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## *E-Bulletin*

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# Accessing surplus NHS land - there is no better time

In March, Lord Naylor produced his report on the future of the NHS estate. In a BBC interview, Theresa May has confirmed her support for the report's findings, saying "We're backing the proposals in the Naylor report".

## *What is the Naylor Report all about?*

Lord Naylor was tasked with developing a new NHS estates strategy, releasing £2 billion in assets, and delivering land for 26,000 new homes.

## *What it means for Housing*

Lord Naylor recommends that the NHS adopts a "carrot and stick" approach, which will give NHS organisations real incentives to improve the utilisation of the estate in their local area.

As well as prioritising the release of land for housing, Lord Naylor has put an emphasis on keyworker accommodation for NHS staff, and has even suggested that the NHS could establish its own housing provider to deliver that accommodation – either alone or in partnership with RPs.

As a result, we anticipate a rise in:

- The disposal of surplus NHS land
- Opportunities for more joint ventures, e.g. for mixed hospital/residential use
- A rise in NHS keyworker accommodation projects

## *The challenges being faced by the NHS*

Historic underinvestment has left the NHS estate in bad shape. The estate is aged, with more 43% of it being more than 30 years old. Backlog maintenance of at least £5 billion (£1.5 billion in London) is needed, with a further £5 billion required to deliver the NHS's "Five

For further information relating to this update, please contact:



Susie Rogers  
Partner  
London  
020 8780 4829  
[susie.rogers@capsticks.com](mailto:susie.rogers@capsticks.com)



Kevin Steele  
Partner  
Winchester  
019 6267 8371  
[kevin.steele@capsticks.com](mailto:kevin.steele@capsticks.com)

Year Forward View”.

NHS estates planning has traditionally been very fragmented, because the estate is spread across such a large number of independent NHS organisations. As a result, the NHS has been working on “Sustainability and Transformation Plans” (“STPs”): local estates strategies that seek to bring together the different NHS organisations in each area, to agree on a joint estates plan. STP capital requirements are expected to total around £10 billion.

These eye watering sums could be funded from property disposals, income generation schemes (including rental income), increased planning contributions via section 106 contributions, private capital and from HM Treasury. The report is clear, however, that a robust capital strategy is needed to determine final investment requirements via the STPs.

### *Lord Naylor's proposed solution*

There is an emphasis, throughout the report, on the need for quick action. The NHS needs robust capital plans and aligned clinical strategies to maximise value for money and to address backlog maintenance – all using government capital only where essential.

NHS organisations are encouraged to reduce running costs and waste through better utilisation and regulation of their estate (including passing on costs to occupiers where possible), sustainability and energy programmes, estates rationalisation and addressing backlog maintenance, resulting in an estate that is fit for purpose and efficient.

### *Recommendations*

Lord Naylor’s recommendations include:

- that NHS Property Services Ltd and Community Health Partnerships be merged to form a new NHS Property Board. They should lead from the centre, to give expertise and delivery support to STPs.
- that each area should have an STP focussed on their estate and infrastructure, supported by business cases. Targets and benchmarks must be met to qualify for capital funding in the form of grants, loans or private finance.
- that HM Treasury should not clawback sales receipts upon property disposals. Instead, they should match those receipts, providing a real incentive to sell.
- that surplus NHS land should be prioritised for the development of residential homes for NHS staff, where there is a need.
- that lots of small scale developments to deliver housing should be accelerated as a matter of urgency.

### *What will happen next?*

This will depend on the results of this week’s election. Theresa May’s endorsement of the Report does, however, indicate that a Tory Government would implement the Report’s findings in order to free up



Lisa Geary  
Partner  
Leeds  
0113 322 5561  
[lisa.geary@capsticks.com](mailto:lisa.geary@capsticks.com)

additional funding for the NHS.

### *How Capsticks can help*

Our work for the healthcare and housing sectors means that we have a unique degree of insight into both sectors, and are able to make all the right introductions. Watch this space for a seminar covering this issue, with attendees from health and housing.

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#### Capsticks Solicitors LLP [www.capsticks.com](http://www.capsticks.com)

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**London Office**

1 St George's Road,  
London, SW19 4DR

**T** +44 (0)20 8780 2211

**F** +44 (0)20 8780 1141

**DX** 300118 - Wimbledon Central

**Birmingham Office**

35 Newhall Street,  
Birmingham, B3 3PU

**T** +44 (0)121 230 1500

**F** +44 (0)121 230 1515

**DX** 13003 - Birmingham

**Leeds Office**

Toronto Square, Toronto Street,  
Leeds, LS1 2HJ

**T** +44 (0)113 322 5560

**F** +44 (0)113 242 2722

**DX** 713112 - Leeds Park Square

**Winchester Office**

Staple House, Staple Gardens,  
Winchester, SO23 8SR

**T** +44 (0)1962 678 300

**F** +44 (0)1962 678 311

**DX** 2532 - Winchester

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