

# HOMES FOR NHS STAFF

## HOW CAN TRUSTS DELIVER?

MAY 2019

The Secretary of State's new policy, which seeks to deliver new homes for NHS staff on surplus NHS land, will no doubt bring a number of benefits. As well as convenient new places to live for hard-working staff, it could also reduce staff turnover – particularly in higher-cost parts of England – and thus reduce reliance on more expensive agency staff.

### BUT HOW CAN TRUSTS DELIVER THIS HOUSING?

On the face of it, it should not be difficult to secure planning permission for new housing on surplus NHS land – there's a pressing need for new homes and every single unit helps to address that. Local planning authorities are also working hard to secure as much affordable housing as possible through planning applications for new residential development.



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Paul Burley  
Partner, Planning

But there comes a catch; local councils want affordable housing to reduce their own, often very long, waiting lists – and NHS staff are likely to be a much lower priority than, say, families in sub-standard temporary accommodation. Consequently, even when Trusts bring forward land for development there is no guarantee that the resultant planning permission will give their staff 'first dibs'. There is therefore an obvious and immediate tension which requires management at an early stage.

There is always the option to provide additional affordable housing in excess of local planning requirements but then that would negatively affect the land receipt – and therefore the amount of money that surplus land sales can yield for reinvestment into the healthcare estate. And that's not mentioning the requirement to achieve Best Value.

In our experience this needs a longer-term 'investment' in the development and disposals process; trying to achieve a receipt in the shortest time possible will almost inevitably compromise landowners' abilities to achieve wider aims.

First comes a process of **town planning** engagement with local authority partners to make sure that they recognise the NHS's many challenges and needs, including the implications of unaffordable or inadequate local housing for staff. This needs to filter through the local plan process which works on a five-yearly cycle – making clear that there is an important need to be addressed, not just for a single Trust but even across an entire STP footprint.



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Tom Mudd  
Partner, Development & Valuation Consultancy

It also should highlight the need for local authorities to capture funding for additional service delivery that results from population growth, for example by making clear requests for Community Infrastructure Levy or section 106 payments from other developers that can then be passed to healthcare providers.

From a **valuation and financial** perspective, affordable housing policy can result in a significant decrease in the land receipt. In some circumstances we have seen the market respond by looking for other types of development that do not give rise to an affordable housing requirement. This, of course, does nothing to help Trusts to address their own affordable housing needs. However, some bidders, particularly registered social landlords, will take a more sophisticated, long-term approach but still might not achieve the values that alternative land uses could yield.



Thorpe Coombe Hospital, LB Waltham Forest



St James's Hospital, Portsmouth

In that context clear **market-led development advisory** services are crucial, not only to bring sites to the attention of parties that are most likely to deliver in the interests of trusts, but also to perhaps bring together a variety of parties as either delivery partners (if trusts retain assets) or to optimise the receipt for trusts by way of **disposals**. Necessarily, this advice needs to respond to the questions and priorities that Trust boards and other steering groups will raise when disposal authorisations are sought. It also can be enriched by wider market experience and engagement with potential third party partners who could deliver, and perhaps even manage, housing on behalf of the NHS, a model that could help to protect against the future loss of housing stock because of issues such as the Right to Buy.

The whole process also needs to continually bear in mind the effect that different uses and delivery models can have on **asset valuations** – including the impact on Trusts' balance sheets of nominations agreements and obligations that seek to secure a first right of refusal for NHS staff in perpetuity.

We are here to help. Our healthcare advisory team has a wealth of experience in town planning, valuation (including Red Book valuations and asset valuation), development advisory, and agency and disposal. Our rating advisors can help Trusts to make the best use of their resources and our affordable housing advisors – who include board members of affordable housing organisations – add an important dimension to our service. Together we are currently advising over 100 Trusts in England and in the past year achieved £70m of receipts for reinvestment in the healthcare estate.



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