

REPORT FOR DECISION



DECISION OF:	Cabinet
DATE:	7 September 2016
SUBJECT:	Greater Manchester Estates Work Stream – Memoranda of Understanding
REPORT FROM:	Councillor Rishi Shori Leader of Council
CONTACT OFFICER:	Alex Holland Head of Property & Asset Management
TYPE OF DECISION:	Cabinet (Key Decision)
FREEDOM OF INFORMATION/STATUS:	For publication
SUMMARY:	The purpose of this report is to update Cabinet on progress made with the Greater Manchester Estates work stream which forms part of the Enabling Better Care priority of the Health and Social Care Strategic Plan. In particular it recommends approval to the Council’s participation in the Memorandums of Understanding (MoUs) as described below and appended to this report.
OPTIONS & RECOMMENDED OPTION	<p>Option 1 Cabinet is asked to:</p> <ol style="list-style-type: none"> 1. Note the contents of the report; and 2. Approve the MOUs <p>Option 2 Not to approve the MoUs</p> <p>Recommended Option Option 1 is recommended to enable GM to work with</p>

	local partners and Central Government to enable us to effectively deliver the estates strategy
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	There are no immediate financial implications arising from the MoU.
Health and Safety Implications	No
Statement by Executive Director of Resources	The MOU establishes a framework for the management of Health & Social Care assets under the GM devolution agenda. The MOU is not binding upon the Authority
Equality/Diversity implications:	No
Considered by Monitoring Officer:	Yes JH There are no legal implications at this stage as the memoranda are not intended to be legally binding.
Wards Affected:	All wards within the Borough
Scrutiny Interest:	Internal Scrutiny

SK

TRACKING/PROCESS

DIRECTOR: Interim Executive Director Resource & Regulation

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners and Specific User Groups
Briefing	Briefing	Briefing August 15	Briefings October 15
Workforce	Scrutiny Committee	Cabinet/Committee	Council
Ongoing briefings		September 2015	

1.0 BACKGROUND

1.1 The 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 we can deliver our 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 our 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 clear 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 key 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 Memorandums 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. We have developed two MOUs that will help us create a robust and consultative process for delivering our 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 us create a robust and consultative process for delivering our 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, utilising existing meetings and governing bodies.
- 2.4 The final MOUs are included in Appendices 1 and 2. An Executive summary of their content is attached at Appendix 3

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 we have with them today. We will want these organisations involved early in our 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 pace.
- 3.5 Cabinet is asked 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 show how 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 This work is ongoing and next steps to address identified challenges to include:
- 4.4 Further pipeline development to enable delivery of GM strategic Plan "Taking Charge"; aided by the SEG's ongoing work on locality plans, the recent tender for additional support to develop local implementation plans and engagement with potential project sponsors;
- 4.5 Development of a clear capital regime to support additional investment across GM. This would consider the project and technical funding issues identified and seek to provide sponsors and funders a clearer framework for investment; focus capital investment on maximising GM H&SC transformation benefits and consider how additional capital funding should be deployed alongside any revenue funding from the £450 Transformation Fund (recognising many projects may need both revenue and capital); and continued engagement with potential funders; to monitor potential market interest as work progresses and to inform thinking in advance of any future partner procurement process.

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 well informed about the progress of the plans and will be involved in major investment/disinvestment decisions. Cabinet will receive updates.
- 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.

6.0 RECOMMENDATION

- 6.1 Cabinet is recommended to approve the MOU's to enable GM to work with local partners and Central Government to enable us to effectively deliver the estates strategy

List of Background Papers:-

- The GM Estates Memoranda of Review

- Summary of the Memoranda

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Appendix 1

National Memorandum of Understanding



160712 National
MOU final.docx

Appendix 2

Local GM Memorandum of Understanding



160712 GM MOU
final.docx

Appendix 3

Memoranda of Understanding – Executive Summary



160704 MOU -
summary documents.