



National Health Service in Scotland  
Management Executive

St. Andrew's House  
Edinburgh EH1 3DG

16 June 1995

Dear Colleague

950

OWNERSHIP AND MANAGEMENT OF RESIDENTIAL  
ACCOMMODATION

**Summary**

1. This letter amends the eligibility guidelines previously set out in NHS Circular 1986(GEN)10; gives NHS Trusts and other holding bodies freedom to establish rental levels on the basis of local circumstances; provides pointers to good practice in the ownership and management of residential accommodation; and does so having regard for the transfer of heritable property to NHS Trusts. The details are contained in the Annex.

**Action**

- 2. These matters should be brought to the attention of those with a responsibility for or an interest in the ownership and management of residential accommodation.
- 3. This letter does not require any specific response to the Management Executive.

**Other Information**

- 4. The matters covered in this letter have been agreed with the Joint Working Group on Operations. They will be incorporated into appropriate amendments to the NHS Property Transactions Handbook to be issued later in the year.
- 5. References in the Annex to NHS Trusts should read as a reference to any holding body.

Yours sincerely

PAUL WILSON  
Director of Trusts

NHS Circular  
1986(GEN)10 is  
cancelled

**Addressees**

For Action:

Chief Executives, NHS  
Trusts

General Managers,  
Health Boards

General Manager, State  
Hospitals Board for  
Scotland

General Manager,  
Common Services Agency

For Information:

General Manager,  
Health Education Board  
for Scotland

Executive Director,  
SCPMDE

COMMON SERVICES AGENCY	
REC'D	19 JUN 1995
FILE NO.	
REFERRED TO	ACTION TAKEN

## GUIDELINES FOR THE OWNERSHIP AND MANAGEMENT OF NHS RESIDENTIAL ACCOMMODATION

### Purpose

1. This note provides guidelines on the ownership and management of residential accommodation taking into account recommendations by the Government's Task Force on empty residential properties; a SCOTMEG survey of NHS staff accommodation; and a report on empty public sector dwellings commissioned by The Scottish Office Environment Department.
2. The guidelines are intended to assist efforts to improve asset utilisation; meet operational requirements in an effective and efficient way; provide for identified needs in a modern context; and to deal with residual accommodation in an appropriate manner.

### Key Issues

3. The key points emerging from the reports etc referred to in paragraph 1 are that actions should be taken with a view to:

- considering alternative means of securing access to residential accommodation for key NHS staff;
- only providing NHS Trust owned accommodation for essential operational requirements if alternatives prove non-viable;
- improving the management of stocks which remain within NHS Trust ownership;
- reducing stocks of vacant residential accommodation;
- accelerating disposal of surplus residential accommodation.

4. All of these points should be considered in context. Implicit in the above is the fact that the provision of residential accommodation is not a prime function of NHS Trusts; that accommodation should be retained only if required for operational or agreed nurse/doctor training purposes and even then alternative means of securing access to appropriate residential accommodation owned by others should be pursued; and that the management of retained stock should normally be contracted out unless performing the work in-house provides better value for money and does not inhibit full utilisation.

### Eligibility

5. The categories of staff eligible for NHS residential accommodation under the terms of the SHHD Circular 1986(GEN)10 were junior doctors, nurses and midwives in training, trainee professional and paramedical staff, and some "other staff" in exceptional circumstances. Eligibility was assessed against an "essential need" criterion.

6. Given the changed circumstances since 1986 and following consultation it has been agreed that **none of these should now be specifically categorised as eligible for NHS residential accommodation.** It is recognised that there will still be some operational circumstances where staff in these former categories should be offered access to

accommodation. For example, where a local lack of suitable residential accommodation in the private, housing association or local authority sector prevents an NHS Trust fulfilling its obligation to participate in the education of students. Another example is where Trust accommodation helps meet the requirement that the level of residential accommodation currently available will continue to be available in the future, in line with the arrangements for central purchasing of nursing and midwifery education explained in Miss Jarvie's letter of 30 March 1995.

7. In the case of junior doctors, residential accommodation will be required for pre-registration House Officers to enable them to fulfil their education and training obligations in terms of the Medical Act 1983. It will also be needed for those junior doctors who are required to be available in hospital on on-call duties. For a number of junior doctors, though, current movement towards shift working should reduce their need for residential accommodation as they will no longer be on-call outwith normal hours, but instead on duty.

8. In the case of staff residencies associated with nurse education, special considerations apply. MEL(1994)55 of 16 May 1994 announced that the Management Executive intended to invite Institutions in the tertiary education sector to tender for the provision of pre-registration nursing and midwifery education. This process is underway and Miss Jarvie's letter of 30 March 1995 dealt with the arrangements for the handling of property associated with nurse and midwifery education.

#### Meeting Needs

9. NHS Trusts will no doubt wish to review all current residential accommodation against the amended eligibility guidelines and in the light of their own circumstances.

10. Where a need remains Trusts may wish to consider options other than ownership, eg renting from housing associations, local housing authorities or the private sector. Such arrangements may be accompanied by the sale of residential stock to such bodies with reserved nomination rights. It is important that consideration of the alternatives takes account of the Government's "Right to Buy" policy as explained in the NHS Property Transactions Handbook.

#### Rentals

11. Trusts are no longer required to have regard to the guidance on rents contained in NHS MEL(1993)32 and are free to establish rental levels on the basis of local circumstances. These circumstances should include general rent levels within their areas, the need to maintain properties in good condition, whether the residency is voluntary, any particular difficulties which they may have in recruiting and retaining staff, and other relevant operational considerations. However, attention should be given to relevant Whitley requirements specifying limits for rental charges and to similar requirements set out in the National Terms and Conditions of Service for Junior Doctors. More generally the rents charged should also be sufficient to cover the cost of managing and maintaining the accommodation in good condition.

### Vacant Property

12. The amount of empty property held by Government Departments and associated bodies continues to be of great concern to the Government. A Task Force on Government Departments' Empty Houses was set up in December 1992 to look into this. In its final report published in July 1994 it made 7 recommendations and prepared a Code of Practice to achieve better use of empty homes owned by Government Departments and other Public Bodies. In its response, the Government welcomed the report and the Code of Practice. Health Ministers agreed to continue to recommend that Health Authorities and Trusts comply with the Code of Practice. The Department of Environment has consolidated all these documents into a short guidance note. Copies can be obtained from The Scottish Office, Room 423D, St Andrew's House, Edinburgh EH1.

13. In order to maintain low void rates, Ministers have agreed to set stretching annual targets for voids. It is therefore important that accurate records of all empty property are kept. In addition to basic information on location, size, tenure, and condition, details about the date on which the property became vacant and whether it is surplus to requirements should also be recorded. In the NHS context, this would include properties which are empty as part of an agreed disposal, modernisation, or improvement programme. These properties would then be included in the target for bringing properties back into use.

### Residual Accommodation

14. Alternative NHS or Related Use. Where residential accommodation is no longer to be occupied by students or staff, consideration should be given to whether it can be utilised for patient care, Care in the Community purposes or other essential requirements. This sort of usage can be appropriate where the degree of integration with hospital buildings is such that disposal on the open market would be difficult. But whether this applies or not, the possible use of surplus stock as part of the local Care in the Community strategy and hospital closure programmes, should be investigated.

15. Surplus Property. If the accommodation cannot be used for other NHS purposes in a way which represents value for money, it should be declared surplus to requirements. Precise action after that will depend on whether the accommodation concerned is vacant or occupied by a sitting tenant.

16. Vacant Property. Where the accommodation is vacant, and is not required for future use, arrangements should be made for open market disposal as soon as possible; the Management Executive should be consulted if there are circumstances where such a property cannot be disposed of within the prevailing rules for particular reasons other than simply that piecemeal sale would be detrimental to future wider disposals. The Minister of State has asked, in particular, that Holding Bodies make every effort to ensure that empty NHS houses are sold or brought back into use at the earliest opportunity to reduce the stock of empty public sector housing in Scotland.

17. Occupied Property. If the unit or units concerned are occupied and sale to a sitting tenant is not possible (eg because the tenant does not wish to buy or in the case of residencies) the options for sale with

tenant's rights preserved where appropriate should be considered. A key option here will be sale to a housing association or local authority or educational institution. This approach will be particularly relevant for flats where a majority of occupiers do not wish to buy. However, it should be borne in mind that housing associations local authorities or educational institution may prefer to purchase identifiable groups of empty property rather than individual occupied houses across a range of sites. Sales to such bodies should also be considered in the case of surplus residency buildings which a NHS Trust does not need to retain for the use of student nurses, and where open market sale is not recommended because of existing occupation. The detail of any proposal would need to be discussed with individual housing associations, local authorities, or education institutions to ensure that the proposal is acceptable in terms of number of houses, location, cost etc. If none of these bodies wish to purchase, the units concerned should be sold on the open market subject to tenant's rights where these apply.

18. Sales Programmes. Disposal of surplus accommodation should be the subject of specific integrated and accelerated sale programmes, taking account of professional advice. In some circumstances, where large stocks are released for sale, it will be appropriate to engage consultants to advise on a co-ordinated programme of disposals to maximise proceeds. In disposing of residential property on the open market the needs of the education sector should be borne in mind. An education institution awarded a contract for pre-registration nursing and midwifery education may wish to purchase residential accommodation to house new students (thus reducing the burden on the NHS of providing residential accommodation for student nurses).

19. Social Housing. In areas of priority need where surplus property genuinely cannot be disposed of after marketing of 6 months, NHS Trusts should consider sale or lease of the accommodation for social housing use (eg to local authorities, housing associations). The Trust will need to consider in each case whether such an approach would represent good value for money in relation to other disposal options and leasing (rather than sale) in such circumstances should be an exceptional measure. If necessary, advice on the areas which should be regarded as those of "priority need" can be obtained from Ms Karen Jackson of the Scottish Office Environment Department, Housing Division, St Andrew's House, Edinburgh EH1 3DG (Tel: 0131 244 2035).

20. Short-Term Lettings. If residential accommodation is surplus and vacant but cannot be disposed of immediately (eg because it is part of a wider future disposal, or the site is included in an extended closure programme) consideration should be given to the possibility of letting on a short term basis to local authorities to house homeless people. Short term leases to housing associations should also be considered in such circumstances. (Similar arrangements can be appropriate where a property is not surplus, but cannot be filled for a period). In these circumstances it is suggested that short term letting should be considered if the property concerned is likely to be empty for more than 6 months. NHS Trusts can control the selection of such tenants. Scottish Homes currently operate a lead tenancies pilot scheme whereby, through housing associations, it lets empty accommodation on behalf of landlords to homeless people, thus helping to alleviate homelessness and utilise empty property. Scottish Homes will consider the availability of NHS residential stock in the formulation of schemes under these arrangements. While

other types of short term let of individual residential units in these circumstances is not ruled out, even where tenants have no connection with the NHS, this should be an exceptional measure and a market rent should be charged. It is essential that temporary arrangements of this kind do not create long term housing obligations or prejudice or delay future disposal action.

21. Best Price. The handling of surplus and vacant property which cannot be used for other purposes, or be easily sold, poses particularly difficult problems for Trusts. Such difficulties can arise because of the property's condition, location, or degree of integration with other property. In such circumstances, if sale is thought to be proper course, the first issue must be whether the asking price set is realistic. The Treasury has explained that the best price is the best price **actually obtainable** in the prevailing market and that surplus property should be put on sale without delay. There should be no question of hanging on to such property until the market improves; the Trust's Property Adviser should provide guidance.

22. Options. If the empty property concerned cannot be sold at the current market value after being on the market for 6 months, has no development potential, and no better disposal opportunities can be achieved, the options then, in descending order, are:

22.1 In areas of **priority need**, sale or short fixed term lease for social housing where there is a demand for such housing on open market terms decided by the District Valuer. (See paragraph 18)

22.2 Sale to a housing association, local authority, the education sector or the private sector at a value reflecting failure to sell, decided by the District Valuer.

22.3 Demolition provided that it is concluded that such action will be financially more attractive than retention of the property concerned and will not prejudice future management or rationalisation of the estate.