

# DEVELOPMENT OPPORTUNITY FROM THE HEALTH AND SOCIAL CARE BILL



*"The Health and Social Care Bill signals significant change ahead, not least around the potential dissolution of Primary Care Trusts (PCTs). Trusts are already looking to unlock savings and improve service through estate rationalisation and more effective use of assets and the Government is encouraging them to do so, both independently and through its new property company. The opportunity for the affordable housing sector could be significant."*

**Karen Prosser, Head of Health**

## Executive Summary

- Plans are already being made in relation to the transfer and future ownership of health buildings
- There will be some degree of efficiency in space usage and after the transfer some assets may become redundant
- If the Secretary of State does not step-in assets may be disposed of
- We predict at least 438 hectares of unused NHS land is available for housing
- This is backed strongly by the recent Department of Health paper *"Disposal Strategy – Land for Housing"*
- The opportunity will only appear once.

**EC HARRIS**  
**BUILT ASSET**  
**CONSULTANCY**

Whilst the Health Social Care Bill continues to undergo changes which will undoubtedly become part of a revised bill during its passage, it is clear that plans are still being made in relation to the transfer and future ownership of health buildings. The recent document issued by the Department of Health (DoH) *'PCT Estate - future ownership and management of estate in the ownership of the Primary Care Trusts in England'* provided a clear timeline, with the transfer of assets expected to be signed off by the Department.

This is supported by the recent indication from the Government Property Unit that trusts should dispose of assets they do not need for their own delivery of clinical services and the DoH's announcement it is forming a property company to look after all the non clinical assets which currently belong to the PCT. There is an obvious desire to drive better value from the estate. However, the element that will be centrally managed is only a small percentage of the total. With significant estate within Acute, Community and Mental Health Trusts, that may no longer be required to deliver effective clinical services, trusts have an opportunity to unlock greater savings and create a more efficient overall solution for the local health economy.

We are now seeing much more interest from trusts to focus on developing an estates strategy which provides buildings which are fit for purpose and offer value-for-money over the long term, meeting the expected health needs for now and the future delivery of healthcare which will include a requirement to deliver services closer to home. This means estates must be efficient both in terms of specialist use, but just as importantly, in terms of long term operational costs.

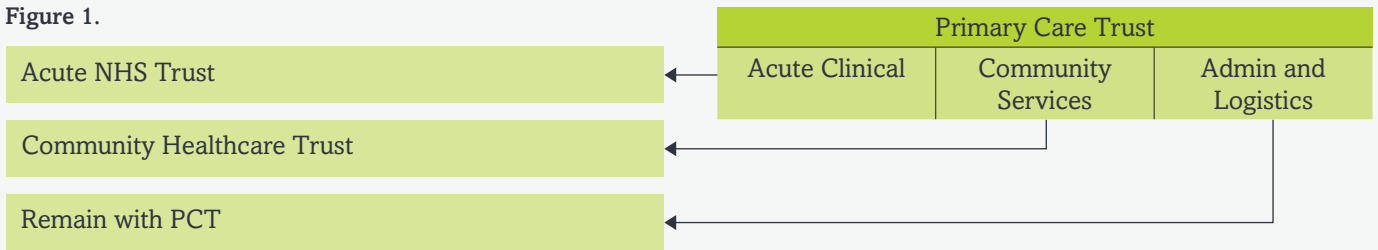
With the tight timeframe provided to sign off the plans by the DoH, trusts are already considering the best long term asset strategies.

## What is the future?

The Government paper is clear that accommodation needs to transfer to the NHS body which occupies over 50% of the building and that this is required to fulfil their role as a healthcare provider. At this stage, LIFT and PFI assets will not be included within this arrangement. Figure one (overleaf) shows where accommodation will transfer.

It is recognised that there will be some degree of efficiency in space usage and that after the transfer some assets may become redundant. The option remains with the Secretary of State to step in at this stage and reacquire the estate. Should this option not be taken then the assets may be disposed of.

Figure 1.



## Size of the un-utilised estate

EC Harris' NHS Services and Estate research shows that according to figures provided by the Information Centre for Health and Social Care for 2010/2011, of the 4.67 million sqm of assets declared by PCTs, 7.6% or 356,192 sqm of this was classed as un-utilised. In addition to the un-utilised estate for PCTs, it was reported that 6.14% of Acute Trust estate (a total of 1.23 million sqm) and 7.36% of Mental Health estate (308,626 sqm) was also in this category.

This is backed strongly by the recent Department of Health paper 'Disposal Strategy - Land for Housing' (see table below) which indicates the potential areas already considered by the NHS as 'no longer required.' This has been identified for disposal for housing over the next four years.

	Year of Disposal 2011 / 2011		Year of Disposal 2012 / 2013		Year of Disposal 2013 / 2014		Year of Disposal 2014 / 2015		Year of Disposal beyond 2014 / 2015	
	No. of Homes	Ha	No. of Homes	Ha	No. of Homes	Ha	No. of Homes	Ha	No. of Homes	Ha
Latest Estimate	3,430	156	3,732	157	1,580	85	819	36	128	4

These are mostly small to medium sized plots over 0.25 hectares with few over five hectares. In addition to this, there is other estate, owned by the Department of Health, which is also identified as being surplus to requirement and suitable for appropriate housing development.

The opportunity is clear, by unlocking this latent value, capital could be used to directly improve healthcare outcomes and meet the £20 billion efficiency challenge by 2015.

## Enabling opportunity

EC Harris has a strong track record in the health, commercial and residential sectors. We are therefore ideally placed to assist developer clients in managing the acquisition of real estate interests from PCTs.

We understand the NHS needs solutions that balance clinical, community and financial benefits and can help you structure proposals that resonate with NHS managers.

Our approach reduces the complexity of procurement from conception through to completion and importantly our fees are not purely transaction based - this means our advice is not influenced by the value of the deal. In fact we are committed to ensuring that the best possible outcomes are generated for all parties involved.

The opportunity for both the private and public sector is significant but it will only appear once. The time to act is now.

### For further information, please contact:



**Karen Prosser**  
 Head of Health Sector  
 t +44 (0)7920 070 741  
 e karen.prosser@echarris.com



**Rebecca Bennett Casserly**  
 Head of Affordable Housing  
 t +44 (0)121 503 2712  
 e rebecca.bennett-casserly@echarris.com

w [echarris.com/health](http://echarris.com/health)  
 w [echarris.com/affordable-housing](http://echarris.com/affordable-housing)

*"The Department is clear, by unlocking this latent value, capital could be used to directly improve healthcare outcomes and meet the £20 billion efficiency challenge by 2015."*

**Karen Prosser - Partner, Head of Health Sector**