

NHS estates sell-off

1 Critical issue because

- current ownership and right to retain the value of disposed assets is complex, and it is claimed that the NHS has accumulated a lot of under-utilised assets with potential high market value
- Austerity policies are driving down the NHS budget to levels where the service is being impacted. Capital budgets, including budgets for building and equipment maintenance, are being raided to pay for deficits in spending on running costs.
- This has a political impact - the government is not trusted with the NHS. Selling off NHS assets may give them a get-out-of-jail- free card (cf 1980s sell-off of public utilities). NHS provides service more cheaply than the private sector for a similar service, so privatisation of service does not reduce costs so focus on stripping the assets.

2 Naylor (report published March 2017, follow-up report due)

- Connect to STP and FYFV - how to acquire the funding to invest in new community-based facilities, including large primary care hubs which reduce the number of GPs as independent practitioners and gives NHSE more control.
- Sticks and carrots - BOGOF / denial of 'transformation' funding
- Commercial approach - planning permission, partner developers
- ACOs - most assets 'owned' by providers, so need to create unitary purchaser/provider authorities in order to make sell-off happen (except where acute and community services provided by the same trust)
- PFI debts cannot be disposed of, so asset disposal will be concentrated where no PFI
- London's high land values make it vulnerable

What can we do

- alert the public - privatisation now seen as a rip-off
- persuade local authorities not to award pp unless clear social benefit
- Public governors of Foundation Trusts have the power to stop asset disposal
- ????????



WHY AND HOW TO OPPOSE THE NAYLOR REPORT ON NHS LAND

WHAT IS THE NAYLOR REPORT?

The Naylor report¹ is a report by Sir Robert Naylor, the former Chief Executive Officer of University College Hospital, who is one of the government's advisors on NHS land and buildings. In 2015, the Chancellor's Autumn Statement, having failed to increase the capital budget of the NHS in line with inflation, instead set a sales target to identify £2bn-worth of NHS land that could be sold and developed to build 26,000 homes, to be achieved by 2020/2021.² Jeremy Hunt, the Secretary of State for Health asked Naylor to develop a new NHS estate strategy which supports this target.

Naylor has exceeded his brief, and considers that up to £5.7bn-worth of NHS land and buildings can be sold. He states that the sales proceeds are to be "reinvested" in the NHS. However, capital sums voted to the NHS in the past have often been expended as revenue, and one of the proposed uses, backlog maintenance, is revenue, i.e. day-to-day spending, not capital.

WHAT IS THE PRESENT SIGNIFICANCE OF NAYLOR'S REPORT TO THE NHS?

The government is persisting with the failed austerity programme adopted by the Conservative-Liberal Democrat coalition government in 2010.³ Therefore, it is underfunding the NHS, and wants NHS property to be sold to plug the gap. Such sales would also satisfy an agenda of privatisation, the "small state," and disposing of public assets.

Years of careless reorganisation and neglect have left the NHS without a national estate strategy, and lacking the capability to create one. Without these in place, a sell-off of £5.7bn-worth of NHS land and buildings would appear to be extravagant asset stripping to compensate for underfunding, since common sense dictates that such a sale, to be prudent, must be justified rigorously as part of an overall plan of NHS estate management.

Naylor's report outlines the elements that a future estates strategy would have to cover, and recommends that a powerful new NHS Property Board be set up to create and manage this strategy. But a serious land strategy would require time and expertise to collect and analyse more data, consult all stakeholders, and take complex decisions to align the estate with present and future patterns of health and social care, and many other considerations. Despite this, the weight of the report is on estimating the quantity of NHS property that could be sold off briskly, and Naylor recommends that a Property Board be set up immediately "in shadow form" to drive forward the proposed sales as soon as possible.

¹ *NHS Property and Estates: Why the estate matters for patients*, an independent report by Sir Robert Naylor for the Secretary of State for Health, March 2017.

² *NHS estates: Review of the evidence*, Wenzel et al, King's Fund, October 2016, p. 9

³ Former Chancellor George Osborne aimed to eliminate the government's spending deficit within five years. Ten years later, Chancellor Philip Hammond is still pursuing austerity, and has abandoned plans to eliminate the deficit by 2020.

The report therefore creates an appearance of prudent strategic management of the NHS estate, whilst providing political cover for the swift sale of valuable NHS assets in advance of any possible creation of a serious estate strategy.

WHY WE SHOULD RESIST THIS SALE OF NHS LAND AND BUILDINGS

Naylor's value to the government, as a former hospital manager, rather than a specialised estate advisor, e.g. a surveyor or town planner, is to coax and cajole current managers, who are hard-pressed by underfunding, to identify and sell precious land and buildings now, to fund patient care—hence the sub-title of his report, *Why the estate matters for patients*. Lest they are not convinced, since competent managers will comprehend how damaging it is not to operate strategically,⁴ Naylor proposes that NHS bodies who sell before a tight deadline should be rewarded by a one-for-one payment (i.e. matched to sale proceeds) from the government, unfairly ignoring those districts equally in need of investment, but who have no surplus land. And capital investment is to be withheld from those who fail to sell in time, side-lining districts where there is no surplus NHS land, or where speedy sale is impractical.

The sale of NHS land and buildings in advance of there being the necessary accountable leadership and estate strategy in place should be resisted. It can only be poor value for money, pre-empting a considered estate strategy, and because hurried "incentivised" sales favour the buyer, and distract the seller from seeking the best price.

BUILDING RESISTANCE TO THE HASTY DISPOSAL OF NHS LAND

In addition to the arguments in this leaflet, we will soon publish a detailed briefing which includes many positive, compelling arguments as to what a genuine estate strategy for the NHS requires, which we consider are a persuasive counter to hasty sales. Please email us to receive your copy.

Just one example is the 6,000+ expensive acute beds that are "blocked" due to lack of somewhere to discharge those patients. A private company is bidding to lodge them with home owners for £1,000 per month. Since this amounts to more than £73 million per year, it is clear that it would be better for the NHS to use its own premises for step-down care for these patients. The costs saved over time would far exceed any sale proceeds of the land.

Involve your local authority – the *One Public Estate Programme*⁵ is an arrangement between the Local Government Association and the Cabinet Office to bring all public land owners together to work collaboratively. Ask your local authority to call for NHS land not to be disposed of before it has been considered for other public uses by all local stakeholders.

⁴ First identify land required for future uses, allowing for population forecasts, the co-location of step-down care to relieve expensive acute beds, homes for NHS staff, sheltered accommodation for the elderly, etc. Solving the housing shortage also involves building social housing (for which land already in the public sector is a valuable resource) as against the mainly higher-cost homes envisaged by Naylor. Only at the end of that process would it be possible to identify land as "surplus" to be sold into the private sector.

⁵ <https://www.local.gov.uk/topics/housing-and-planning/one-public-estate>

For more information, and to receive our Naylor campaign briefing, please email defendenfieldnhs@gmail.com