

The Healthcare estate: From drain to **gain**

Rising to the challenge of estate optimisation





Executive Summary

The rapid repurposing of facilities and the exceptional commitment of staff in all areas of the NHS in response to the immense challenges of a global pandemic were remarkable. At no time was it plain sailing and not everything went smoothly, but the shift in priorities, the adoption of new working practices and the ability to harness resources like never before were achieved against the odds.

However, that's not all. The collective response also brought a number of key factors into even sharper focus - the importance of mobilisation and rationalisation, the benefits of asset optimisation and the potential for smarter more agile solutions.

Of course, it's important to keep the extraordinary healthcare pressures from a pandemic in perspective, but there's no escaping the fact that the experience of the past few years has added further impetus to the estate transformation agenda for all Health Trusts. Whether it's right-sizing the estate and disposing of excess assets, modernising clinical and service facilities, working with new partners, identifying new development opportunities or maximising energy efficiencies, the pre-pandemic 'to do' list is now truly in the spotlight.

The challenges and strategic priorities will vary from one Health Trust to another but, as this paper shows, the key to successful estate optimisation is to understand fully what is needed. Sound data and effective data analytics, insight, fresh thinking and community engagement will provide the bedrock for success. The ability to capitalise fully on new clinical and operational technologies while also accessing the right expertise at the right time are also of paramount importance, as so clearly demonstrated by the decarbonisation mission and the need to deal effectively with the growing number of PFI handbacks.

Preface

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Keeping
pace with
change
always
poses
challenges.
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For NHS estate management teams, the challenges are all the more intense.

Here, it's not just a case of responding to constantly evolving service priorities, clinical demands and new working practices but also grappling with the squeeze on public funding and the need to maintain operational resilience at all times. The current cost of living crisis has raised the stakes even higher and has heightened the sense of urgency for extracting the best possible value and benefit from all areas of the public estate.

In this report we take a look at these challenges and explore the opportunities and practical steps that senior NHS management teams can take to optimise the land and property for which they are responsible.

Of course, no two Health Trusts are the same and there will always be factors of an entirely local and regional nature that will determine the most effective optimisation strategy for any building or area of land.

However, important lessons have been learned over the past decade. There is now little doubt that a collective focus on community, place and sustainability and service continuity is driving a new mindset for visionary, collaborative and creative estate management solutions. As this report shows, such a progressive approach offers real encouragement for service providers and service receivers alike.



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Introduction

When you combine years of austerity and underinvestment, a well-publicised commitment to achieve net zero, economic instability and a new cost of living crisis alongside an ageing property portfolio and more flexible ways of working and it is of little wonder that those responsible for today's healthcare estate are now confronted with a perfect storm.

All too often, what once was considered as an asset is now very much a liability.



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The sector's response to the extreme challenges presented by the pandemic were extraordinary and many lessons have been learned, especially with regard to the importance of smarter and more flexible working environments. But, with energy procurement, operational resilience, workforce issues and capital planning now moving into the spotlight, the need to optimise all areas of the healthcare estate is most definitely a top priority.

The challenge for any Health Trust is to ensure that all land and property for which it is responsible provides value for money, real community and patient benefits and fulfils both current and projected service demands.

However, future-proofing and optimising all areas of the estate presents quite a conundrum especially when goalposts continue to move and there are no signs that pressure on the public purse will ease any time soon – if at all.

This report highlights the real-world challenges facing today's estate management teams and senior executives in the healthcare and wider public. This report explores the potential for turning a property cost centre into a value generator and it identifies the ways and means to overcome the multitude of barriers and conventions that have previously stifled decisive action.

There may not be a magic wand and the carpet to brush anything under may now be pretty thread bare. However, the focus of the report is very much on practicality and understanding. With the right data, the right insight and the right skillset, it is possible to move forward with confidence in the knowledge that risks and liabilities are minimised, sustainability objectives are being met and all areas of the estate are performing as any asset should. As this report shows, such positive outcomes do not need to continue gathering dust in the 'pipe dream' folder.

An aerial photograph of a healthcare estate, featuring a large, modern hospital building with a curved facade and multiple wings. The building is surrounded by parking lots filled with cars, and there are other smaller buildings and green spaces in the background. A dark blue rectangular box is overlaid on the right side of the image, containing white text. The text is arranged in three paragraphs, each preceded by a vertical white line. The overall scene is a mix of urban development and greenery.

| Any asset is just that.
| It delivers genuine value.
| It provides tangible benefit.
| And it creates a world of opportunity.

| When an 'asset' does
| none of those things,
| it becomes a liability.

| Any underperforming or redundant
| asset is, at best, untapped potential.
| At worst, it's a major operational risk
| and a very costly handicap.

The dilemma



The delivery of effective, responsive and agile healthcare services for local and regional communities remains the priority for every NHS Trust.

However, the precarious nature of trust finances, continuous cultural changes, keeping pace with clinical advances the pursuit of sustainability and a millstone of legacy all pose a very real threat to the fulfilment of such a core priority.

The onus is on every Health Trust and Integrated Care Board to find new solutions for unprecedented and seemingly insurmountable challenges that go far beyond earlier service transformation strategies.

The challenges of today and tomorrow demand not only a new way of doing things, but also a fresh perspective and a new mindset.

They require more incisive, agile and collaborative solutions to protect and deliver the very best outcomes for patients and local communities as well as those tasked with the delivery of frontline healthcare services. Nowhere is this need for creative answers more evident than in the management, maintenance and usage of land and property within the healthcare estate.

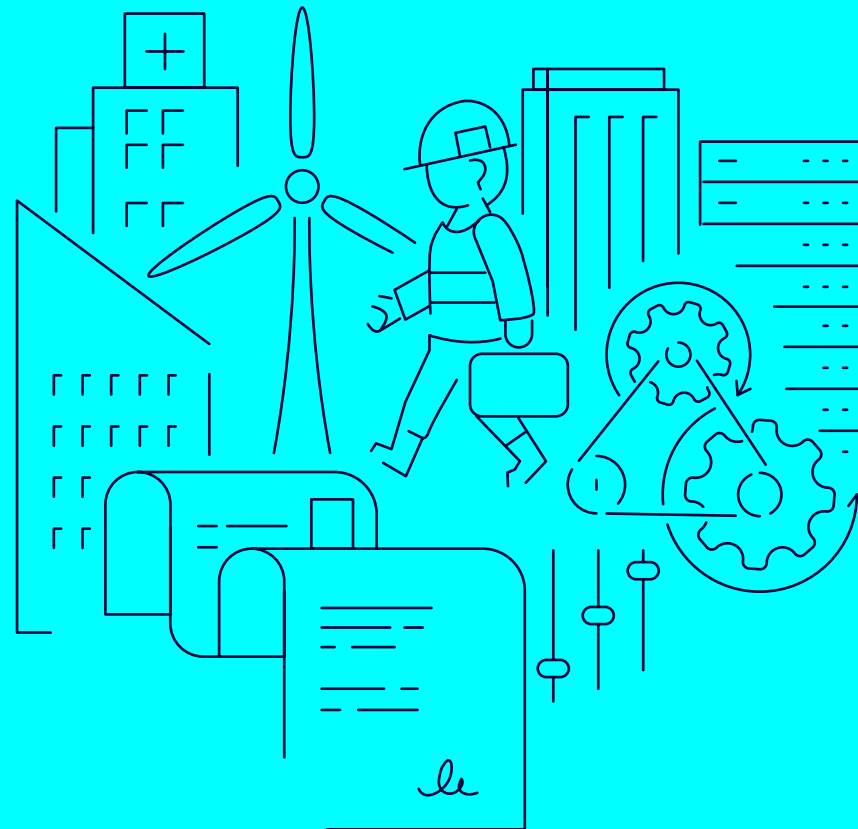
Service imperatives and fiscal pressures over the past decade have, to a large extent, compromised the scope for investment in progressive and comprehensive estate management strategies.

As a result, too many NHS buildings are now on life support, running costs have spiralled and the potential service and capital value of land assets has remained largely untapped. The situation has worsened significantly, almost overnight, thanks to the energy procurement issues and the service pressure points arising from the pandemic. Reducing operational costs and minimising risks while also capitalising on under used assets and delivering tangible benefits to all service users all amounts to quite a dilemma for Health Trusts all over the UK.

Challenges for the healthcare estate

There is no doubting the opportunity that exists for Health Trusts, local authorities and other public sector partners to lead the way and provide much-needed anchor points for ongoing behavioural change without creating undue exposure to risk.

But, before exploring the options, it's important to understand and address the many challenges that continue to muddy the water.



Challenge one

Moving 'place' to centre stage

The continuing erosion of the retail magnet at the heart of local communities has led to a pressing need to revitalise and regenerate many of our town centres.

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By definition, these key areas should be at the hub of community life and identity.

However, shopping behaviours have changed dramatically, and the beating heart of the community is now in dire need of a new pacemaker.

As the emphasis shifts more towards experiential and service-led resources to supplement the diminished pulling power of High Street shops, the value of place-shaping has grown in importance and substantial funding has been pledged by central government to address the issue.

The healthcare sector has an important role to play in this complex process of regeneration as service flexibility and accessibility are core considerations for all health trusts. It may demand catalytic new development schemes, service relocations, the repurposing of properties or the creation of new service clusters. But the vision, strategy and delivery will always be driven by those representing the long-term interests of the community - the public sector.

Close engagement with all public and third sector service providers and careful consideration of all physical and financial options are, of course, essential to inform the decision-making process. The starting point, though, should always be a thorough understanding of all elements of the public estate – not just in terms of performance, composition and sustainability, but also in the context of location, accessibility, adaptability, community benefit and service priorities. With serious resource challenges to contend with, getting to that starting point is often easier said than done.

Challenge two

Operational costs and balancing the books

Protecting and delivering key frontline services during and following a long period of austerity has, understandably, been front of mind for senior management of all public agencies.



However, the huge hike in the price of energy has resulted in a sharp shift of emphasis.

The threefold increase in energy costs and other unbudgeted inflationary pressures mean that service running costs cannot be viewed in isolation from the core running costs of estates and property.

Then, of course, there are continuing financial constraints not to mention the threat of further funding cuts to public services in the wake of economic turmoil. Indeed, there is unprecedented pressure on the operating budgets of all NHS facilities and service-providers.

Balancing such pressures with an ever-rising service demand is no easy task, especially in the context of longer-term financial sustainability. Something has to give. That's why Health Trusts are now looking to re-model and reshape the way they deliver services and to capitalise fully on their resources and assets.

Today, effective estate management is an imperative and is no longer hiding down a long list of priorities. The focus is very much on the costs and overheads involved in running, maintaining and improving the healthcare estate and the way the estate supports or compromises frontline service delivery and ambitious decarbonisation targets. Financial viability, performance, efficiency social value and relevance are now the playmakers.

As the government has indicated in a number of recent publications, the public estate has a key role to play in the ongoing transformation of services and places, and it presents considerable potential for driving up revenue and capital receipts for reinvestment in community-led services. That all points towards a very different mindset to what has gone before.

Moreover, as NHS England has highlighted, the NHS is very much an anchor organisation that has the opportunity to use its estate as a catalyst to boost social value, address local priorities and help to reduce current health inequalities. The role of Integrated Care Systems is clearly of considerable importance in this context given the need to strengthen and consolidate effective relationships between the NHS and local government as well as other public service providers and local partners.

Challenge three

Legacy and heritage

The shackles of legacy continue to compromise the ability of many to flex and adapt in response to evolving service priorities, new ways of working, clinical advances and new placemaking opportunities.

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Public finance constraints have also limited the scope to update the properties, resources and support systems that underpin service provision.

As a result, many areas of the property portfolio are no longer fit for purpose. This is particularly true for many many buildings that were built to accommodate healthcare services long before the digital age and, in some cases, before the advent of motor transport.

Of course, the priority will always be services not buildings. But, without the right buildings in the right places, any public service provider has an immediate and significant disadvantage. Heritage NHS buildings are often seen as a familiar and reassuring presence within a local community in contrast to many of those properties designed and built in the 60s and 70s that haven't worn well.

Balancing the pride, prominence and emotional attachment to such properties with current operational priorities and the need to control running costs is never easy. Such a predicament has already resulted in a number of Health Trusts mothballing some of their facilities or sharing their real estate assets with other public sector organisations by embracing the One Public Estate (OPE) initiative.

The diversity of 'bricks and mortar' assets held by Health Trusts can present quite a complex puzzle, as every asset will have unique performance, cost and occupancy figures. The future potential of each property asset will also vary enormously. Accurate and constantly updated insight is essential to establish a clear and coherent estate management strategy and to make informed decisions for each asset.

It is important, therefore, to establish specific performance measures that can be monitored on an ongoing

basis. It's not just a case of looking at occupancy levels, energy costs and accessibility. The contribution to service delivery priorities, regeneration objectives and decarbonisation goals and the adaptability of each building to meet current and projected service demands and constantly evolving clinical requirements are just as important. So too is the need to weigh up the scope for innovative solutions, including the potential for co-location and collaborative solutions with other service providers.

What is clear is that maintaining the status quo is not an option. Fresh thinking and new ways of doing things are vital, but this doesn't mean taking a leap of faith into the unknown. Armed with the right information and insight, it is possible to move forward with assurance in the knowledge that risks and uncertainties have been minimised and opportunities haven't been missed.

Challenge four

Resilience and Operational Readiness

A hospital is home to a vast range of services, facilities and processes to meet a multitude of medical needs.



Delivering effective care pathways, optimal patient outcomes and a supportive work environment for staff is no mean feat when confronted with the conflicting challenges of capability, capacity and efficiency.

Then, of course, there are also continuing advances in clinical and operational technologies and financial constraints to add to the mix.

It may be a bewildering array of immediate and longer-term challenges but an overriding requirement for the estate management team in any Health Trust is to ensure the facilities are reliable and are, as far as possible, fulfilling operational priorities at all times and in all circumstances. This requires real insight, foresight and agility – both in terms of healthcare processes and for all buildings within a Trust's estate.

Naturally, there are many factors that will determine service resilience. The workforce, the buildings, the support systems, supply processes and partner organisations all need to be finely tuned to the same objective. The pandemic has also highlighted the importance of contingency planning and infection-resilience, and the recent hike in prices has seen energy procurement rise up the list of priorities.

A holistic approach is the only realistic option, where clear insight and joined-up thinking across all areas of service delivery is used to inform the decision-making process in all eventualities.

This all requires up to date building performance data and advanced data analytics to provide smarter outcomes and enhance the experience of patients, visitors and staff alike. This will help to optimise the performance of all areas of infrastructure – from complex heating, ventilation and chiller systems to ensuring that investment in on-site renewables is also contributing to a Trust's decarbonisation vision and reducing operational costs. Adopting a common language in data-informed healthcare planning will also help to drive improved asset flexibility and support the development of new service delivery partnerships with other partner organisations.

Challenge four

Resilience and Operational Readiness

The ability to capitalise on new technologies is key for moving towards smarter solutions and enabling Trusts to access new and emerging digital capabilities. This is the only way to ensure implicit flexibility in the design and development of new wings and wards and to maximise the effectiveness of refurbishment programmes and new integrated care service provision.

Operational readiness and service continuity demands thorough preparation and training well in advance of completion to minimise any risk of service disruption when commissioning new equipment, new facilities and introducing new operational procedures. This is particularly important when departments or service teams are moving into new, refurbished or shared facilities as well as for effective contingency planning, preparing for critical incidents and taking full advantage of PFI handbacks.

Time to

- 01** Assess resource requirements.
- 02** Take stock of the portfolio.
- 03** Gather the right data and ensure it is updated regularly.
- 04** Explore the potential for new service delivery solutions.
- 05** Ensure procurement arrangements meet the demands of the new agenda.
- 06** Give room for re-invention, re-engineering and innovation.
- 07** Develop feasibility studies.
- 08** Consider the impact of property on productivity, recruitment and retention of staff.
- 09** Consider a continuing shift in working practices.
- 10** Assess options and apply for funding.
- 11** Develop new relationships and align with partners.
- 12** Evaluate the impact of change and the exposure to risk.

Challenge five

Fulfilling commitments

Aside from immediate service delivery priorities, every Health Trust is also faced with a multitude of medium and longer-term commitments and targets.



Some of these will be set by government, while others are the consequence of earlier investment and property decisions in the local/regional area.

Responding positively to such commitments and preparing to meet known targets needs to be intertwined with a Trust strategic planning process rather than a peripheral bolt-on afterthought.

There are four key topics that are common to challenges for the estate management teams at the vast majority of Health Trusts

over
50%

of the NAO survey respondents recognised they need more knowledge on asset condition.

PFI projects were created to form a public-private partnership and raise funds for capital projects aimed at focusing on the construction of new fully managed facilities for the public sector such as hospitals, schools and roads.

Since its inception in 1990, approximately 700 functioning PFI contracts have been established and are active in the UK, with a total capital value of £57bn. Many of these schemes are in the NHS.

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The National Audit Office (NAO) recently stated that public sector bodies risk underestimating the time, resources and complexities involved in managing the end of PFI contracts. The operational risks and costs of substantial properties or new ward blocks being returned to a Health Trust in poor conditions and protracted legal disputes with investors looking to optimise returns prior to contract expiry are very real. Indeed, over 50% of the NAO survey respondents recognised they need more knowledge on asset condition.

Careful planning that takes full account of contractual obligations on the one hand and the need to maintain continuity of all services on PFI expiry on the other, is essential. There is a significant risk of increased

costs and service disruptions if Trusts do not prepare adequately in advance for the expiry of contracts. This planning process must not be left to the eleventh hour or allowed to slip down the list of estate management priorities. It takes time to gather all of the data required to familiarise the estate management team with the finer contract details and the condition of the property. Some Trusts have insufficient knowledge about the condition of any PFI asset, so there is every chance of the facility being returned to the Trusts in a worse condition than expected. It is vital, therefore, to allow scope for remedial actions to be identified and completed before it's returned.

In summary, PFI expiry is not far off. The vast majority of PFI expiries will soon be at unprecedented levels, so the opportunity to take effective action to plan ahead for expiries must not be missed. The focus, resource, and expertise from appropriate governance, guidance and support will help Trusts to navigate through the complex handover process to ensure successful contract expiries. Senior leaders should take appropriate action now to manage the risks involved, on-board the right experience and resources and ensure that adequate budgets are assigned to the task.

Challenge five

Net zero

The built environment
accounts for

34%

of all UK emissions

The Clean Growth Strategy, the Ten Point Plan and the Energy White Paper are among the many initiatives driving the UK's commitment to achieve net zero by 2050.

The built environment accounts for 34% of all UK emissions and, with such a large property portfolio, the NHS has a crucial role to play in helping to reach this target - even more so with such a large ageing estate currently falling short of energy efficiency standards.

Indeed, public services (excluding transport) represent about 8% of the UK's direct greenhouse emissions. While net zero will provide long-term financial and service resilience benefits, it will require significant financial investment.

Many Health Trusts are unaware of the existing energy performance of much of their portfolios and do not have detailed knowledge of the access routes and opportunities for funding of decarbonisation and zero carbon developments.

The task of developing comprehensive, systematic and strategic bids that embrace scale, resources, skills and capability, as well as physical property specifications can be quite daunting. Effective prioritisation and governance of such programmes also requires the total commitment of senior Trust management. This all amounts to quite an undertaking, where fulfilment is only likely to be achieved with new insight, alternative thinking and blended funding options. Obviously, that's not a step any Health Trusts will take lightly.

Regeneration



It is also widely recognised that investment in appropriate, sustainable and engaging regeneration programmes must benefit the hearts of our communities.

Dynamic schemes that will restore confidence, appeal and energy to the centres of our towns and cities are to be applauded. For the healthcare sector, such schemes create new opportunities for community engagement and health education as well as improving access to services and acting as a catalyst for shared resource provision. But they do require substantial investment as well as creative thinking and a new level of commercial awareness.

The knock-on impact of the pandemic has decimated much of the traditional retail heart of many town centres and high streets. However, it is widely acknowledged that effective place-making strategies to revitalise communities and localities cannot be based on what has gone before. The repurposing of properties and the introduction of alternative uses and services, with a greater focus on community engagement and service provision, is frequently the only viable approach. This raises all kinds of new questions and new considerations that need to be resolved by Health Trusts as well as local authorities and other public service partners.

Challenge six

Working with others

The One Public Estate (OPE) programme has provided further impetus to the delivery of more integrated and customer-focused services that also support broader placemaking objectives.



Significantly, the programme has helped to formalise closer relationships between public service providers and encouraged a more strategic approach to management of the public sector estate. It has also helped Health Trusts to streamline their asset portfolios, reduce property costs and explore the potential for co-location of services.

There is still a long way to go, but many lessons have been learned over the past decade. The principles of collaboration and partnership are now seen as invaluable for far-reaching service transformation, releasing land for new homes and commercial ventures and for capitalising on opportunities to maximise revenue generation and reduce running costs.

That said, the creation of effective and mutually supportive partnerships is not always straightforward. Different service providers will have different cultures, priorities and commitments. Building the trust and resolve to achieve shared goals does not happen as a matter of course. It requires financial transparency, operational alignment and a conscious and continuous effort on the part of all partners.



The solutions - from cost centre to value generator

Now, more than ever, property and land are seen as assets that have a key role to play in helping to drive local economic growth as well as restoring confidence, pride and belief for our local communities and helping the UK fulfil its net zero goal by 2050.

The government's new property strategy 2023-30 provides a context and direction of travel for in terms of decarbonisation, estate optimisation, cutting costs and revenue development. It also points to the importance of public sector agencies demonstrating leadership in their local areas by acting as a catalyst for improved community outcomes, far-reaching placemaking programmes and setting an example for energy efficiency and sustainability.

But all of these things cost money, and trying to fulfil all these worthy objectives at the same time is truly a daunting prospect. The challenges and strategic priorities will also vary from one region to another, so there's no chance of sourcing a convenient off-the-shelf solution.



Understanding what is needed

Without knowing all of the facts, it's impossible to know where to start or how to get there.

The first task, therefore, must always be one of information gathering.

It's vital to have a good understanding of the facilities, equipment and systems used in all properties within the public estate, as well as their condition, market and community value and the potential for adaptation and co-location.

It is just as important to have respective and comparative performance statistics for each building - from energy efficiency, running costs and the effectiveness and efficiency of service provision, to occupancy levels during different times of the day, structural flexibility and the satisfaction levels of users and staff alike.

Of course, gathering and maintaining such information can be resource intensive. However, without it, any Health Trust will only be able to proceed on assumptions – with the inevitable risks and uncertainty that entails – or to play safe without making any significant inroads in fulfilling strategic objectives.

It will only be possible to take decisive and well-informed actions once a clear baseline has been established. Some large urban authorities and Health Trusts have worked hard in recent years to approach this position, often with the support of external expertise. Many others are only at the start of this journey.

It's important to recognise, however, this is not an overnight or one-off mapping process as the performance and potential of different properties will never be static. Nor will the restoration, repair, renovation and repurposing costs or the market values of each estate asset.

Continuous monitoring and access to accurate, current and relevant data are absolutely crucial for sound and strategic estate management of any Health Trust. That's not the end of the story though. Only when that information is readily aligned with the data from other public sector agencies and local authorities, is it possible to explore fully the potential for co-location and broader service integration strategies.

Consequently, it is far better to proceed in a way that will simplify such alignment and help to increase access to funding as well as supporting the development of productive new relationships with other public,

private and third sector partners. That means using a readily available and multi-access system that enables processing and reporting in different formats without delay or difficulty. Indeed, effective transparency and accountability and clear governance for any collaborative programme will be dependent on such data.

There is popular misconception that the sheer volume of data could delay any estate optimisation drive. Nothing could be further from the truth. As long as it is managed and stored correctly, the right data and the right data analytics will actually accelerate progress as it will provide clarity and persuasive evidence to support the decision-making and funding processes. It will also help the estate management team nail down the priorities for changes and improvements to the estate, while also identifying any shortfall in existing resources and expertise.

Put simply, data is most definitely the key for success.

The value of data and data analytics

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Sound evidence and insight will help estate management teams to move forward with confidence in all areas of estate optimisation:

- Establish key targets for the short, medium and longer-term.
- Informed decision-making at all times and in all circumstances.
- Pinpoint immediate gains and savings that move towards the target goals. For instance, where and how to focus on energy efficiency and cost-saving initiatives and evolving clinical considerations and the steps needed to improve the performance of each property.
- Prioritise all actions.
- Ongoing service transformation
- The scope to capitalise fully on the resources already in place.
- Maximise management agility and responsiveness. Ensure responses to changing circumstances are always timely, well-informed and in keeping with the broader strategic vision, such as new funding opportunities, government announcements, threats to the local economy, new partnerships, and so forth.
- Identify priorities for more accessible and flexible service provision - from the perspective of both staff and patients. Clarify disposal and acquisition priorities and the scope for property asset management, rationalisation and co-location of services.
- Demonstrate how the estate can be used to drive regeneration, new housing and new community benefits.
- Act as a catalyst for new collaborative ventures.
- Establish clear benchmarks for contract handovers, such as PFI.



Fresh thinking



Increasingly, Health Trusts are discovering that conventional methodologies and solutions cannot meet the scale of challenges they face in fulfilling their healthcare and community objectives.

Whether its continuing advances in digital capabilities, the increasing complexity and service mix of new placemaking programmes, new working practices, workforce challenges, behavioural changes, budgetary constraints, revenue generation, novel funding opportunities or the pursuit of more collaborative programmes, it's clear that perpetuating what has gone before is not a viable option. A new mindset and, in many respects, new skillsets are needed.

Some Health Trusts are well-resourced and have the in-house capability to adapt accordingly and take this important shift in their stride.

For many others, though, it is quite another matter and requires the support and encouragement of experienced partners with the right blend of specialist expertise. Either way, creative thinking and the development of inventive and innovative solutions are prerequisites for success.

Many excellent projects have fallen by the wayside without getting off the drawing board because convention has failed to open the doors of opportunity for funding. By way of example, Joint Venture models with a developer will often not work as the returns are not high enough and Health Trusts will not have the inclination or appetite to take on all of the risk and may not have all of the required expertise available in-house.

Today, there are many alternative approaches and funding sources to contemplate and the opportunities for blended funding options are considerable.

In a similar way, fresh thinking is vital to reflect the complexity of major regeneration and placemaking programmes – not just from a funding and bid submission perspective, but also in terms of service delivery, agility and value as well as, community engagement and future-proofing.

The importance of thinking beyond convention:



Consider consolidation of services in fewer buildings.



Take a creative approach to funding.

Examining both public and private finance options can provide multiple benefits to Health Trusts and their public sector partners – including the quicker delivery of larger scale regeneration projects that will create added value and more benefits for local communities.



Harness community-led development.

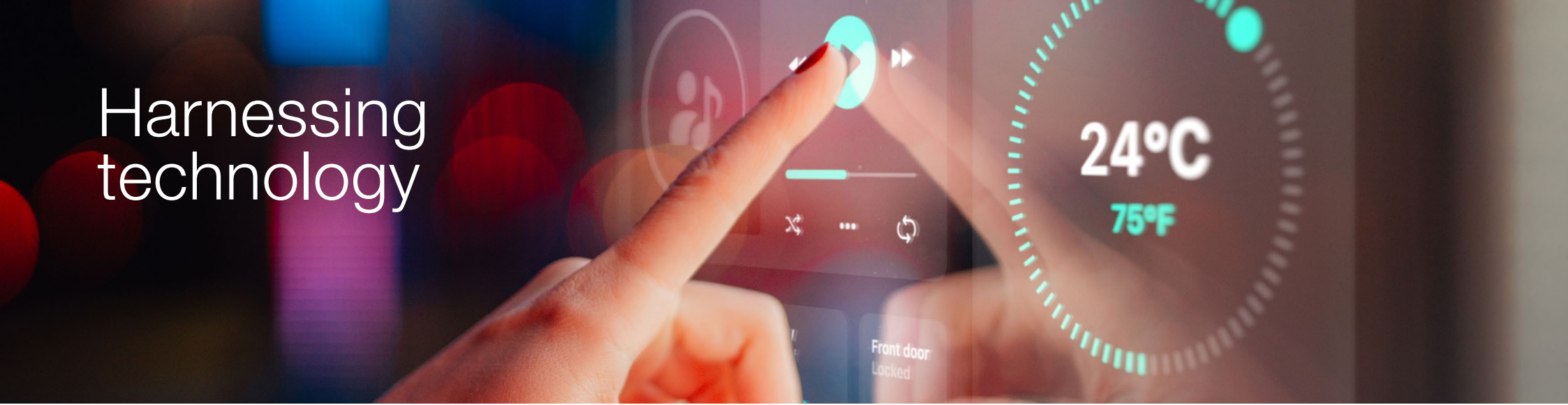
Engaging local communities earlier in the process can deliver better results and more engaged residents.



Ensure delivery of decarbonisation priorities.

Using property technology, such as Powermarket, to prioritise projects and monitor performance.

Harnessing technology



It's not just a case of having the right systems to capture, collate and analyse data.

It's just as important to take full advantage of new technologies and digital tools to maximise the speed and effectiveness of estate optimisation initiatives – not to mention in helping to prepare convincing business cases and bid propositions. Conventional and manual systems are no answer to the complexities of the task, particularly given the scale of the requirement and urgency to deliver target outcomes through a cost of living crisis. A good example, is the way technology can be used to signpost the route towards decarbonisation.

Advances in high-tech sensor and energy saving systems can deliver substantial benefits and stimulate a wider behavioural change in carbon-saving. The role of technology is not restricted to such physical and attitudinal improvements, however, as it can also help to extend capabilities, open up new possibilities and can be used to unlock seemingly impenetrable operational mazes.

Concepts such as digital twins and high-performance modelling and simulation intelligence software are proving to be significant game-changers in the fight against climate change and the delivery of sustainable service outcomes. The creation of virtual versions of real-world buildings allows the performance of new approaches and alternative systems to be evaluated and helps to identify where and how the most savings and service gains can be achieved.

Such digital twins are especially useful in assessing the impact of relatively high-cost systems such as smart lighting, integrated transport, grey water harvesting and heat networks. Carrying out tests on a virtual twin helps to de-risk the decision-making process and to ensure capital investment is well-informed and founded on definitive scientific evidence. Perhaps more importantly, given the scale and immediacy of the net zero challenge, the technology also enables whole communities to be modelled.

This presents unprecedented insight in terms of energy and performance so that a Health Trust can proceed with new and retrofit development programmes with real confidence.

Accessing the right expertise at the right time



There will always be a limit to the resources and skills that a Health Trust is able to draw upon from different departments.

This should not dictate or constrain a Trust's response to the many estate management challenges it now faces, as it is inevitable any limitations will be reflected in the quality and breadth of final outcomes.

To achieve the best possible results, it's important that all options are identified and fully explored, based on a clear understanding of service priorities, operational imperatives, performance criteria, insight and projections.

Where appropriate and specialist skills are not readily available or where there are capacity or capability shortfalls, steps can be taken to plug the gaps with the introduction of external expertise. The importance of de-risking, future-proofing and adding value to any estate optimisation programme cannot be overstated, but it is dependent on a Trust being able to draw upon the right expertise at the right time.

By way of example, no NHS Trust wants to jeopardise the delivery of frontline services, inherit a cauldron of risk or incur unbudgeted costs. As in-house resources are often severely stretched in meeting the demands of day-to-day operations, many authorities are ill-prepared for managing PFI contract expiry effectively.

All PFI assets are very much part of the estate management portfolio. They cannot be viewed in isolation from other areas of the estate and must be included in any forward planning and property rationalisation decisions. It's vital, therefore, to plan ahead and to be well-prepared for the handovers, with the right expertise and experience assigned at an early stage. This will ensure the contracting healthcare retains full control of its interests at the time of expiry and thereafter.

This approach is likely to feature the input of a range of professional services – from surveying, legal advice and finance to Heads of department, with external expertise used to supplement and support the respective inhouse teams.

Once again, it will certainly involve access to the right data and insight, such as:

What is the current condition/performance of the asset?

What specialist expertise is required to establish compliance standards and the need for any remediation works?

Does the asset fit with the broader estates' strategy?

What are the legal and governance requirements that must be met?

What steps need to be taken to ensure operational readiness and what frontline service adjustments may be needed after handover?

A progressive way forward



Due to fiscal and operational pressures, estate optimisation is no longer just a priority for the estate management team but also for every member of a Health Trust senior management team.

It's a complex and often bewildering task that requires a new level of insight as well as a new mindset and a new skillset to ensure all decisions are fully informed so that risks are minimised, and target outcomes are maximised at all times.

As this report has shown, the breadth scale of the challenges are considerable. But, so too are the opportunities to take decisive action that will fulfil both short and longer-term strategic objectives. There is no simple and clearly defined route to guaranteed success, as the priorities, considerations and resources of one Trust are likely to be quite different to another. Lessons have been learned and new doors are opening, so Trust are no longer confined by their own operational 'bubble'.

Through effective collaboration with other public and private sector partners, by looking beyond conventional solutions and capitalising on insightful data as well as the right skills and experience, true estate optimisation is very much within reach for any Health Trust.

The ever-growing number of inspiring and practical examples of optimisation are showing just how much can be achieved. Such projects are not just helping to reassure and open eyes to new possibilities. They are also adding impetus to increasingly progressive solutions that help to instil confidence and direction for all Health Trust regardless of how far they are along their estate optimisation journey.

From drain to gain

As this report has shown, the challenges in delivering estate optimisation are considerable. But, so too are the opportunities to take decisive action that will fulfill both short and longer-term strategic objectives.

To find out how Capita's property asset optimisation experts can help you turn your land and estates from a cost centre to value generator please scan the QR code to learn how our experts can help you or [get in touch with us.](#)

