

NHS Reform leaves property professionals in the dark

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Schools may complain about the axing of Building Schools for the Future, but at least the education sector does have some clarity. This is in short supply in the healthcare sector.

On 12 July, health secretary Andrew Lansley set out the government's plan to reform the health service in its white paper, Equity and Excellence: Liberating the NHS. The biggest plans are to axe primary care trusts (PCTs) and strategic health authorities (SHAs) by 2013.

The main concern for property professionals in the medical sector is that the white paper contains no mention of the running of the property portfolio, which had an estimated value of £36bn in 2008. PCTs own community hospitals, clinics, some walk-in centres and some GP surgeries. There is no indication who will end up in control of these properties.

A spokesman for the department said it could be mid-2011 before any property plans are published: "Obviously, a long time into the future there needs to be a discussion about PCTs, but there are a lot of steps to go through before then."

Graham Lea, partner and national head of real estate at healthcare law firm Hempsons, says there are three options for the PCT properties:

- Local authorities could manage them. Lea says this is unlikely, because they may not have the relevant experience.
- The government could form regional organisations to hold the properties.
- The government could look for investment partners. This would offer opportunities for sale and leasebacks.

He adds that he expects sales of offices. "There will be a push to get rid of some of the office space and raise money from the healthcare facilities," he says.

Adam Dalglish, co-founder of Medical Property Advisers, says another option is to hand the properties over to GP commissioning groups.

The white paper has caused huge uncertainty, says Dalglish. "Currently the white paper is unclear on the issue of estates ownership after the demise of PCTs."

"This is a critical area and we need to have clarity sooner rather than later so that momentum is not lost in enabling future service delivery."

PCTs control around 80% of the health budget and so, while their future is unclear, property decisions are set to take longer. The future of schemes where a developer is partnering with a PCT must also be in question.

He adds that PCTs will find it harder to manage their properties in the run-up to 2013, if their best staff are moved to other organisations. These are the many questions that the Department of Health is yet to address.