



**RICHARD ASHCROFT
 ON MEETING THE
 ESTATES CHALLENGE**

IN ASSOCIATION WITH FULCRUM



“ In the midst of major reorganisation, how can the NHS deal with the estates challenges it faces? It must transfer services out of the acute sector, yet the quality of the primary and community health estate remains varied. Addressing this challenge will be a key enabler to transforming the financially constrained NHS.

There are many new high quality Local Improvement Finance Trust (LIFT) and third party developer primary care facilities, but much of the rest of the estate is poor. There is still spare capacity in some newer primary care buildings and it is vital that utilisation is optimised. This should be the priority so services can transfer into the community, allowing a reduction in acute capacity.

The LIFT programme is over 10 years old and has delivered over 300 primary and community healthcare facilities. Fulcrum is the private sector partner in four LIFT projects and has developed 34 new primary care buildings with a value of over £250m. The 50-plus LIFT companies have been established on a public private partnership model in which the public sector owns 40 per cent of the equity and shares in the returns produced.

The LIFT sector is fully aware of the financial challenge facing the NHS and delivery of the quality, innovation, productivity and prevention challenge. At Fulcrum, there are three main elements of our support for our NHS partners.

We have reduced construction and rental costs of new buildings for the NHS over the past seven

‘We developed a model to help get better value and use from facilities’

years by driving better value from our supply chain. We are also now helping our public sector partners optimise use of new buildings and rationalise their estate. Our team is delivering strategies, utilisation reviews, environmental and sustainability support and helping to optimise value from the disposal of unneeded buildings. We have developed a model to help our NHS partners get better value and use from their facilities.

The true value of our partnership model will only be realised when the parties work in close collaboration to share their objectives and jointly develop innovative solutions, improving patient care through increased efficiency. One of LIFT’s key benefits is it has already been procured and deemed good value; the public sector can use it to provide support without needing further costly and lengthy procurement processes.

Finally, we are supporting interagency working to help the NHS deliver more integrated models of care. Optimal NHS solutions can only be provided when they are truly integrated with acute care, social care and other key stakeholders. Our new buildings will support this through excellent design, creative project structuring, financing, and flexible lease and tenure arrangements.

Richard Ashcroft is chief executive of Fulcrum Group
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PARTNERSHIPS

A LONG TERM PERSPECTIVE

LIFT partnerships provide expertise that allows trusts to make the most out of new builds and existing facilities

Many areas have seen extensive investment in primary and community care buildings over the past decade, often through the Local Improvement Finance Trust (LIFT) programme. As new schemes become harder to fund, it is increasingly important for buildings to reflect commissioning intentions and for trusts to get the most out what they have, or can afford to build.

This could mean some areas will have to look at rationalising their estate, adopting a system wide approach to which buildings will be essential in the future and which could be disposed of at some point. Many NHS organisations will struggle to find the skills and capacity internally to approach this sort of work.

Fulcrum, which has partnered with many NHS organisations in LIFT programmes, has developed a suite of products and interventions to help review primary and community estates, identifying opportunities to realise capital savings and reduce ongoing costs. This can contribute towards quality, innovation, productivity and prevention savings.

“Historically, there has always been a misalignment between estates and commissioners. We have been working to bring these functions closer together and talk intelligently to both sides,” says Adrian Wallace, Fulcrum’s head of strategic asset management. “Estates are a key enabler in delivering all of these system changes that are needed going forward and leads to improved quality, cost reductions and increased efficiency.”

But, as a starting point, organisations need to understand what property they have, under what sort of tenure and how it is used. This baseline should allow them to identify spare capacity and also see how future commissioning intentions, and the effects of a changing population, can be accommodated.

Fulcrum suggests organisations think about their physical estate as being core (sites they envisage using for the next 25

years or more), intermediate (5–10 years) or short term (no longer than five years). Fulcrum’s estates planning process can then drive a range of decisions from refurbishment to length of facilities management contracts.

South West London Health Partnerships, a LIFT company of which Fulcrum is the private sector partner, carried out a review of the estate implications of the cluster’s commissioning strategy. Ian Brown, who leads on strategic asset management for NHS South West London, says: “They were particularly able to bring skills from the interface between commissioning and health planning to the debate. These technical skills are not readily available and the use of the partnering services meant that the cluster primary care trusts did not have to spend any significant time on tendering as the rates under partnering services have been previously agreed.”

But organisations may also need to “sweat their assets” and look at how much of their space is used and for how long. When this approach was applied in NHS Halton and St Helens, it identified the potential for a 32 per cent increase in utilisation and a 16 per cent reduction in the operational cost of estates as a whole. It highlighted the opportunity to reduce the size of the estate by 47 per cent while releasing £5m in capital receipts.

In NHS Merseyside, LIFT programmes have led to a core of very high standard buildings, but work is under way to ensure they are fully utilised while others are disposed of.

“If you build a £5m facility there is no point in having it 50 per cent occupied,” says John Garrett, head of estates at NHS Merseyside. Disposing of buildings in need of repair can also reduce the amount of backlog maintenance needed and enable any funds to be spent on other sites that are better suited to clinical use.

PCTs can also seek savings on running costs. Mr Wallace says PCT owned buildings



often have their own cleaning, gas and electricity contracts with little attempt to bundle these together to get better prices. This fragmentation can mean organisations are paying over the odds for services.

By working across two PCTs, Renova, a LIFT company of which Fulcrum is a partner, was able to cut energy costs by 20 per cent across the non-LIFT buildings by using this collective buying power. A similar bundling approach can be used for cleaning services and security. Savings could also be made on waste management contracts.

“There is a role for a LIFT company to work closely with the commissioning support units going forward so all of these issues can be addressed,” says Mr Wallace. “We want to be the estates partner of choice for our local health economies. We have a long term strategic partnership in place through the LIFT companies so we are keen to work with our partners to help them deliver their objectives of improving healthcare.”

Looking forward, flexibility in use will be important. Buildings offering space that can be easily adapted for several uses could help

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to accommodate the anticipated shift of healthcare into the community.

The LIFT programme in Merseyside has created flexibility. “The buildings are designed in such a way that allows them to change. It is future proofing – whatever comes along we can use our facilities,” says Mr Garrett. “It allows us to start to move things out of the acute setting.”

Ian Davies, director of strategy and programme coordination at NHS Knowsley, says simple changes can facilitate flexible use, such as making certain there is a pipe running through an administrative room in case it needs to be adapted for clinical use.

Changing work habits has also opened up

opportunities. “We have a lot more mobile and flexible working. We can take some of the administrative space out of buildings,” he says. This has enabled space to be made for additional dental services.”

Greater use of IT could also reduce demand for office space, suggests Mr Wallace, but will require a cultural change and for staff and managers to move away from territorial behaviour.

The LIFT company has embraced the QIPP ethos, says Mr Davies, and has helped the PCTs review and change the use of buildings. “It has brought its overall estate management expertise. As resources become even tighter and as we look to provide more services out of hospital we are going to have to think about how we use these assets even harder.”

As the NHS seeks even more savings, the role of companies like Fulcrum is changing. Mr Garrett says: “They have become much more than just the people who built us a new building; they have become the people who help us manage and develop the estate to move forward.” ●