

TRAFFORD COUNCIL

Report to: Executive Meeting
Date: 31 October 2016
Report for: Decision
Report of: Executive Member for Economic Growth, Environment and Infrastructure

Report Title

Greater Manchester Estates – Memorandum of Understanding

Summary

The report provides an update on the progress made with the Greater Manchester Estates workstream related to the Enabling Better Care priority of the Health and Social Care Strategic Plan. It also seeks approval for the Council's participation in a Memorandum of Understanding with partners across the Greater Manchester local authority and health care sectors.

Recommendation(s)

That the Executive is asked to:

1. Note the contents of the report;
2. Approve the National Estates Memorandum of Understanding, as attached in Appendix 1;
3. Approve the Greater Manchester Memorandum of Understanding, as attached in Appendix 2;
4. Delegate authority to the Deputy Chief Executive to agree minor amendments to the wording of the two Memoranda.

Contact person for access to background papers and further information:

Name: Richard Roe (Director of Growth and Regulatory Services)
Extension: 4265

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	This report contributes to a number of Corporate Priorities, in particular: Economic Growth and Development and Services focused on the most vulnerable.
Financial	Potential capital receipts to support future capital investment.
Legal Implications:	A Memorandum of Understanding (MOU) is a

	formal, but not legally binding, agreement between two or more parties that sets out clear principles and ways of working. GM have developed these two MOUs with the intention that they will help create a robust and consultative process for delivering the estates strategy.
Equality/Diversity Implications	No implications identified.
Sustainability Implications	None identified.
Resource Implications e.g. Staffing / ICT / Assets	As set out in the report.
Risk Management Implications	None
Health & Wellbeing Implications	None
Health and Safety Implications	None

1. Background

1.1 The Greater Manchester (GM) Health and Social Care Strategic Plan “Taking Charge” will require a reconfiguration of the health and social care estate in order to ensure that GM can deliver its shared vision from a property base that is fit for purpose in terms of location, configuration and specification. It will be key to the delivery of clinical and financial sustainability by 2021.

1.2 Implementation of the transformation themes and locality plans will have significant capital and estates requirements – as an example, the Healthier Together (Acute Standardisation) transformation theme requires an estimated £63m capital.

1.3 Estate transformation will also contribute to devolution agreements on the GM Land Commission and One Public Estate, helping to join up the management of the public sector estate as a whole to underpin the reform of public services.

1.4 The GM Transformation Fund has no capital element, and it is evident from the work so far that the capital requirements for estate transformation cannot be met from the normal sources of public sector capital funding over the next five years, either locally or nationally. A new approach to capital funding is therefore needed to drive estates transformation at the desired pace, whilst managing risk appropriately.

1.5 The development of a robust pipeline of Estates development opportunities will be central to the success of the Estates strategy. The pipeline will be developed to ensure the estate is underpinning the development of new service models and reducing the cost of delivery in support of ‘Taking Charge’. A strong pipeline will also be critical to the development of the Capital Finance Strategy that will give GM a greater opportunity to access the capital it needs to transform the estate.

1.6 The Strategic Partnership Board has received regular updates on the progress being made with this work, and in particular the development of the two Memoranda of Understanding and the Capital Finance Strategy. This paper presents the latest position on these two issues and seeks approval to proceed with the GM MOU

2. Memorandum of Understanding

2.1 A Memorandum of Understanding (MOU) is a formal, but not legally binding, agreement between two or more parties that sets out clear principles and ways of working. GM have developed two MOUs that will help create a robust and consultative process for delivering the estates strategy.

2.2 A National MoU between GM and the Department of Health (DH)/ NHS Improvement/NHS England/Treasury/Department for Communities and Local Government has been agreed. A second GM MoU will help create a robust and consultative process for delivering the estates strategy.

2.3 A working group, including DH, has developed the MoUs and co-ordinated an engagement programme with the key stakeholders across GM, involving governing bodies and providers.

3. GM Health and Social Care Estates Governance

3.1 New governance structures will enable the parties to work together to make decisions in relation to the GM health and social care estate that are strategically co-ordinated and aligned to maximise benefit across GM. An innovative governance framework will be key to success.

3.2 A GM Health and Social Care Strategic Estates Board has been established which represents all stakeholders and is responsible for high level strategic estates planning (not the management of the Estate).

3.3 Each of the ten GM localities has established Strategic Estates Groups (SEGs). These are collaborative forums of public sector occupiers charged with using public property assets more efficiently based on the needs of each community. The SEGs will develop locality-based strategic estate plans and delivery programmes which will flow from the Locality Plans. The work at locality level will be supported by work at GM level to understand the scale of the estate requirements and to secure the investment needed.

3.4 Community Health Partnerships (CHP) and NHS Property Services (NHS PS) are national companies wholly owned by the DH who own, lease or are head tenants for significant property interests in GM which are used for the delivery of health and social care services. The MOUs will help GM to establish strategic relationships with both organisations that is different to the more transactional relationship in place at present. GM will want these organisations involved early in service transformation discussions helping GM to develop the most practical and beneficial way of utilising the full extent of its estate. Simplifying lease and licence arrangements and associated buildings variations to speed up service moves, ensuring value for money from lease and services charges and rapid disposal of vacant property are key issues that will help towards realising our ambitions with more quickly.

3.5 The Executive is requested to approve the MoUs in Appendices 1 and 2. The MOUs are being presented to the governance bodies of the GM organisations that

are party to the agreements. In parallel the Department of Health will agree the National MOU through the relevant government departments.

4. Capital Finance Strategy

4.1 Work is continuing on the development of a Capital Finance Strategy to set out how the capital investment needed to support H&SC transformation in GM might be funded. Work has been informed by consideration of a number of illustrative case studies, discussions with stakeholders and potential funders.

4.2 The illustrative case studies have highlighted a number of challenges that will need to be addressed by GM to attract additional capital and enable it to be deployed to a wide range of projects in a way that aligns the commercial interests of individual organisations with the need to deliver the clinical and financial benefits within the Strategic Plan. Challenges identified are both investment related (e.g. investing across boundaries, capturing benefits, maximising returns and managing risk) and technical (e.g. balance sheet treatment, taxation and demonstrating value for money). Potential investor soundings have been very positive but highlight the need to develop a robust pipeline of capital investment opportunities to secure a commercial investment partner.

4.3 The Council is not required to contribute capital receipts from disposal of its own property to the capital strategy.

5. Implementation

5.1 The MOUs include an Estates Governance Structure that has been developed by the SEGs and the GM Health and Social Care Strategic Estates Board. This places the SPB at the heart of the decision making process, informed by the developing locality Plans and focused on delivery of 'Taking Charge'.

5.2 The SPB will receive regular reports from the Strategic Estates Board so that it is well informed about the progress of the plans and will be involved in major investment/disinvestment decisions.

5.3 The changes determined by 'Taking Charge' will be driven by both the GM-wide transformation programmes and the ten Strategic Estates Groups (SEGs) supporting delivery of the Locality Plans. A GM Strategic Estates Board has been established to take responsibility for translating the estates plans of the SEGs and those of the evolving Locality Plans into a set of strategic requirements for GM. A Delivery Unit will provide strategic capacity and multi-disciplinary expertise to support the existing estates capacity across GM statutory public bodies.

5.4 The MOUs will help to create new coordinating governance and capacity to overcome the fragmentation and complexity of health estate ownership and management.

Other Options

The Executive could choose not to approve the two MoUs. This would mean the Council would not be able to maximise the potential of health and social care devolution.

Consultation

Consultation has taken place with GM districts and health providers.

Reasons for Recommendation

To enable the Council to work with GM districts and health partners to enable strategic management of property and estates.

Key Decision – Yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance: GB

Legal Officer Clearance: JLF

Helen Jones

CORPORATE DIRECTOR'S SIGNATURE