



Investing in communities, building for the future

Business Plan 2019/20



Our purpose

CHP exists to provide high quality health and social care facilities, which meet local need. To do this, we work with others to provide innovative and sustainable spaces for the benefit of patients, service users, and those who care for them. We maximise the benefits of our existing assets and respond to needs for new developments. We are leaders in our field, with a unique set of skills and experience in commercial investment, community infrastructure development and property management.

Our vision

Our vision is one where CHP is seen and experienced, internally and externally, as the leader in its field.

Technically expert: the partner of choice for primary and community care facilities.

Our vision is to be recognised as experts and leaders in our field; the first point of enquiry at both policy and delivery level. We want to be known not only for our expertise but also for our results and the impact we deliver

Leaders and influencers in property investment and management: the principal source for expertise, opinion and partnership. Our vision is to influence policy at the highest level and to underpin that by delivering services which set the benchmark

Forward thinking and innovative: bringing new and sustainable solutions to challenging situations. Our vision is for our teams to collaborate even more; to generate and implement outstanding improvements to systems and services and to increase our contribution at all levels

In touch and in tune with our communities: the most trusted investment and property management partner. We are committed to working collaboratively with our tenants, investment partners and a wide range of health and social care professionals for the benefit of patients and service users

Entrepreneurial and commercially minded: delivering optimum value to the end user. We will invest in innovative developments and optimise the return on all our investments; maximising utilisation and providing the best buildings in the right places. We will continue to provide excellent property management services in this specialist asset class to maximise community benefit.

Our values and culture

At Community Health Partnerships, we're committed to delivering an excellent service, both to our customers and to our colleagues.

We believe in working together to support our staff to be a group of high performing teams. We're committed to nurturing a culture where everyone can achieve their best year after year.

The CHP Way defines the way we behave to provide a great working environment and excellent service to our customers:

- ▶ **Doing what we say we'll do**
- ▶ **Looking after ourselves and others**
- ▶ **Delivering an excellent service**
- ▶ **Communicating openly and honestly**
- ▶ **Investing in relationships**
- ▶ **Developing innovative ideas and solutions**



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Our plan

Our business plan for 2019/20 needs no lengthy introduction as you should read it in conjunction with our recently published Strategic Plan 2019/24 where we set out a clear vision for the Company over the next five years. If you don't already have a copy it can be found on our website at <http://www.communityhealthpartnerships.co.uk/> or if you prefer a hard copy contact my office.

The Strategic Plan sets out an ambitious vision and this Business Plan sets out in more detail how we both deliver for our customers, stakeholders and shareholder today, and how we lay the foundations for future success.

Importantly for us we don't just expect to be held to account for what we say we'll do but also how we go about doing it. Customer service is paramount; we don't pretend that we get things right all the time or that we can give everyone what they want but we can be transparent, courteous and do our best to see things from your perspective. Our workforce is our most valuable asset and we expect a lot from our people but, in return, we strive to be an employer of choice, providing the right environment, tools, and rewards to encourage innovation and delivery in equal measure.

If you have any comments on this plan, including where you think we can improve, please contact me or any member of the Executive Management Team.

Mark Day

Acting Chief Executive Officer

Our priorities for the next 5 years

Property Management

As experts in managing infrastructure, we will put our energy into:

- Total tenant satisfaction
- Putting our buildings at the heart of the community
- Innovative management of spaces and contracts
- Ensuring our properties have the capability to embrace digital innovation
- Further developing environmentally sustainable practices and procurement

Investment Portfolio

As investment partners we will drive value and benefit from our portfolio by:

- Proactively fulfilling our leadership and management roles in public private partnerships
- Realising and utilising long term value from our portfolio
- Collaborating and innovating with our partners
- Protecting the public purse through effective stewardship

Capital Programme

As trusted partners in delivering world-class infrastructure, we will engage in:

- Identifying business development opportunities with partners
- Developing new models for the changing needs of health economies
- Delivering end to end solutions for clients
- Exploiting our expertise as developers of integrated multi-occupancy buildings

People and systems

We can only deliver success through our people. As empowering employers, we will:

- Promote employee well-being, development and recognition
- Inspire a company-wide culture of innovation
- Prioritise ever more skilful collaboration, within the company and with external partners
- Provide proactive, integrated data analytics to enable effective decision-making

Our priorities for the year 2019 to 2020

Our priorities lie in the transformation of community-based, out of hospital, health and social care. We are ambitious, willing to innovate and take risks in order to deliver improved health outcomes in local communities.

In the first year of our strategic planning period, our objectives reflect the need to build foundations, systems and processes in some areas of our work. We have agreed priorities and objectives with our Shareholder, to ensure that the Company and its partners are appropriately held to account.

It should be noted that all departments of the company have contributions to make to ensure business success and will be affected in some way by the work in all these areas. To further support the delivery of our business objectives we will continue to develop business improvement initiatives through a range of projects including WiFi, utilisation, and improving the management of bookable space.

Property management

As experts in managing infrastructure, we will put our energy into:

- ▶ Ensuring health and safety compliance in all our properties.
- ▶ Effectively managing our tenants with a focus on debt management and regularised occupation.
- ▶ Driving value from our contracts by effective management of our LIFT Companies and our directly managed contractors.
- ▶ Continuing to improve utilisation through flexible use of space as evidenced by the Dynamic Capacity Management project.
- ▶ improving tenant satisfaction to be assessed through an annual tenant satisfaction survey and regular engagement with tenants and commissioners.

Key Performance Indicators (how we measure success)

- ▶ Reduce unlet space across the whole estate by 10%.
- ▶ Increase bookable space lettings by 15%.
- ▶ Increase the number of regularised tenancies to 80%.
- ▶ Improve tenant satisfaction by 10% against 2018/19 results.
- ▶ Increase LED lighting in our buildings by 25%

Investment portfolio

As investment partners we will drive value and benefit from our portfolio by:

- ▶ Maximising the value of our investments through active stewardship of our LIFT Companies, providing appropriate assurance to the CHP Board.
- ▶ Further developing and enhancing the partnering services available to our NHS customers.
- ▶ Re-invigorating Strategic Partnering Boards, or their equivalents, to maximise the opportunities to provide valuable solutions within our local health economies.
- ▶ Considering the available options in relation to estates solutions that may be delivered through our Public Private Partnerships.
- ▶ Developing and implementing an investment plan to ensure maximum return on the portfolio.

Key Performance Indicators

- ▶ Ensure 90% of our LIFT areas have a functioning Strategic Partnering Board or locally agreed equivalent.
- ▶ Ensure sub debt lock up remains less than 3% of sub debt income.

Capital programme

As trusted partners in delivering world-class infrastructure, we will engage in:

- ▶ Delivering capital projects, providing an advisory service and acting as a procurement business partner
- ▶ Working with Property Management and the wider system on formalising a pipeline of variations.
- ▶ Working across CHP and the NHS to deliver a more efficient end to end process for new projects.
- ▶ Providing training and technical support on PPP.

Key Performance Indicators

- ▶ Deliver capital projects totalling £6m.
- ▶ With partners develop a pipeline, approvals process and monitoring regime to enable estate transformation.

People and systems

We can only deliver success through our people. As empowering employers, we will:

- ▶ Develop and deliver the CHP People Programme to continue to support high performing teams.
- ▶ Review and develop a future proof IT infrastructure to support the demands for data that exist across all functions and for the benefit of all stakeholders promoting digital solutions where possible.
- ▶ Provide training that ensures both compliance and personal development for all the CHP team.
- ▶ Identify and develop innovative solutions to delivery efficiencies to our business and its customers and in doing so improve our offer.
- ▶ Review and feed back to our team on lessons learned, best practice and new ways of working to deliver ongoing improvements to the benefit of all.

Key Performance Indicators

- ▶ Staff turnover below 10%.
- ▶ Develop and embed a CHP intranet.
- ▶ >90% staff mandatory training completed by renewal date

Finance

We can only deliver our priorities and objectives if our finances are well managed. As an innovative and commercially minded organisation, we will:

- ▶ Ensure that we maintain a full cost recovery model as Head Tenant on our CHP estate.
- ▶ Support the initiatives that continue to add value and deliver financial efficiencies to the benefit of our building users.
- ▶ Deliver a financial performance in line with the requirements of our Shareholder.

Key Performance Indicators

- ▶ Deliver the financial plan within agreed budget.
- ▶ Achieve debtor days of <75 days.
- ▶ Fully deliver the capital programme in line with allocation.

Our financials

Budget Setting

It should be noted that this plan focuses on what we often refer to as the 'corporate budget', i.e. those resources which are deployed to manage the Company's operations rather than the 'pass-through' costs associated with the NHS LIFT properties for which CHP is head tenant. The figures for the Estates 'pass-through' costs are derived from the 2018/19 budget and are therefore subject to slight variations as a result of the recent Soft FM procurement. Ultimately this budget will continue to operate on a full cost recovery model.

In line with previous years the Corporate budget reflects the intended expenditure funded from sub debt interest income, directors' fees and dividends that arise as a result of our investment in the LIFT programme. This budget continues to reflect the request from the shareholder to make a surplus (previous budgets operated on a breakeven position) to contribute to the cost of the Strategic Estates Planning function and to reflect additional cost savings which are then translated into an additional surplus.

As in 2018/19 a zero-based budgeting approach has been adopted, with each functional head completing a budget template for his or her area of responsibility detailing the resources required to enable successful delivery of business objectives. These objectives have been taken from the Strategic Business Priorities as outlined in the Five-Year Strategy.

A full and detailed review has been undertaken by the management team, during which each functional budget was challenged to ensure costs are kept to a minimum to meet the targets whilst also being able to deliver the business objectives.

The Executive Team structure remains unchanged and the establishment is discussed in further detail on page 10.

Estates Management Fee

The fee for managing the estate currently remains at 2% of the operating costs of the Estate, this is consistent with the previous year.

Management fee income will be used to deliver our obligations as Head Tenant by covering the costs of the Property Function which includes the Asset Management Team, Property Finance Team, and the Centre Management Service. Also included is a budget for the fees associated with the renewals of and variations to existing leases, ensuring that this cost of normal business is reflected in the baseline of total costs as it will continue post completion of the Tenancy Regularisation Programme.

A review of the Property Team has been resourced during 2018/19 with the aim of ensuring that processes and effort are tailored to deliver maximum benefit to customers and the Company.

Establishment

The on-payroll establishment for the business next year is summarised below:

Function	18/19 C/F	19/20			Movement
		In Post	Vacant	Total Roles	
Exec	5	5	-	5	-
Exec Project Administration	2	2	1	3	1
Investment	5	5	-	5	-
Commercial	10	5	9	14	4
Corporate Services	22	20	3	23	1
Property South Team	37	34	3	37	-
Property Midlands Team	30	28	2	30	-
Property North Team	40	40	-	40	-
Property Finance	20	20	-	20	-
Tenancy	3	3	-	3	-
RHIC	9	9	-	9	-
Total Headcount	183	171	18	189	6

The table analyses the movement from the current establishment to the budgeted establishment for 2019/20. The overall movement is an increase of six roles. In addition to the above are the five Non-Executive Directors.

Within the 2018/2019 carried forward headcount are the agreed in year movements, which are broken down as follows:

- An increase of two TLM roles in the Midlands team which replaces contracted out roles.
- An extra Leasing Negotiator has been recruited within the Tenancy Regularisation Team rather than using agency staffing.

The movement in posts for 2019/20 can be analysed as follows:

- Project Administration – a role has been created for an Administrator to cover the increased workload.
- Commercial – three Project Managers have been included to deliver Variation Projects, funded by CHP or the wider health system. Also, a role has been created for a Procurement Business Partner to provide procurement expertise for the company.
- Corporate Services – An Assurance Officer role has been created to meet the demands of Assurance and GDPR for both the Corporate and Estates Functions.

All roles included in the above establishment are on payroll and the Company is confident that the planned activities of the Company can be carried out effectively using the resource above enabling successful delivery of the Business Objectives.

Overall position

The budget for 2018/19 approved by the Board generated an overall surplus before tax of £3.71m providing £2.6m for SEP and additional surplus of £1.11m for the Group. The draft budget for 2019/20 generates an overall surplus before tax of £3.79m providing £2.6m for SEP and £1.19m additional surplus for the Group.

The additional surplus of £1.19m will reduce the overall budget requirements for the system meaning the Company is contributing to the overall cost effectiveness of the NHS.

Further efficiencies will be potentially achieved through the Soft FM charges; however, these will be realised within the accounts of the tenants through reduced charges as and when they occur.

CHP Full Year Budget	2019 – 2020
Expenditure	
Corporate Costs	5,588
Project Costs	3,221
Estate Costs	378,594
Exceptional Costs	2,953
Total Company Expenditure	390,356
Income	394,146
Surplus	3,790

Risk

- ▶ Dividend Income – there is a risk that CHP will not receive the dividend income forecast for 2019/20 (£4m). This risk is considered low due to the dividend forecast figures being provided by the Investment Team from the individual LIFTCos approved models and the historical evidence of amounts being previously received. This risk is mitigated by only committing non-recurrent expenditure against this income stream. If dividend income of £4m was not achieved, expenditure on non-recurrent projects would be reduced to ensure the Company did not overspend in the year.
- ▶ Spending Review outcome – there is a risk that the outcome of the review may impact the finances of the tenants who occupy our properties, further weakening the Company's cash position. This risk is considered low as we have been operating in

a financially constrained environment for over five years and now have NHS partners fully engaged in various streams of work to help move money around the system.

- ▶ Infrastructure Funding Review – Uncertainty surrounding the outcome of the review could impact both confidence in the LIFT Programme and the Company's ability to invest and therefore maintain future income. With our partners, we will contribute to the consultation, championing the features of our unique joint ventures and the innovative funding solution which has contributed so positively to developing the primary and community estate for almost two decades.

Community Health Partnerships is wholly owned by the Department of Health and Social Care. We have a national presence with activities delivered through three regional offices.

CHP North (Registered Office)

Suite 12b
Manchester One
53 Portland Street
Manchester M1 3LD
T: 0161 509 3340

CHP London & South

Skipton House
80 London Road
London SE1 6LH
T: 0203 928 1630

CHP Midlands & East

Suite 201,
Cheltenham House
14-16 Temple Street
Birmingham B2 5BG
T: 0121 295 3717

