

Healthcare Property and Development Conference

Conference Report

Tuesday, 26th November 2019
Kensington Town Hall, London

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Foreword



Keith Griffiths,
Managing Director,
Built Environment
Networking

With the dawn of a new government and a multitude of promises for billions of pounds investment into the UK healthcare sector, the end of 2019 turned out to be the perfect time to hold our second annual Healthcare Property and Development Conference which as per was very well attended with over 300 built environment experts amongst delegates.

With a unique blend of NHS and private sector estates speakers mixed in with a host of policy makers and influencers our conference provided a perfect blend of future projects up for procurement and market intelligence. On the day, the main topic of conversation was the best way to apportion the £2.7bn new hospital spend while also dealing with the £10bn annual backlog of estates maintenance issues. Several speakers issued a call to arms for the supply chain to help them solve these issues in the most sustainable way possible.

One of my personal highlights was the session focused around later life living, there seems to be a conscious

move away from building stand alone bed-sit style homes for the elderly and a major focus on integrating this community with people from different walks of life. There were some spectacular visuals provided by our specialist retirement living developers focusing on their ambitions- more on page 10.

I would like to take this opportunity to thank all of our conference partners for joining with us to deliver this event; your knowledge and expertise goes a long way to creating a positive, productive atmosphere on the day.

2020 promises to be an interesting year for the healthcare sector with government policy unfolding over time. With that in mind my team are already well ahead of the game and in dialogue with key players in the sector as we look to shape the next edition of the event, currently scheduled for 24th November 2020 so if you want to get involved please get in touch with me and my team.

**Best wishes,
Keith**

keith.griffiths@built-environment-networking.com



From the Keynote



Adrian Powell

Head of Property Development, NHS Property Services

[@NHSPROPERTY](#)

GOVERNMENT PLEDGES £2.7BN FOR SIX NEW HOSPITALS BY 2025

“The recent announcements around a £2.7bn funding program for six new hospitals by 2025 and 38 other hospitals to get a refresh by 2030” was raised by Adrian Powell, Head of Property Development of NHS Property Service at our recent Healthcare Property and Development Conference.

This investment pledge comes off the back of a period described as “capital scarce”, by Powell, who’s organisation is responsible for 10% of the NHS’ entire property portfolio. He declared the

NEED FOR A LONG-TERM PLAN TO ALLOW TRUSTS TO DELIVER PROJECTS.

The method of funding for NHS property has evolved in recent years. Sustainable and Transformation Partnerships (STP), groups first formed in 2016 who set plans for projects for local trusts, are “the main source of NHS funding” according to Powell. They also set the investment priorities.

In addition, Powell described private capital funding as “plentiful but relatively inaccessible,” with private debt financing being “taken off the table”

by former Chancellor Phillip Hammond in 2018, but Powell suggested

SOMETHING SIMILAR MIGHT COME BACK.

Another key source is from what Powell described as “recycled capital”, the sale of disused or outdated estates for development. He also mentioned the key source of “developer contribution from housing schemes”, where developers will often make investments into local facilities to enable bigger schemes.

Rising challenges such as that of social care is also necessitating structural reforms within the NHS, which Powell alluded such as the “There’s been mergers of CCGs (Clinical Commissioning Groups) which I think are quite helpful, allowing more connections with local authorities who are involved.”

High-quality estates are essential to delivering the care that the NHS is world-renowned for and additional funding is not only beneficial, but essential.



Healthcare Estates Sector Update

Panel Members:



Chair: Phil Laycock

Director, Built Environment
Networking
@BENetworking



Anita Charlesworth

Director of Research
and Economics,
The Health Foundation
@HealthFdn



Kush Rawal

Residential Investment
Director, Metropolitan
Thames Valley
@MetTVH



Adrian Powell

Head of Property
Development, NHS Property
Services
@NHSPROPERTY



Nick Kirby

Managing Director,
The Shelford Group
@ShelfordGrp

UK SPENDING 'A THIRD LESS IN REAL TERMS' ON HEALTH THAN IN 2000

Anita Charlesworth, the Director of Research and Economics at the Health Foundation, told delegates at the recent Healthcare Property and Development Conference of the spending dearth in healthcare. She said: "We now spend a third less in real terms, than we did in 2000, which is not a picture that is repeated across Europe. Other countries have deepened their investment per worker." She continued:

WE STAND AS A REAL OUTLIER; WE'RE PARTICULARLY UNDERINVESTING IN EQUIPMENT.

This is despite the fact that there was a £20bn investment in the day to day operation of the NHS announced in the summer of 2018.

Charlesworth urged a call to action on funding: "If we are to aim to be a modern healthcare system that supports its



workforce to do a good job and work effectively, it's hard to imagine that without additional capital investment."

Nick Kirby of Shelby Group remarked on the major staff shortages within the healthcare system: "Social care has over 100,000 vacancies similar with the NHS side and an increasing number of staff saying they refuse to work additional hours."

The changing in the structures of funding was discussed by Kirby:

THERE IS A MORE CENTRALISED PRIORITISATION OF HOW INVESTMENT DECISIONS ARE GOING TO BE MADE.



This was echoed by Adrian Powell, Head of Property Development at NHS Property Services who noted how "the loss of PPI and PPE means everything is on balance sheet."

This has also led to consolidation within the NHS, as Kirby described: "Within the NHS family there's been a very significant interval change with NHS England with NHS improvements coming closer and closer together."

He expressed the view that this would be positive for the service: "Once that's bedded in the NHS will be in a stronger position."

Charlesworth described how this shift would change the way the NHS approached development:

WHERE THERE WAS A LOT OF PRIVATE FINANCE, WE HAD 240 INDEPENDENT ORGANISATIONS, WE WERE OPERATING IN A VERY PROJECT TO PROJECT FASHION. WE ARE NOW GOING TO HAVE TO MOVE TO A LOT MORE

STRATEGIC, TOP-DOWN APPROACH TO CAPITAL.

The increasing pressure on housing for NHS staff is a key issue that was raised by Kush Rawal, Residential Investment Director at Metropolitan Thames Valley Housing, who said: "For about a decade now we've been working with a lot of different trusts, in terms of key worker housing."

Rawal proposed expanding the patient hotel system to overcome the problem of "bed-blocking" by primarily elderly patients who need social care adjustments to be arranged before they can be discharged. Rawal suggested that these patient hotels could save as much of 9/10th of the cost of accommodating people vs a traditional hospital bed.

The healthcare sector is going to have to deal with increasing demand as life expectancies continue to rise, and it is clear that one way or another it needs to secure the funding to be able to provide top quality care.



Major capital funding in and innovations in healthcare

Panel Members:



Chair:
Amanda Griffiths

Director, Built Environment
Networking
@BENetworking



Imelda Redmond CBE

National Director,
Healthwatch
@HealthwatchE



Dasos Kirtsides

Head of Healthcare,
Shawbrook Bank
@ShawbrookBank

NHS ESTATES ANNUAL UPKEEP COSTS ESTIMATED AT £10BN

Following the 2017 Naylor Report into NHS estates, it has been estimated that estate upkeep costs have reached approximately £10bn in annual funding for 2019/2020. Paul Fitzpatrick, Director of Estates and Facilities at Liverpool University Hospital described the fact that

THERE'S NOT MUCH EVIDENCE OF THAT BEING SPENT.

Aintree Hospital has been trying to generate capital by redeveloping disused parts of its estate with help from One Public Estate, Fitzpatrick explained: "We've been working quite close with the programme and we've had a £200,000 grant to redevelop part of our campus, which covers 6.5ha."

Aintree Hospital is looking to develop key worker accommodation or extra care facilities as part of the redevelopment.

Shawbrook Bank is a major privately-owned bank that has a "bank balance sheet of about £6.5bn of which a large portion

of which is in the NHS" according to Dasos Kirtsides, their Head of Healthcare. Kirtsides told delegates that the bank "works with more than 70 NHS trusts, either through tender process or directly with some of the independents."

The bank has expanded further into the health sector recently, as Kirtsides alluded to: "We started this year on commercial lending into care homes, pharmacy, dentistry."

They have also financed their first building within the service, a modular cancer centre in Northampton. Kirtsides described that project:

IT WAS NEW FOR US WHEN YOU'VE GONE FROM 25 YEARS OF FUNDING KIT, AND SOMEONE COMES UP WITH SOMETHING DIFFERENT, THE BUILDER ACTUALLY APPROACHED US FIRST.

Assura, a real estate investment trust are an extensive builder of NHS estate, with a "portfolio of 560 buildings, over 5m people receive their primary care from one of our buildings," according to Simon Gould, Head of Development at the trust.

The firm are trying to modernise the model of the NHS estate, Gould explained:

THE NHS ESTATE PLAN CANNOT SUCCEED WITHOUT INVESTMENT BEYOND YOUR TRADITIONAL HOSPITAL BOUNDARIES.



estates development



Simon Gould

Head of Development,
Assura
@assurapl



Paul Fitzpatrick

Director of Estates and
Facilities, Aintree University
Hospital NHS Foundation
Trust
@LivHospitals



Andrew Bulloch

Managing Director, Integrated
Healthcare Properties



Instead they are focusing on creating community healthcare hubs, to create broader well-being spaces.

Integrated Healthcare Properties has been facilitating a new form of financing for NHS estates, the Alternative Finance Organisation (AFO). Andrew Bulloch Managing Director for the firm, described how "it is owned by the NHS and local government on 50-50 basis so there is no private sector involvement."

In the London Borough of Newham there has been a radical increase in population, necessitating the building of new NHS facilities. Integrated Healthcare Properties has facilitated the creation of an AFO to create 11 new NHS builds in the area, "the first of which should be operational between February and May 2020" according to Bulloch.

The model has the possibility to change the way NHS estates are funded, Bulloch said: "Cited in the Mayor's vision for London as one of the possible ways forward for community and primary estate."

The importance of location of estates was raised by Imelda Redmond CBE, National Director of Healthwatch, a charity that is dedicated to being "an independent champion of

those who use the health services." The Charity is helping NHS England in the development of their long term plan.

Redmond urged the importance of making sure sites were accessible, she said

NHS ENGLAND HAVE ANNOUNCED THEY'RE DOING A REVIEW OF TRANSPORT TO NHS FACILITIES, YOU ARE NOT BUILDING IN JUST PLACES- YOU ARE BUILDING IN COMMUNITIES.

Access to the latest health technology was also singled out as an area of importance to patients with regard to estates.

NHS estates have a rapidly increasing maintenance cost, yet if the necessary estate works are funded it provides a strong pipeline for the construction industry and can lead to a high-tech renewal.



Retirement Living & Private Healthcare – Estate Plans &

Panel Members:



Chair: Victoria Thourgood

Real Estate Partner, Browne Jacobson
@brownejacobson



Andy Feculak

Development Director, McCarthy and Stone
@McCarthyStone



Kevin Shaw

Managing Director of Development, Audley Group
@MayfieldUK

RETIREMENT LIVING COULD SAVE THE NHS AND SOCIAL CARE SYSTEM £2.1BN A YEAR

The retirement living model with integrated care could provide major savings government savings of up “£3,500 per annum, per person” according to Andy Feculak, Development Director at McCarthy and Stone.

The sector however is largely still fledgling, compared to countries such as Australia and the USA where the model is more developed. Feculak said:

WE BELIEVE THERE IS A HOUSING CRISIS FOR THE ELDERLY, POLICY SHOULD REALLY SUPPORT DOING 30,000 HOMES PER ANNUM AND WE’RE DOING A FRACTION OF THAT.



Feculak proposed that the government form a housing policy specifically to tackle the housing needs associated with an ageing population.

The retirement living model is very popular with residents, Feculak claimed: “9/10 people say that we improve the quality of their life.”

In addition, it provides a solution to the problem of social isolation in older people. Feculak further cited research that said

83% OF PEOPLE WHO LIVE IN OUR BUILDINGS AND COMMUNITIES SAY THEY EXPERIENCE A GREATER AMOUNT OF COMMUNITY.

Audley Group is another major developer of retirement living schemes and are expanding rapidly. Managing Director of Development Kevin Shaw said: “We have 20 retirement villages throughout the UK but we have many more in the pipeline and we’ll 23 retirement villages in a few months’ time.”

Initially schemes such as these were primarily for purchase, but there has been an increasing move by developers towards a rental model, Feculak said:

WE’VE JUST LAUNCHED A RENTAL MODEL, IT’S TAKEN SOME YEARS FOR US TO DO, BUT NOW WE’VE GOT 100 RENTALS

Projects



Arthur Jennings

Managing Director, Fortwell Capital
@FortwellCapital

AND WITHOUT REALLY MUCH PUSHING.

Arthur Jennings, Managing Director at Fortwell Capital, expressed the view that this is a rapidly growing market, he said: “Purchasing bulk rental models is going to be an attractive asset.” Fortwell Capital are a privately-owned debt fund that have “residential schemes in Manchester, Birmingham and land in London.”

Jennings revealed Fortwell Capital’s extensive investment in the sector: “We have 4 loans, historically funded and are currently funding 34 homes, over 2000 beds, nearly £200m worth of lending of which we’ve got half of it back.”

One of the three firms they are sponsoring is Macc Group, which own 6 retirement homes in the Birmingham area.

The model still faces limitations, particularly in initial phases which Shaw described:



THE BIGGEST BARRIER WE COME ACROSS IS FROM A PLANNING PERSPECTIVE, PARTICULARLY WHEN TALKING ABOUT GLA AND LONDON AREAS.

Both Audley Group and McCarthy & Stone had shifted from outsourcing the care work, into taking care work in-house. Minimizing risk was vital to both of their rationales, as Shaw described: “We would rather take that responsibility, we don’t think it would derisk it to outsource care.”

People are living increasingly longer lives, and it is all the more important that they are well-lived. Creating places where older people can live with appropriate care but also autonomy has the potential to create a real positive impact, whilst easing the pressure on the social services we all rely on.



NHS Trusts – Future Estate Plans

Panel Members:



**Chair:
Amanda Griffiths**

Director, Built Environment
Networking
@BENetworking



Lucy Watson

Chair, The Patients
Association
@PatientsAssoc



David Powell

Director of Development,
Alder Hey Children's
NHS Foundation Trust
@AlderHey

MAJOR NHS DEVELOPMENT PLANNED FOR EAST KENT

Proposals to fill a provision shortage in East Kent are being considered by the local NHS trust, East Kent Hospitals University Foundation NHS Trust which has set up an Estate manager, 2gether Support Solutions.

The trust is deciding between two options, the first creates a major emergency centre at William Harvey Hospital in Ashford, an Emergency Hospital at Queen Elizabeth, the Queen Mother Hospital (QEQM) and a planned care hospital in Canterbury. The second option is to create a major emergency centre at Canterbury, planned care hospitals at QEQM and William Harvey.

Of the first option Managing Director, Finbarr Murray said:

THAT WILL GO OUT TO CONSULTATION IN SPRING, IT'S NOT REALLY WHAT WE WANT TO DO, BUT IT'S A DEMOCRATIC PROCESS. IT'S QUITE LARGE, IT'S A £350M DEVELOPMENT.

Murray expressed much greater positivity towards the second option: "Our preferred option, the clinicians are certainly more interested in this one, is to use our Canterbury site, new enabling development next to the Canterbury site, which will see about 2500 houses, a developer will provide a shell and a core for us, and then the NHS will fit it out and then it will transfer to a freehold asset to the trust."

Alder Hey is an innovative Children's Hospital in Liverpool, which finished a major new building in 2015. David Powell, Director of Development, informed delegates of how it has evolved: "Originally it was a new hospital for kids and now it's turning into a much campus project."

Alder Hey have recently released a masterplan by Hopkins



Architects, detailing a number of projects being built around the hospital.

Part of the campus development is The Institute in the Park, a £24m development is a research and education centre that opened in 2018.

This is being joined by what Powell described as a: "raft of development, including two mental health schemes that are into production at the moment- Galliford Try are developing the scheme up as we speak."

The hospital is also looking to improve their green credentials, Powell explained:

WE'VE GOT A LICENSE TO GO DOWN INTO THE AQUIFER AND BRING THE WATER UP INTO THE SCHEME AND TO GET A DISTRICT



Sunil Vyas

Director of Projects &
Estates, The Royal Marsden
NHS Trust
@royalmarsdenNHS



Finbarr Murray

Managing Director, 2gether
Support Solutions
@2getherSupport

HEATING SCHEME. WE'RE ALSO LOOKING AT OUR GREEN TRANSPORT PLAN.

Another trust looking to bring down their carbon emissions are Royal Marsden NHS Trust a specialist cancer service, who are looking to develop a new Combined Heat and Power generator (CHP). Sunil Vyas, Director of Projects & Estates said: "We've already got a CHP plant in Sutton, and we have plans to put another CHP plant in Chelsea."

Vyas described it as:

VERY MUCH AN INTERMEDIATE TECHNOLOGY

making carbon savings but "its not going to get you to carbon neutral." He said that Trusts had succeeded on many "easy wins" on energy savings, and that "nearly all hospitals have LED lighting."

Lucy Watson, Chair of the Patients Association warned that some efficiency savings came at the expense of patient well-being, for instance remarking that windows without



the ability to be opened were a "hidden saving that is actually a poor saving."

Watson also remarked on the need for development for mental health estates, citing the importance of a good estate to well-being but that they were "one of the areas which have had the least investment."

The stress on the service was a key call to action of Watson', she said

THE DEMAND ON A&E AND ON OUR HOSPITALS HAS INCREASED ENORMOUSLY, 726 PATIENTS WAITED LONGER THAN 12 HOURS ON A TROLLEY.

The message throughout the Healthcare estates conference was clear: Major investment and development is needed within the built environment to facilitate a health-service that is fit for the needs of the population, not just for the present, but for the future.

Conference Photos



Conference Partners

National Partner



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INTERNATIONAL FIRE
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National Core Partners



Exhibitors



Save the date



24th November 2020

London
08:00 – 17:00

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