

Quality Healthcare Environments

A guide for customers
and tenants





Property strategies and solutions.
Estate and facilities management.
Safety. Efficiency. Sustainability.
Specialist knowledge, skills and advice.

This guide has been produced by the new Customer Board of NHS Property Services and is intended for tenants and customers of the company.

It contains background information along with more detailed information on leases, billing arrangements and support for the development of estate strategies.

This guide will be revised regularly, and is supported by information in **NHS Property eNews** and on our **website**.

Queries or questions regarding this guide?
Email information@property.nhs.uk

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1. Background

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.

It is a new company created by the Health & Social Care Act 2012, 100% owned by the Secretary of State for Health.

On formation in April 2013, NHS Property Services inherited approximately 3,700 holdings from 161

predecessor organisations (primary care trusts and strategic health authorities), with a value of around £3 billion.

A key focus for the company during its first twelve months has been to develop a thorough understanding of the holdings it inherited along with the service obligations and associated costs.

Owning and managing approximately 10% of the NHS estate in England, NHS Property Services has one of the largest property portfolios in Europe.

Gross internal area by property type and region



2. Role and objectives

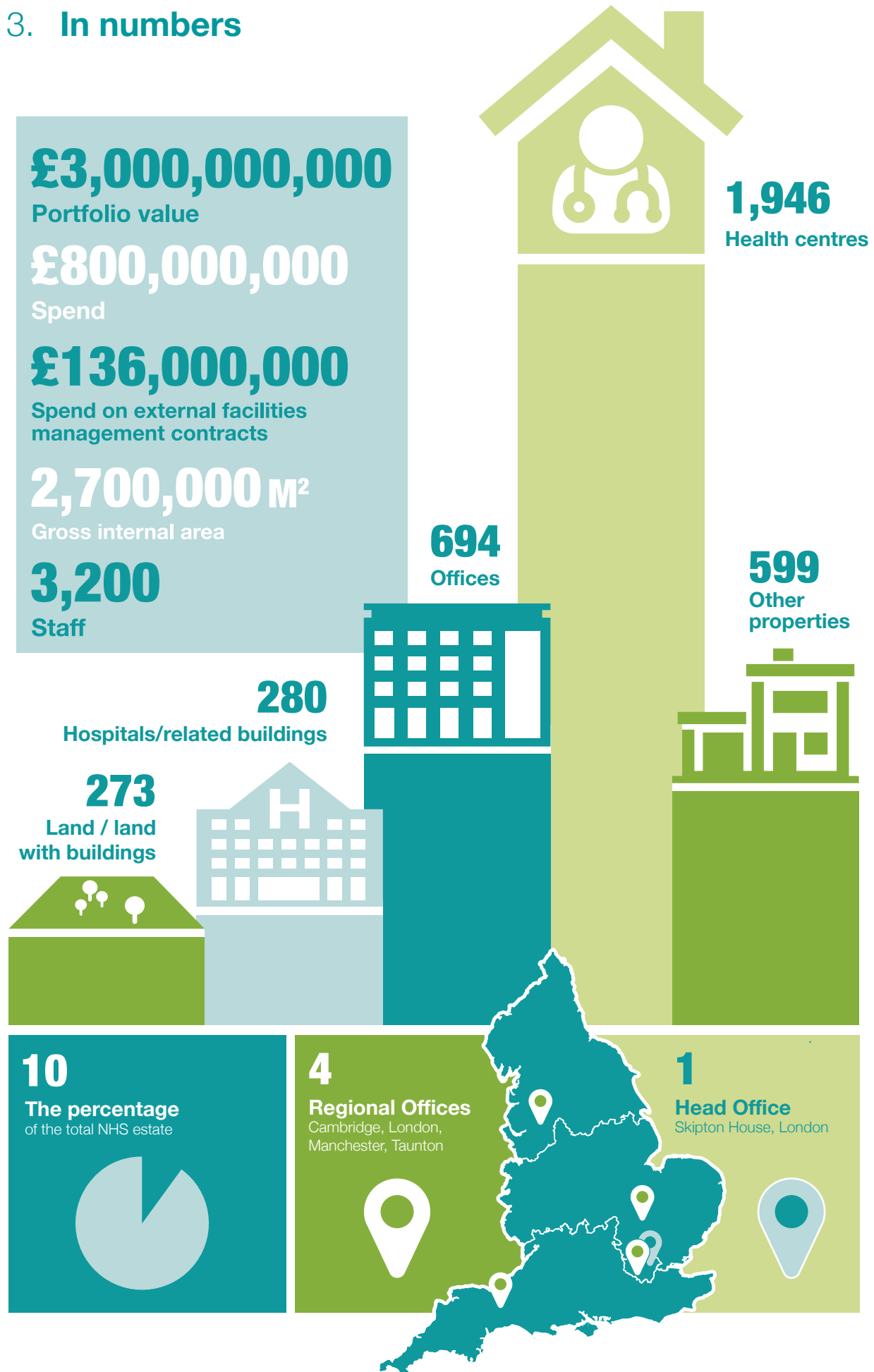
NHS Property Services is a landlord, estates manager and service provider working particularly closely with NHS England, Community Health Partnerships (CHP), and Clinical Commissioning Groups in England.

The quality of the healthcare environment has a direct impact on how the NHS delivers care and patients' perception of the care they receive. The work of NHS Property Services is therefore crucial to the quality of care provided and to the professional lives of those who work for the NHS in England.

The company has six strategic objectives:

- Maintain continuity of service and keep buildings safe, warm and clean
- Use scale and effective management to keep costs to a minimum and pass savings back to the NHS
- Place patients and the taxpayer at the heart of the business by supporting the NHS and public sector to transform services
- Establish a truly national entity with a single corporate identity and consistent approach
- Ensure the estate is well managed sustainably and supports wider government initiatives
- Be recognised as an employer of choice

3. In numbers



4. How NHS Property Services is organised

NHS Property Services is a national company with a strong local focus, organised into **four regions – London, Midlands & East, North, and South.**

The creation of NHS Property Services in April 2013 brought together people and responsibilities from 161 former primary care trusts and strategic health authorities. Bringing all these structures and ways of working together into one company has inevitably highlighted inconsistencies we cannot ignore.

These staff constituted a talented and diverse skills base and a wide variety of roles and grades. The large proportion of staff (2,300) working in facilities management roles reflects the labour intensive nature of this part of the company's work.

The company has therefore restructured the business to better meet the needs of tenants, customers and NHS patients, and deliver greater efficiency and value for money.

The new structure provides the platform to manage the two distinctive sides of the specialist business - asset management and facilities management - and results in a more streamlined organisation, with resources located and focused on what tenants and customers need. For example, they will have a dedicated contact for all property and facilities issues.

- [Click here for information on the Board.](#)



5. Service provision

NHS Property Services offers both asset management and facilities management services.

ASSET MANAGEMENT

The company's asset management arrangements include asset information management, strategic estates planning, property management advice, town planning, rent reviews, managing capital schemes, and acquisitions and disposals.



FACILITIES MANAGEMENT

Facilities management functions are either provided directly by the company or via a third party on its behalf. These include dealing with emergency/on-call repairs, non-urgent breakdowns, planned preventative maintenance programmes, and assuring the quality of premises, including the compliance of premises with statutory regulations such as fire, legionella prevention and disability discrimination.

NHS Property Services also provides some services that fall outside of its main remit, where they were previously provided or contracted by primary care trusts.

6. How NHS Property Services works

This section details some of the key processes and programmes of work that are of particular interest to customers.

6.1 Capital approvals process

Capital spend undertaken by NHS Property Services falls into two categories:

- Landlord spend - defined as day to day maintenance of buildings in accordance with landlord obligations.
- Customer spend - defined as that which is required to fund strategic works such as major refurbishments, change of use, re-modelling of floor layouts, and new builds requested by customers.

There are different approval processes for each of these categories.

LANDLORD SPEND

The approval process for Landlord schemes is led by NHS Property Services with a degree of local and regional delegation depending on the size of the scheme, as follows:

- Under £75,000: local office approval
- £75,000 - £250,000: regional office approval
- £250,000 - £500,000: Executive Director approval
- £500,000 and above: Asset and Investment Committee approval

Although the approvals process is internal to NHS Property Services, where schemes exceed £500,000 the Asset and Investment Committee will, as a condition of approval, seek evidence that local commissioners have been consulted and are supportive of meeting any revenue consequences.

CUSTOMER SPEND

The approval processes for Customer Capital schemes is led by NHS England and guidance on this has been published separately by [NHS England's Project Appraisal Unit](#).

All schemes are led by commissioners and the role of NHS Property Services is to work with them on those schemes that NHS England has placed in its pipeline, in order provide assurance on the following points:

- Statutory and technical compliance
- It is in line with NHS guidance
- Functionality (and sizing)
- Buildings are fully utilised
- Affordability (in line with the customer's affordability limit)
- Value for money
- Cost neutral: all the costs are being covered by tenancies or underwritten by a customer organisation.

To ensure this happens consistently the company's internal governance process is followed, using the same approval limits as for Landlord Capital. Any schemes over £3m will go to the NHS Property Services Board for final approval.



6.2 Support to estate strategies

NHS England recently published the latest version of the operating framework, *Everyone Counts: Planning for Patients 2014/15 to 2018/19* in which NHS commissioners have been asked to submit responses in the form of five year strategic plans (for 2014/15 to 2018/19) and 2 year operating plans (for 2014/15 to 2015/16).

The NHS estate is spread across a variety of organisations, and NHS Property Services owns and leases about 10% overall. The company therefore has an important role in supporting the development of estate strategies, working alongside commissioners and providers of NHS services.

A well thought-out estate strategy is essential to the provision of sustainable, safe, secure, high-quality healthcare buildings capable of supporting current and future service needs. An estate strategy cannot be developed in isolation and forms an integral part of the service planning of both commissioners and providers. A well developed strategy can help deliver efficiency savings and facilitate more joined up working both within the NHS and with other partners, particularly in the public sector.

Estate strategies that set out proposals for ensuring a sustainable, effective and efficient estate therefore form an important part of commissioners' responses to NHS England.

NHS Property Services and Community Health Partnerships (in LIFT* areas) will work with commissioners and providers to develop estate strategies to inform and meet the requirements of their strategic and operating plans. The aim of NHS Property Services is to be a strategic leader in this arena.

The key components of each estate strategy will be an assessment of the existing estate (where are we now?), an analysis of "where we want to be", and proposals for achieving that (how do we get there?).

The company is working to review the current state of its inherited estate and the opportunities for rationalisation and capital investment that might be required to support commissioners' plans. It is also working to ensure the estate is able to meet proposals for growth set out in local authority development plans.

NHS Property Services now offers a concentration asset management expertise for the whole of England and has a remit to drive efficiencies through better utilisation and rationalisation of the estate. This can deliver significant financial savings for release back into local health economies.

*LIFT: Locally based joint ventures between public and private sector

6.3 Lease documentation

More than 40% of leases inherited by the company were undocumented. The priority of the NHS Property Services leases programme is to put in place formal lease arrangements for all properties, and to identify and manage any associated financial implications.

The programme is expected to last two years from summer 2014, with an initial focus on the private sector element of the portfolio.

This move towards the development of commercial tenancy agreements will provide greater cost transparency for NHS services and greater assurance in terms of formal tenancy

agreements. NHS Property Services will be looking to achieve long term tenancy agreements wherever possible.

A formal working group has been established by the Department of Health to focus specifically on undocumented leases. Alignment will be required throughout the programme with NHS England and their primary care team, particularly in relation to GP premises.

It is expected that there will be a range of standard leases and that tenants will appoint their own professional advisors to manage their interests, at their own cost.



6.4 Billing arrangements

Primary care trusts commonly did not recover from tenants the full costs of managing the estate. Instead it was common for PCTs to meet some of the cost from their own budget allocations.

This was the position inherited by NHS Property Services on 1 April 2013 and the decision was taken to maintain this situation initially as any attempt to move immediately to full cost recovery directly from tenants, would have risked significant instability in the NHS.

This does not mean however, that the amounts invoiced in 2013/14 were exactly the same as in 2012/13. Where, for example, the terms of occupancy with a tenant provided for inflationary increase, this was applied.

The impact of this approach is that NHS Property Services is currently unable to recover approximately 40% of its costs from its tenants. These in effect represent the costs that were previously funded from PCTs. Agreement was therefore reached between NHS Property Services, NHS England and the Department of Health that this funding shortfall would be met by commissioners (i.e. Clinical Commissioning Groups and NHS England).

NHS Property Services was asked by NHS England to bill CCGs using the allocations given to these organisations to fund NHS Property Services at the start of the year. A letter was sent by the Department of Health to all CCGs detailing this arrangement.

In 2014/15 funds will continue to be raised from both commissioners and tenants. The position will differ from the previous year however, in several crucial respects:

- NHS Property Services will clearly identify the costs borne by CCGs and NHS England through their direct occupation of the company's premises and bill them as tenants for these amounts.
- NHS Property Services will work with those tenants traditionally subsidised by commissioners to ensure that in future all costs are recovered from tenants.
- Where commissioner subsidies remain, NHS Property Services will identify these on a property by property basis and ensure that the appropriate commissioner is identified who should pay these costs. In other words CCGs will be billed based on actual costs rather than NHS England's historic allocations process.
- Overall costs will be based on much more robust information. During 2013/14 NHS Property Services was forced to rely on historic data collections which were often outdated and contained inaccuracies. For 2014/15, the company will utilise actual costs incurred by the company during its first year.

There will be further communications with commissioners before any invoices are issued for 2014/15.



6.5 Procurement

NHS Property Services buys goods and services from a wide range of suppliers and service providers, and awards contracts to those who meet NHS Property Services requirements and standards. Contracts can range from small one-off purchases up to multi-million pound service contracts lasting several years.

Comprehensive information on procurement arrangements is available on the [Doing Business](#) section of the company's website, under [What we do](#). There is information on:

- What NHS Property Services buys
- How it buys
- Adverts and forthcoming contracts
- Procurement processes

For all procurement activity over £75,000 and more complex quotes, NHS Property Services requires all suppliers to use its e-sourcing portal. This is free and takes only a few minutes to register.

The central procurement team can advise on all procurement matters. Please email procurement@property.nhs.uk.

6.6 Disposal of properties

NHS Property Services has a key role in disposing of holdings that commissioners have declared as no longer required or suitable for NHS use.

In disposing of surplus holdings, the company's prime responsibility is to ensure it realises market value and does so in a transparent manner.

The decision as to whether a property is surplus to requirements resides with commissioners – NHS England or a CCG. NHS Property Services will only take action according to the need of commissioners.

Any holdings which are to be sold are listed on the Electronic Property Information Matching Service (ePIMS) website for forty working days, making



them available for public sector organisations with priority purchaser status. If no other public sector organisation expresses an interest, they are then placed on the open market.

Capital receipts generated from sales go back to the Department of Health for reinvestment back into health services in England. Disposing of surplus holdings also provides opportunity for residential development, thereby contributing to the Government's housing policy.

NHS Property Services disposal programme is continually updated and a revised programme will be published in [April 2014](#).

6.7 Complaints and compliments

NHS Property Services is committed to maintaining the highest standards in all its services and facilities, and is keen to know when this has been well received. Please use the [contact form](#) available on the website.

If the services or facilities provided fall short of what is expected then the company needs to know about it as soon as possible. This will be investigated so that an explanation can be offered and action taken to improve things.

The quickest way to make a complaint is to send an email to information@property.nhs.uk. Alternatively it can be sent in writing to:

Communications and Complaints Team
NHS Property Services Ltd
451C Skipton House
80 London Road
London
SE1 6LH

NHS Property Services will acknowledge receipt within two working days and respond in full within 20 working days. If it may take longer than this, the company will advise on when to expect a response.

All complaints are investigated in accordance with the NHS Complaints Procedure.

If a recipient feels their complaint has not been fully resolved, they can ask the Chief Executive to look into the matter further. The CEO's contact details, and more information regarding complaints and compliments, is available on the [contact us](#) page.



7. Benefits and efficiencies

NHS Property Services does not make a profit from the services it provides; instead it is committed to recovering the costs incurred. Working in this manner means that any efficiency savings bring about tangible benefits for the NHS in England through reduced costs. Combined with the expertise of its staff and their knowledge of the NHS, NHS Property Services has a compelling offer for both existing and potential customers.

All of the work the company undertakes is shaped by the six strategic objectives (on page 3) and is directed by the Secretary of State's priorities as shareholder. These are to:

- Prepare and deliver a cost savings programme.
- Accelerate the sale of surplus facilities.
- Deliver improved efficiencies from operational functions.
- Further develop the strategic direction of the company.

Efficiency and cost reduction is therefore of paramount importance to the company, along with improved service delivery

It is already clear that through the formation of a national company focussed on the provision of asset and facilities management services to the NHS, there is significant opportunity to bring about financial savings and improvements for the NHS.

Millions of pounds of efficiency savings have already been achieved.

For example, using economy of scale, £1.2 million has been saved by the single procurement of gas and electricity.

To March 2014, contracts have been exchanged on 57 surplus properties, with tens of millions of pounds in sales value. A further 104 properties are identified for disposal in 2014/15.

As well as releasing capital for reinvestment in the NHS, this also saves over £12 million a year in wasteful running costs of securing empty properties.

At auctions in February and March 2014 more than £10 million was raised from the sale of surplus assets that have previously been on the market for up to four years. This alone will save some £2 million in running costs. In the first auctions all properties sold well above their listed valuations.

As well as releasing cash for the NHS, some of these sites offer prospects for much-needed housing. In all, the target is to generate nearly 1,000 housing units by March 2015.

Tenants are also looking for better, more efficient properties. To date, the company has been leading around 50 new developments or improvements for tenants.

Continuing to work in this manner will ensure NHS Property Services makes a major contribution to supporting the NHS in England to meet its significant financial and service transformation challenges.



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8. Keeping informed

This guide for customers is just one of the ways we want to build open relationships with our stakeholders – supporting shared aims of safe, warm, clean, sustainable and efficient buildings for patients.

There is much more information available:

On our website www.property.nhs.uk

Please keep informed by:

Subscribing to [NHS Property eNews](#)

Following us on [Twitter](#) and [LinkedIn](#)

Get in touch directly:

Through your local contact

Email information@property.nhs.uk

Phone 020 7972 5255

The Customer Board

The NHS Property Services Customer Board is chaired by Sir Michael Pitt (chair of the Infrastructure Planning Commission) with 20 influential senior and front line representatives from CCGs, NHS England and others.

