Government rejects key elements of Naylor estates review

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- DHSC says it will take "more nuanced" approach to Treasury "two for one" funding
- Rejects recommendation to merge companies
- NHS Property Board will not be an arm's length body and will be chaired by health minister Lord O'Shaughnessy

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The Department of Health and Social Care has rejected the idea of matching the proceeds of trust land sales with Treasury money, the government announced today.

Other key parts of **Sir Robert Naylor's review of NHS property** have also not been taken up by the government.

The review had 17 recommendations, 15 of which the DHSC accepted in full and two were accepted "in principle".

The DHSC said NHS Property Services would not be merged with Community Health Partnerships, as recommended in Sir Robert's review, and the new property board will not be an arm's length body.

The review, published last March, recommended establishing a "powerful" new NHS Property Board "which brings together functions of NHS Property Services, Community Health Partnerships and other fragmented NHS property capabilities into a single organisation" – and it should be "at arm's length from the Department of Health".

But the DHSC announcement said: "Our approach to the NHS Property Board is different to the review's recommendation.

"We think it is right that the national centre provides the oversight and sets strategic direction to the system."

It will be chaired by health minister Lord O'Shaughnessy.

NHS Property Services is a private company wholly owned by the DHSC and has sometimes come into conflict with sustainability and transformation partnerships over local estates plans. It owns around 3,500 NHS properties across England worth approximately £3bn.

Community Health Partnerships is another DHSC owned company and controls the public stake in LIFT partnerships – effectively mini private finance initiatives – which usually build and maintain primary care or community facilities.

Sir Robert's report recommended that the Treasury provide extra funding "to incentivise land disposals through a 'two for one offer'", however the DHSC said it was "accepted in principle" but would be "implemented in a more nuanced way".

It said: "The approach we are taking to the distribution of capital is in many cases more generous than a 'two for one' offer". It did not provide any more details ahead of the full response to the Naylor review, due to be released later today.

The DHSC said "over the coming months" it would set out how £3.5bn in additional capital funding will be spent by 2022-23.

It said this would break down into:
• £2.6bn "to support local plans to transform estates and modernise facilities, as part of STPs, in addition to £425m already announced earlier this year";
• £700m to "help NHS estates which need urgent maintenance or upgrades, particularly in struggling trusts"; and
• £200m "to support specific programmes targeted at making savings and improving efficiency, allowing more time and money to be directed to patient care."

The £200m appears to be a rebadging of funds already announced in the Budget, which said £200m would support "efficiency programmes", giving the example of programmes to "help reduce NHS spending on energy, and fund technology that will allow more money and staff time to be directed towards treating patients".

The funding is the government's contribution to the £10bn the Naylor review said was needed to make the NHS estate fit for purpose. The remainder is supposed to be covered by land sales and private investment.

The DHSC said private investment should only be used "where this provides value for money".

In a statement, Sir Robert said: "I welcome the government's positive response to my review and its £3.5bn commitment to the £10bn needed to transform the NHS estate.

"The NHS now needs to take urgent action to modernise its estate, dispose of unwanted assets and secure private sector investment, particularly in primary care. The government's recognition of my calls for additional capital investment, improving strategic capability and incentivising local action is essential to delivering an NHS estate fit for the future."