the system. This will be the **single source** for all estate activity in London.

LEDU Steering Group

This, for the first time, brings together estates leads from all five STP areas (CCG and Providers), alongside representation from NHSE, GLA, property companies and OPE. It aims to identify key estate themes to address once for London. Working groups are developing guidance, policy and clarity on issues such as:

- Information Sharing Policy and Protocol.
- Delivering Key Worker Housing
- Back Office Consolidation Strategy
- Utilisation Toolkit
- Surplus land and disposal toolkit
- Addressing the London Plan and Town Planning issues
- Central Database (e.g. SHAPE)
- Estate reporting – emerging approach to prioritisation.
- One London LIFT
- Collaboration with OPE and LAs

LEB/LEDU 'Priority' Sites Workshop

23 Attendees – 6 London Projects

Promoted transparent and collaborative working with a focus on solutions as well as providing a forum for challenge and debate. Allowed dialogue between partners on project-specific matters which captured the wider public sector view and considered potential for partnership, the accountability of parties, and strategic choices, with access to delivery expertise. Also informed the development of consistent reporting format for estate projects.

NHS and Town Planning






The LEDU is working with GLA Land and Housing to address the key Town Planning issues facing the NHS. A Planning Workshop will consider a strategic London-wide approach to Town Planning. Discussions will cover land and buildings, and policy and investment. Over 50 attendees are expected from national and local partners.

Funding and Financing Estates Projects

In addition to working with NHSE and STPs to address improvements in capital bids, the LEDU is identifying alternative and new strategies for funding projects including:

- Private Sector engagement e.g. discussions with health investment vehicles
- DCLG (via HCA/GLA) engagement on available grant and investment funding options. Regular meetings with Housing Infrastructure Fund (HIF) team to ensure NHS projects are considered and referenced as future benefit for recycled receipts. This has included project-specific engagement on preparation of bids
- Exploration of wider public sector strategies and approaches. Future workshop to be held with TfL focusing on a Joint Venture strategy enabling sustainable business planning.
- Working Group established to assess and test the potential of One London LIFT.
- Upcoming workshop to understand potential of Strategic Estates Partnership using the example of the Whittington Hospital NHS Trust.

The LEB is progressing through Phase 1 and gateway criteria for Phase 2 are being considered

| Phase 1 | Status | Gateway Criteria | Criteria Met? |
|---|----------|---|--|
| Provide a single forum for NHS estates and wider public estate discussions | Complete |  Clarity on national capital availability and the expectations of London. | Partially Met There is a need for DH to confirm the position on retention of capital receipts raised from surplus land and asset sales within the London region. This will enable clarity on expectations for release. |
| Gain clarity on London's total capital availability and expectations for release | Partial | | Met Any pre-existing London-wide strategic functions (e.g. the HLP estates programme) have come together through the LEB and LEDU Steering Group. |
| Strategic oversight of London activity to enhance utilisation, taking on HLP estates accountabilities. | Complete |  Full assumption of strategic functions from other London-wide bodies, including HLP estates programme. | Not Met The MoU is not yet signed, although estates sections are substantially agreed by all partners |
| Engage with local and sub-regional groups within London to ensure the LEB adds value and is complementary to local priorities and emerging governance arrangements. | On-Going |  A signed MoU which sets out the agreement of national partners to the estates devolution proposals. | Partially Met LEB Operating Framework to be published alongside MoU which remains outstanding. |
| Engage with London and national partners to ensure that the LEB adds value and is complementary to the wider London system and national priorities. | On-Going |  Agreed and published LEB Operating Framework | Partially Met Hosting and governance arrangements in place. Pending signing of MoU for appointment of LEDU Director |
| Engage with DH, NHS Improvement and NHS England on wider devolved and delegated powers, including business case approvals, capital allocations and the application of capital receipts generated within the London system | On-Going |  LEDU established and operational (Director, hosting arrangements and formalised governance arrangements) | |
| Review the Operating Framework in light of national policy developments (e.g. the Naylor review). | Underway | | |

Partners are collectively trying to mitigate challenges to delivery of estates objectives caused by delays to the MoU signing

MoU THEME: COLLABORATION, CAPACITY AND ESTATE PLANNING

| PROGRESS TO DATE | CHALLENGES FACING FURTHER PROGRESSION | WHAT CAN WE DO IN THE INTERIM | |
|---|---|---|--|
| | | LEB/LEDU | National |
| <p>London Estates Board is established in its advisory form.</p> <p>The London Estates Delivery Unit is established with interim resource and an advisory Steering Group.</p> <p>A clear set of key and common Estate Themes have been identified for London as well as the requirements to manage and implement change.</p> <p>A baseline LEDU project schedule incorporating all estate projects across 3 STP areas and combining ETTF, CDEL, DH, NHSPS, OPE and other known estate projects pipelines/sources.</p> | <p>During phase 2, the LEB and LEDU would aim to support London to:</p> <ul style="list-style-type: none"> - Develop a clear pipeline of capital projects, including prioritisation of schemes. - Develop a clear capital plan for London. - Enable STP and pilot estates boards to develop and implement their estate strategies and establish robust governance and accountability to agree capital plans and enable delegations from national partners as appropriate. <p>In the absence of the MOU, local and sub-regional partners are reluctant to openly share site information due to concern that assets will not be used to deliver the best value for local populations. 3 STPs have shared information to date, 2 remain outstanding.</p> <p>In subsequent phases, the LEB will serve as a forum within which NHS capital investment decision-making can be exercised. This includes the ability to approve capital business cases in London, with early involvement of and influence by local and London government. In the absence of an MoU, the LEB will not have the ability to take decisions in London.</p> | <p>Within phase 1 functions</p> <p>The LEB will continue to bring partners together, work with STPs and local areas to develop an up-to-date asset register and list of projects and schemes and broker discussions with national bodies to explore how best to accelerate progress on potential priority sites.</p> <p>Potential Interim phase Functions</p> <p>Support local and sub-regional areas to develop clear estates strategies aligned to clear commissioning strategies.</p> <p>Develop a prioritisation framework for decisions.</p> | <p>National partners can continue to work with London through the LEB and endorse the work proposed in the respective LEB and LEDU operating frameworks.</p> |

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MoU THEME: COLLABORATION, CAPACITY AND ESTATE PLANNING

| PROGRESS TO DATE | CHALLENGES FACING FURTHER PROGRESSION | WHAT CAN WE DO IN THE INTERIM | |
|---|---|--|--|
| | | LEB/LEDU | National |
| <p>Engagement and Collaboration</p> <p>The LEDU is supporting the OPE approach to the management of property assets and the delivery of new health and care infrastructure.</p> <p>The LEDU is working with LA and Provider DoFs. Work includes exploring opportunities for not only capital receipts from disposal but for NHS bodies to embark on a more participatory role in development and secure revenue streams (e.g. through Joint Ventures).</p> <p>The LEDU is engaged in multi-partner discussions regarding individual sites. This has included discussions with DH PEP.</p> | <ul style="list-style-type: none"> The funding regime provided by OPE acts as an incentive to public sector bodies to engage and work collaboratively to release surplus sites for Housing and enable investment (where applicable) into health. In the absence of the MoU the LEB is unable to progress through phases to decision-making functions and thus contribute materially to site specific matters being raised by OPE. DoFs maintain concern that until the MoU is completed, dealing with the LEB risks adding another layer of bureaucracy/ authorisation to a system that already takes significant time to navigate. As a consequence, many providers are not yet in a position to engage. | <p>Within phase 1 functions</p> <p>Continued engagement and escalation of estate issued identified by stakeholders. Undertake preparatory work to explore solutions with the Steering Group and LEB.</p> <p>Potential Interim Phase Functions</p> <p>Work with DH and sub-regional areas to ensure that when surplus NHS sites are released, this is done with due consideration of wider local health economy and public sector opportunities. Work with national partners to explore how incentives for the health and care system to release surplus land can be optimised.</p> | <p>Consider Gateway changes to enable progression of the LEB into phase 2 or an interim phase.</p> <p>Formally endorse the work of the LEB and LEDU.</p> |

Partners are collectively trying to mitigate challenges to delivery of estates objectives caused by delays to the MoU signing

| MoU THEME: CAPITAL RETENTION | | | |
|---|--|--|---|
| Progress to date | Challenges facing further implementation | What can be done in the interim | |
| | | LEDU/LEB | NHS England |
| Partners are working through the LEB to gain clarity on national capital availability and the expectations of London. This includes some discussion with STPs around options for release of land. | <ul style="list-style-type: none"> Without the commitments within the MoU, partners <u>do not have the necessary levers</u> to enable the release of land for housing and capital for reinvestment in health and care in the best interests of Londoners. The <u>delay of LEB phasing also limits progression towards a more strategic approach</u> to capital and the LEDU's ability to support STPs to develop clear, affordable capital and estate plans that are aligned to clear commissioning strategies. London and national partners agree that the DH asset sales and housing targets are predicated on the release of surplus assets in London. Partners are currently working through the LEDU Steering Group to ensure a single view as to the picture of surplus assets in London. Our assessment is that this is <u>unachievable without the incentives and process changes that the London health and care devolution deal would enable.</u> | <p>Within Phase 1 functions</p> <p>The LEDU can continue with the information gathering exercise within phase 1 or could move into facilitation of STP estate strategy support to make progress on developing a clear capital plan for London. Continue to engage with NHSE & DH work with London through the LEB.</p> <p>Potential Interim phase functions</p> <p>Work with STP areas and devolution pilots to develop a clear pipeline of capital projects, including prioritisation of schemes.</p> | <p>Work with DH to clarify levers and incentives for London.</p> <p>Consider requiring LEB input on Business case approval.</p> |
| MoU THEME: UTILISATION | | | |
| The LEDU Steering Group considered a draft utilisation toolkit at the June LEDU meeting. | Uptake of any utilisation toolkit issued by the LEB/LEDU will be dependant on the influence and reputation of these groups. This will be limited while the LEB is unable to move through progressive phasing to undertake more strategic leadership, and decision-making functions. | London partners will continue to work together to co-develop a utilisation toolkit, to serve a resource for the London system. The toolkit is likely to be finalised in October 2017. | Support and endorse the work carried out by LEB and LEDU |

Next steps and discussion

If further MoU delays are expected, alternative options to deliver the relevant commitments could include:

1

National partners (DH, NHSE, NHSI and the DH property companies) being asked to commit to continue to work with London through the LEB, formally recognise the LEB and LEDU, and endorse the work proposed in the respective LEB and LEDU operating frameworks. The associated Operating Frameworks could be published to further legitimise these governance and delivery mechanisms.

2

National partners being asked to agree to revising the LEB gateway criteria to enable progression of the LEB into phase 2 or an interim phase. If the LEB is not able to progress to the decision-making phases set out in the operating framework, national partners asked to consider how they could incorporate the views of the LEB into their decision-making processes.

3

DH are asked to clarify levers and incentives for London.

4

DH and the DH property companies are asked to agree how the LEDU will work with SEPI, to ensure an approach that best meets the needs of the London system.

The SPB is asked to:

- Note the progress of the LEB and LEDU to date
- Discuss any opportunities to overcome the challenges currently experienced, particularly regarding provider engagement and sharing of information that relates to surplus sites
- Discuss the role of the SPB in supporting the LEB to progress through phases of operation