

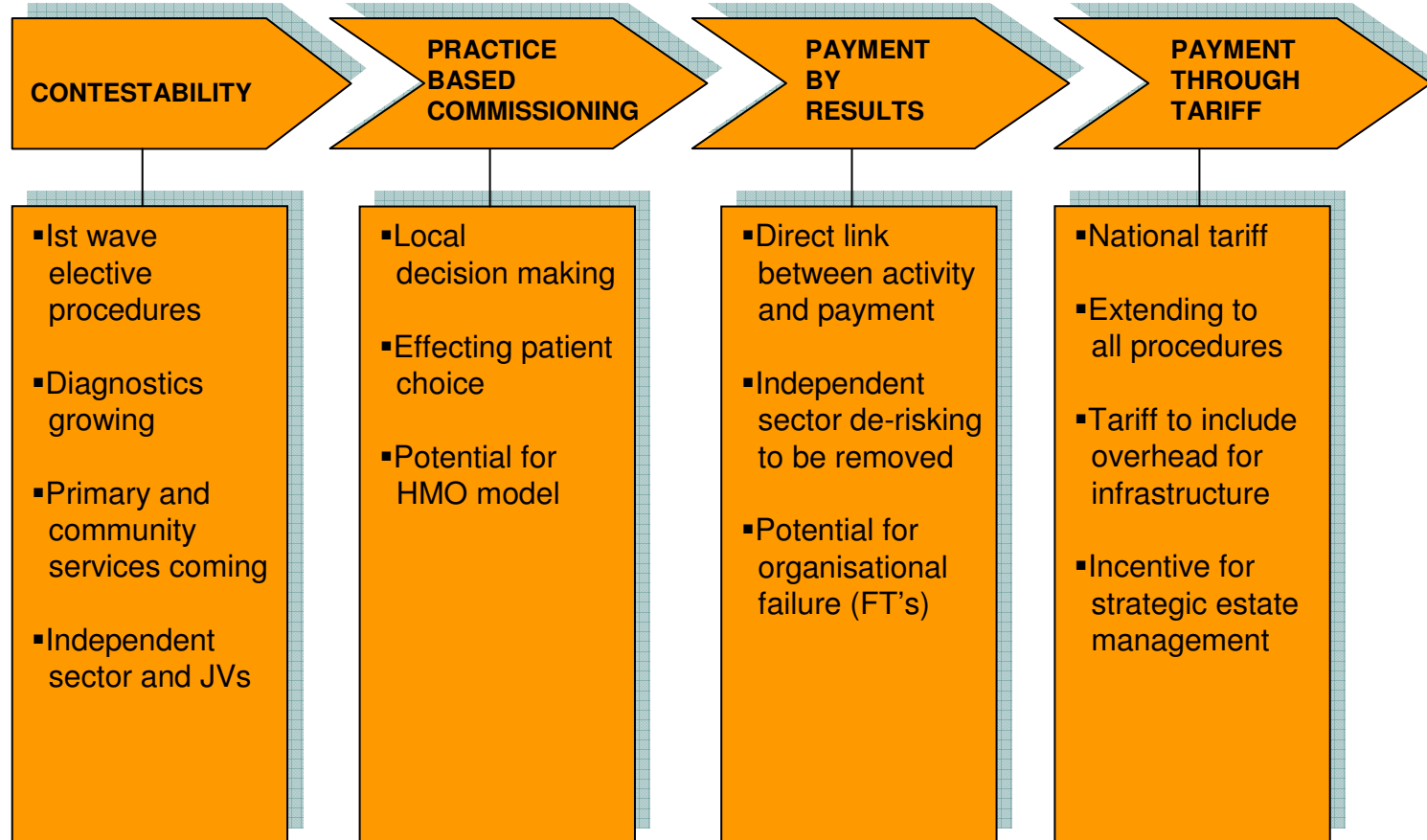
# Should Hospital Groups Own Assets

Opportunities for the creation of joint venture companies to own hospital assets and how they may evolve to become key enabling organisations in the new NHS

# The structure

- Drivers for change in the NHS
- Focusing on commissioning
- The future of healthcare configuration – inside and outside of hospital
- Developing infrastructure
- A joint venture approach to Asset Management
- Creating an agent for change
- The Private Sector Perspective
- Challenging the rules

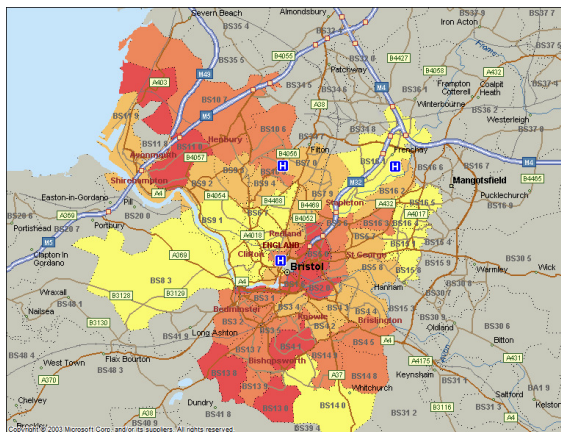
# Drivers for change



# Focusing on Commissioning

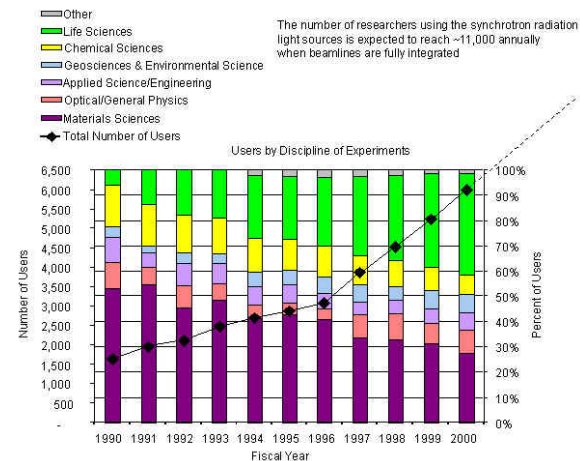
- Market Management
- Manage Reconfiguration
- Programme Prioritisation

## Allocative Efficiency



v

## Technical Efficiency



# The future of Healthcare Configuration

- Encouragement of Competition through choice
- Foundation Trust Movement seeing first mergers
- Darzi Report likely pointers on care outside of hospital
- New types of facilities emerging
  - Initial consultation
  - Early diagnosis
  - Planned treatment
  - Rehab Focus



# The future of Healthcare Configuration

- Future Hospital configuration moving to more 'campus style' development
- Out of hospital care requires new type of facilities
- Significant estate still 'managed' by PCT's which is not necessarily aligned to the commissioning role.



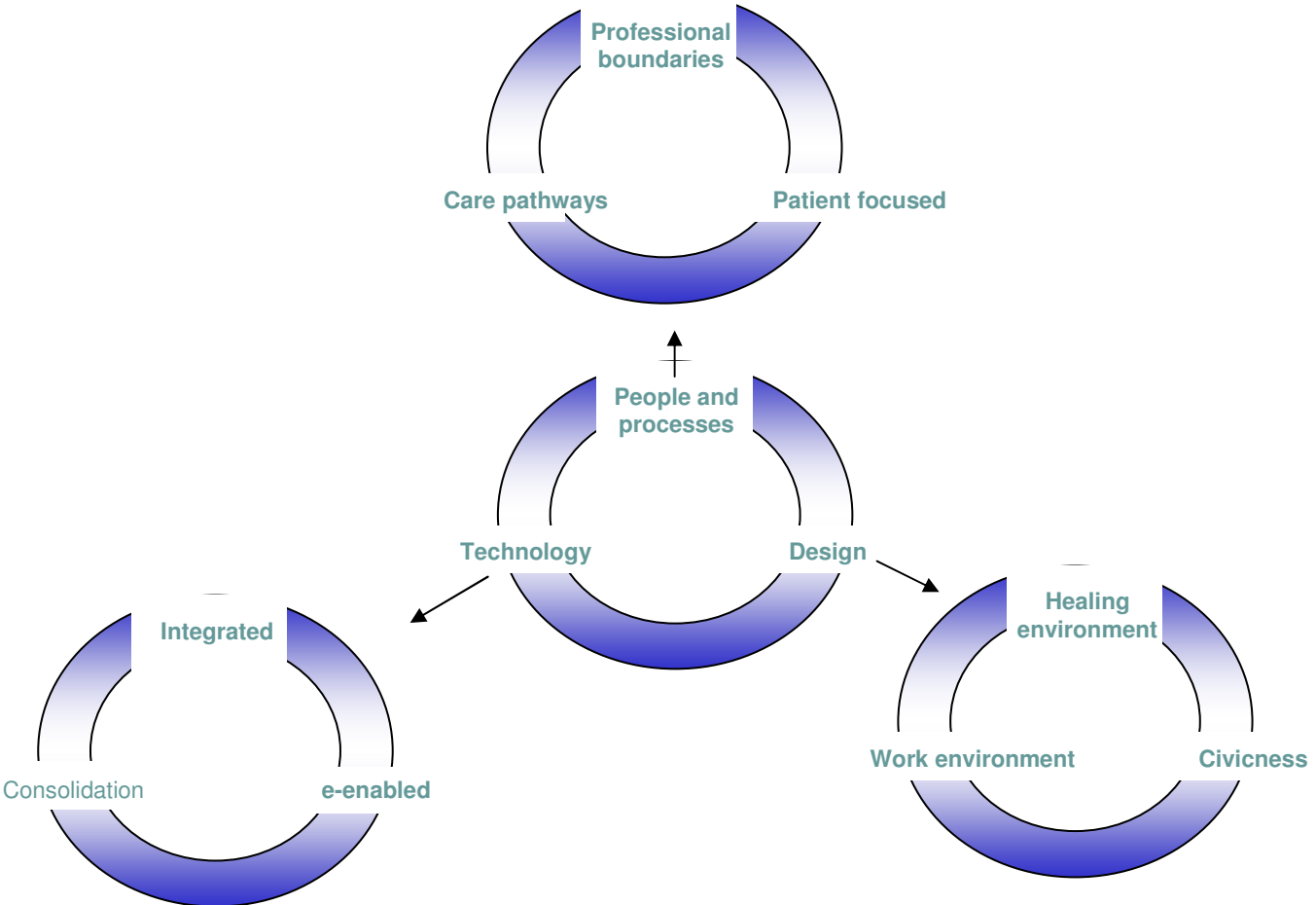
# Developing infrastructure

- Need for new types of infrastructure
- Extending care outside of Hospital
- Multi-occupiers of facilities
- Developing the health-mall concept





# More than a building



# Need For Good Design Remains

“Although the premise that physical environment affects well-being reflects common sense, evidence-based design is poised to emulate evidence-based medicine as a central tenet for healthcare in the 21st century”

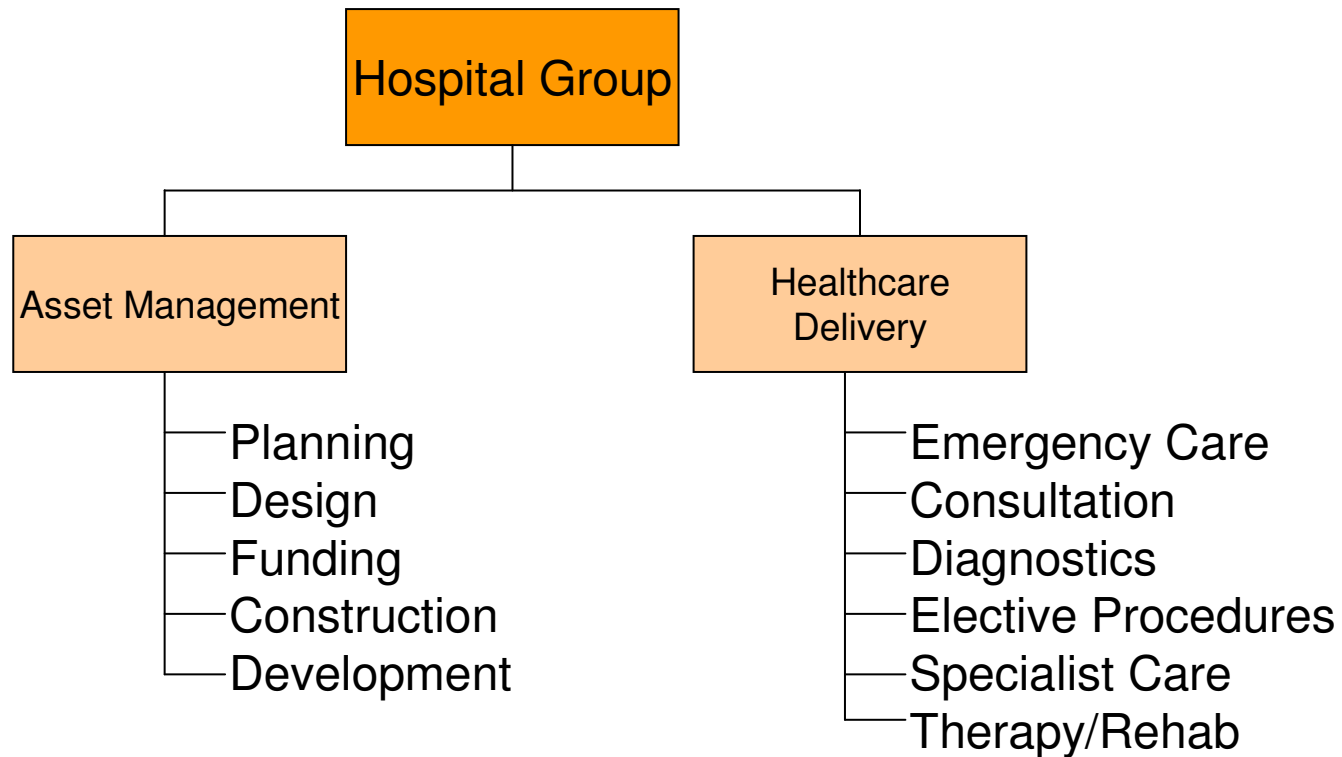
Colin Martin

The Lancet

August 2000

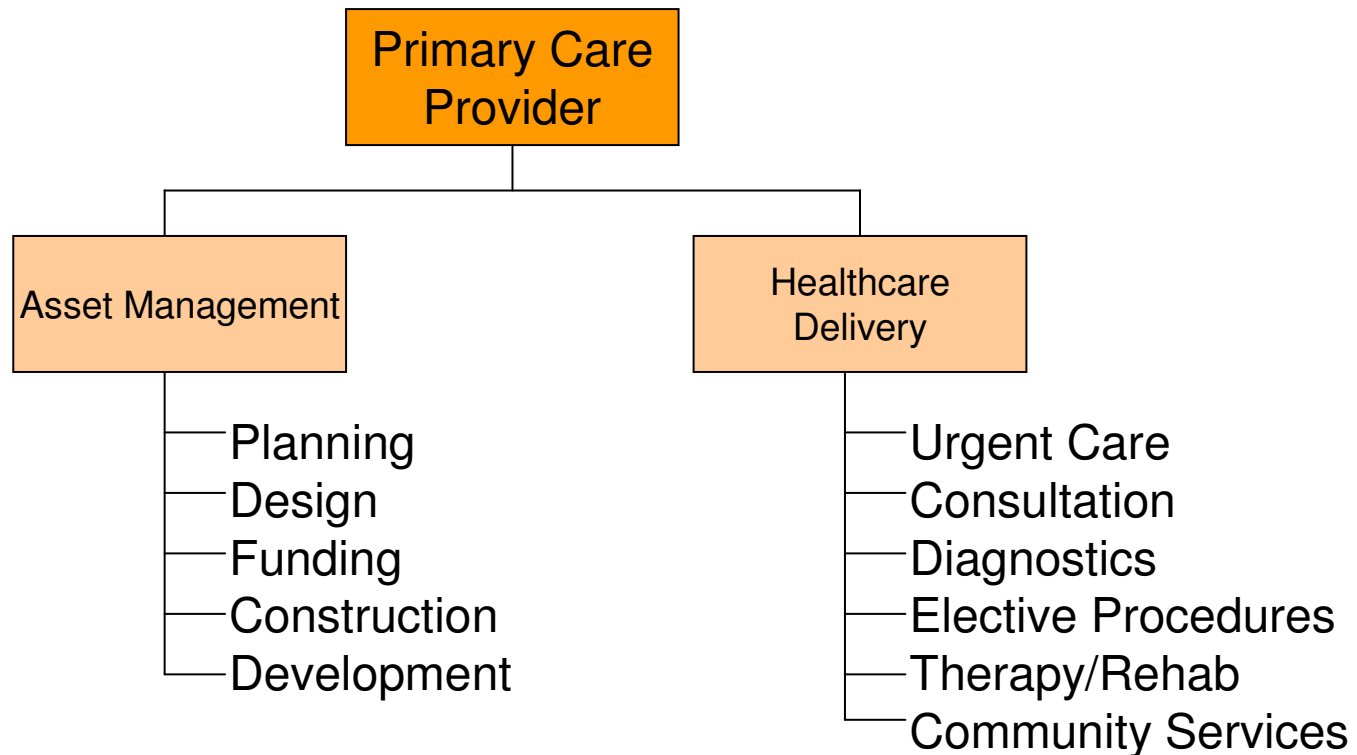
# A Joint Venture Approach to Asset Management

- Separating Asset Management from Healthcare Delivery



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- Separating Asset Management from Healthcare Delivery



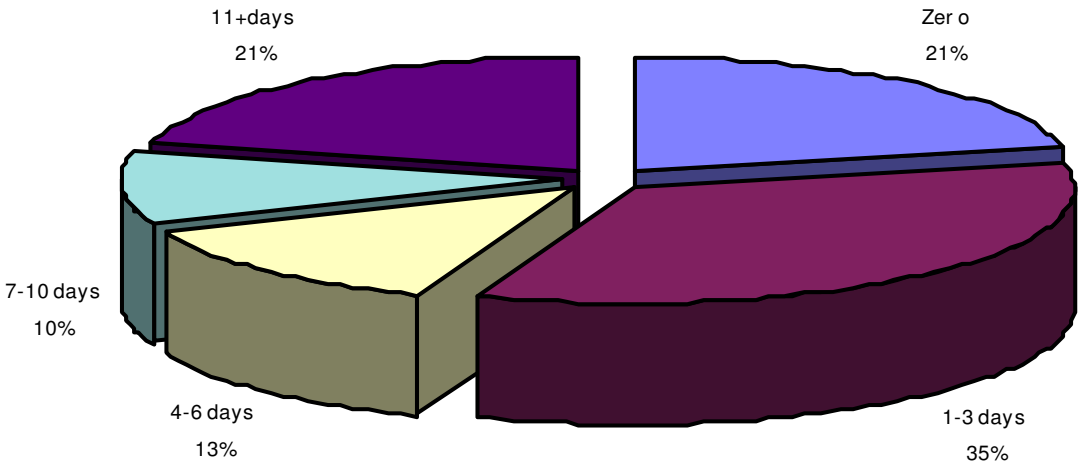
# Creating an Agent for Change

- Focus on reconfiguration
- Create new infrastructure and manage run-down of inappropriate facilities and deliver value from surplus estate
- A new partner to manage infrastructure change
- Catalyst for new patterns of delivery



# Finding Resources

Bristol PCTs, main providers  
Number of Spells by LOS

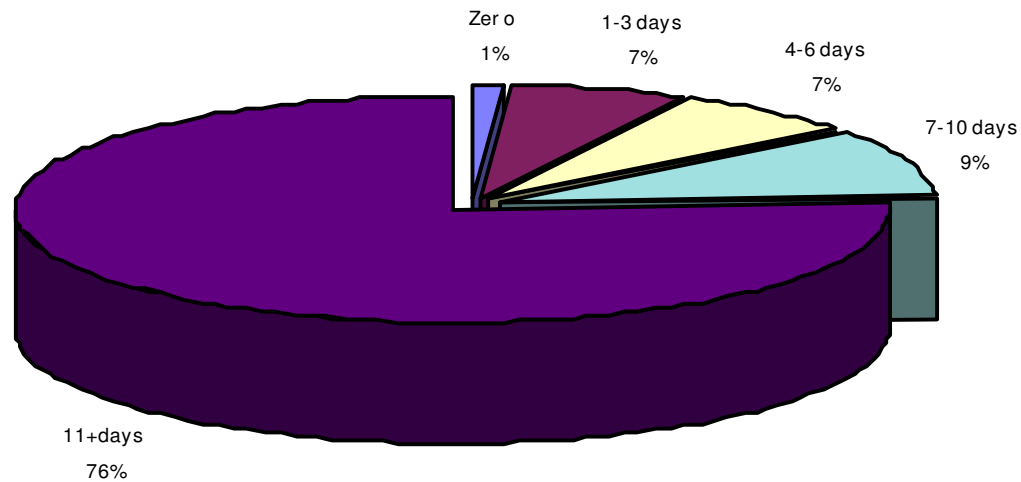


All Specialties - NON-ELECTIVE SPELLS

Source: 2004 MDS

# Finding Resources

**Bristol PCTs, main providers**  
**Number of Occupied Bed Days per Spell Cohort**  
(Zero LOS SPELLs allocated 0.5 days)



**All Specialties - NON-ELECTIVE SPELLS**

Source: 2004 MDS

# Finding Resources

- There will be continued drive on service improvement and reconfiguration
- Significant amounts of activity could and should be transferred out of hospital
- This will drive the need for new types of networks and facilities
- And will also deliver surplus land and buildings from which value could be derived
- The Hospital Groups and Primary Care Providers that manage this shift effectively will remain robust in a fast moving healthcare environment.

# The Private Sector Perspective

- Infrastructure Remains Attractive Asset Class
- Current Credit Crunch will encourage Govt backed Investments
- New type of Private Sector Partners with background in maximising value from surplus land
- Creation of supply chain for Asset creation and Development



# The Private Sector Perspective

- Not for Profit structure could still attract investment funds
- Pension funds continue to seek long term cash flow type vehicles
- Only development vehicle need take on not for profit structure
- Individual supply chain members and shareholders continue to operate within normal commercial arrangement



# The Result

The Result of this approach to Asset Development will be to deliver:

- Public Purpose Companies supporting investment in healthcare
- Risk Management through managing large portfolios of assets
- Access to Capital Markets
- A Joint Venture structure bringing health and private sector expertise together
- A focus on maximising value from assets (land and buildings) generating a development gain that can be re-invested
- Healthcare organisations would lease space and therefore space could be leased to a number of healthcare providers with approval from Commissioners

# The way forward

“Seeking development in effective management of NHS Assets to deliver improvements not only in the quality of facilities but also the quality of care ”

