Building a Healthy Workforce: How NHS Estates can Support Productivity & Economic Growth

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About the BPF

From the homes we live in, to the spaces where we learn, work and relax, property is an essential part of modern life. The British Property Federation (BPF) represents the UK real estate sector, an industry that invests in communities across the UK, providing a wide range of high-quality homes, workplaces, health, education, and warehousing facilities which people and businesses rely on every day.

The BPF's Healthcare Committee is comprised of companies across the healthcare sector, from investors to developers and advisors, all motivated to increase the quality and supply of healthcare estates, and we drive best practice and policy change to achieve this.

The BPF Group

BPF BRITISH PROPERTY FEDERATION

SPF SCOTTISH PROPERTY FEDERATION

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BPF Futures

Key points

- **The Government is focused on the need to get working-aged people back into work, as this benefits both the individual and the wider economy. Part of the solution involves the NHS helping those out of work due to work-limiting conditions and addressing long waiting lists.**
- **NHS estates is an integral part of this, assisting in providing additional capacity, increased productivity, and improving both patient outcomes and staff wellbeing.**
- **However, the NHS estate is currently not fit for purpose and requires significant capital investment –Lord Darzi's 2024 report found a £37bn underspend compared to peer countries, and the NHS Confederation estimates that at least an additional £14.1bn is required annually over the Spending Review to meet productivity targets.**
- **Despite this significant need, there was no real-terms increase in capital expenditure in the Government's 2025 Spending Review.**
- **Institutional capital can play an important role in addressing investment need and supporting a lack of public investment, but is currently unable to be effectively utilised.**
- **The Government should work with the BPF and industry to explore how institutional capital can be used to improve NHS estates and support the Government's growth missions, both for the economy and the labour market.**

Introduction

Building an NHS fit for the future and kickstarting economic growth are two of the Government's key missions, with workforce reforms a pillar of the latter – including tackling the issue of economic activity and workforce absence caused by ill health.

The role of healthcare estates has been notably absent in the dialogue on these two missions. While we recognise that these issues are broad and multi-faceted, the role that estates can and should play in fulfilling these ambitions and improving the health of the nation and the economy, must form part of this conversation.

In this report, expanding on our 2024 paper Building Healthy Futures, we explore the Government's ambition to build an inclusive and thriving labour market and how investment in healthcare estates can play a role in supporting a healthier workforce.

We describe the role of healthcare estates in improving healthcare service productivity and patient outcomes and the current condition of estates as well as how the private sector can support the need for significant investment.

We call on the Government to work with the BPF and its members to explore how institutional capital can be used to deliver on its missions and alleviate public funding pressures.

A healthy workforce: the key to a thriving labour market & economic growth

One of the Government's key ambitions is to build an inclusive and thriving labour market. The Get Britain Working White Paper specifically notes that too many people are excluded from the labour market due to health conditions, and seeks to address this issue by increasing staff numbers in the NHS to reduce waiting lists. There are serious negative consequences associated with long-term illness on individual employment, income, and economic output, and around 300,000 people of working age leave the workforce each year due to work-limiting health conditions. In 2023, 2.9 million working-age adults were on NHS waiting lists.

The White Paper also notes that insecure, poor-quality work contributes to a weaker economy and affects individual health and wellbeing. Research has shown that healthier workers are able to pursue higher quality jobs, which in turn improves economic outcomes and alleviates negative health and wellbeing impacts on workers, helping to break the cycle of poor work leading to poor health, and vice versa. An increase in 'good jobs' (work that allows for a reasonable living standard, provides stability and security, with opportunities for career progression) provides significant benefits for the workers themselves, and also the wider economy and community, including boosting innovation and productivity within companies.

Realising these ambitions and the benefits of a larger, high-quality workforce requires an improvement in healthcare services, including more care closer to home. NHS Confederation research in 2022 quantified this both statistically and in monetary terms; a 1% decrease in workers off due to long-term sickness is associated with a 0.45% increase in the employment rate, and every 1% increase in the employment rate is associated with a £292 increase per head in an area's GVA.

The research concluded that for every £1 spent on the NHS, there was a £4 economic benefit. Specifically in primary care, stronger workforces are linked with reduced A&E attendances and non-elective admissions – for every GP added to the workforce, there is a decrease of 98 A&E attendances and 10 long-stay non-elective inpatient stays.

A strong labour market leads to more workers with increased disposable income, which drives economic growth. Healthier workers are better able to engage in high quality employment, which makes the economy generally and individual companies more productive.

A more productive economy is also likely to see:

- lower inflation over the medium term without economic downturn;
- reduced supply challenges caused by workforce shortages;
- an economy better able to manage potential future challenges caused by an aging population.

Joe Low Photography

Healthcare estates must be part of the Government mission

Achieving the Government's ambitions, both for the labour market and the wider economy, requires a healthcare estate that realises its potential and allows healthcare services to be delivered effectively.

As the NHS recognises, estates are critical to the delivery of clinical services and play a key role in improving patient care, providing the necessary infrastructure for healthcare delivery, from local GP surgeries to acute and specialist care in hospitals. Estates ensure that the NHS is well equipped to deliver high-quality care and facilitate the smooth and effective operation of healthcare for the benefit of our communities. This is most evident in two key respects:

Improving productivity

As numerous reports have found, appropriate capital investment into adequate estates supports improvements in productivity, employment of new staff, and increases in the number of patients seen.

Reports by both Lord Darzi and the Health Foundation found that NHS productivity has stalled since 2017, with an urgent need for improvement. The National Audit Office has highlighted several times that lack of capital funding inhibits successful long-term investment to boost productivity. Further, safety concerns relating to outdated buildings can lead to cancelled appointments and wasted resources. According to the NHS Confederation, in the five years to 2023, there were 27,000 clinical service faults caused by estate and infrastructure failures.

In line with the Government's ambition to move care from hospitals into the community, new primary care estate can increase the number of patients seen, which allows for services to be shifted out of secondary care settings and delivered at a lower cost, closer to the patient. PHP Group research across its ~150 primary care medical centres supports this, finding reductions in secondary care utilisation where a local medical centre is built or refurbished. Recent polling has found that almost one in five people (18%) have attended A&E in the last five years when they could not access a GP surgery.

With A&E visits costing £129 more than GP visits, any movement of services into primary care will also deliver financial benefit to the NHS. Currently, there is insufficient space to accommodate increased primary care services; in one Royal College of General Practitioners survey, 66% of GPs reported that limited space is making it difficult to train new GPs; 75% that it is restricting the number of trainee GPs they can take on; and 88% that an inadequate number of consulting rooms in their practices, which delays patients seeing a GP or other healthcare professional.

Healthcare estates must be part of the Government mission *continued*

Case study: improving ambulance services

Assura worked with an ambulance service to deliver a new hub serving a local population of over 5 million people. The Hub reached completion in 2022 and provides a vital service given the ambulance service in the area responds to over 4,000 999 calls every day. The new Hub means ambulances can now respond to emergencies quicker and get to patients faster.

The hub features a Hazardous Area Response Team. It also has 365 car spaces and 70 long wheelbase ambulance bays as well as fleet maintenance areas to ensure that there is an ambulance ready to use as soon as one is needed. The building also created a better working environment for staff providing much needed admin space as well dedicated space for staff training.

Case study: Integration of primary and urgent care in Birmingham

Over 45,000 patients are benefitting from the integration of a community diagnostic centre into an existing primary care centre in Birmingham. Commissioned by Prime's BaS LIFT partnership, the project refurbished and reconfigured unused space in the operational health building, incorporating state-of-the-art equipment to increase diagnostic capacity, enhanced air ventilation, and sustainable smart lighting features.

The Washwood Heath Health and Wellbeing Centre in Saltley is now open seven days a week, and provides outpatient diagnostic services, two GP practices, Forward Thinking Birmingham, a HCRG Care Group Urgent Treatment Centre, a Primary Care Hub and Birmingham Community Healthcare physiotherapy services, meaning patients now benefit from appointments sooner and closer to home. This enhanced output not only benefits patients by reducing travelling and wait times but has increased the lettable area of the building and reduced occupancy costs for the ICB.

Healthcare estates must be part of the Government mission *continued*

Enhancing patient outcomes and experience

While new and improved estates can support additional staff and patient appointments, which assist in reducing wait times and allowing more patients to be seen faster, estates can also have a direct effect on patient wellbeing. Research has shown that the built environment is not passive in patient recovery but can positively contribute to faster recovery times and improved outcomes, including through reduced stress levels.

The positive effects of space and environment are well-documented, with characteristics like safety, air quality, sound/noise, interior design, nature, windows, light, colours, and accessibility, among others, influencing health outcomes.

On the other side of this, a 2018 review of the Mental Health Act found that "poorly designed and maintained buildings obstruct recovery by making it difficult to engage in basic therapeutic activities". This is increasingly being recognised in relevant industries, with bodies like the WELL Building Standard measuring, certifying, and monitoring those features of buildings that impact health and wellbeing.

Joe Low Photography

Healthcare estates must be part of the Government mission *continued*

Case study: Maggie's

The Maggie's charity, established in the 1990s by writer and cancer patient Maggie Keswick Jencks, her husband Charles, and oncology nurse Laura Lee, offers free support to those with cancer and their families in specialist centres located nearby NHS hospitals.

The impetus for the Maggie centres was Maggie's sense that there should be a better place for those with cancer to go to that was outside the standard hospital environment. She believed that, with the right kind of support and environment, patients and their families could have a more manageable experience, in a calm and friendly space. The first Maggie's centre opened in 1996; there are now 24 centres across the UK.

The importance of the environment is central to Maggie's centres, beginning with Maggie Keswick Jencks' emphasis on the need for "thoughtful lighting, a view out to trees, birds and sky," and the opportunity "to relax and talk away from home cares". Underpinning the charity's ethos is this blueprint, and recognition that design and architecture can help those visiting a centre to feel better, and help the centre provide the best support. Each centre is entirely unique in its design but is guided by the same comprehensive architecture brief that sets out both why building and landscape design are so important to patient experience, and the spatial requirements for each centre.

'Maggie's Centres can and should look (and feel) bold and self-confident, as well as inviting and safe. They must look and feel joyous, they must have zest as well as calm. The impression they must give is "I can imagine feeling different here."'

Many of the centres are architecturally award-winning, and stories from those that have visited Maggie's centres attest to the calming and positive influence the centres have.

Case study: Children's development centre

On the south coast of England, Assura has worked with an NHS Trust to build a children's development centre. This brings together at least six different services, which were previously operating from different sites, some of which did not have a permanent base. The new building has been specifically designed to meet the needs of the children and families using the centre as well as having a positive impact on staff and the local area:

Engaging with children and young people – the initial concept for the building had proposed an 'urban' look and feel to try to help young people feel more at ease. During consultations, children and young people of all ages were clear that what they wanted was calm interiors with a connection to nature. Consequently, the interior palette has focused on greens and natural colours and a mural of local landmarks creates a connection to the outdoors.

A high street location – by placing the new centre in the heart of the local high street the project has ensured easier access for children and families to the services as it is on the major bus routes through the town. Taking services away from a hospital campus into a more familiar day to day setting is also intended to reduce anxiety among young people who may be nervous about going to hospital.

Retrofitting to boost sustainability – the children's development centre has been developed in an existing high street building. This has enabled the scheme to aim to be net zero carbon as there are low levels of embodied carbon and features such as solar panels on the roof have been incorporated to improve the environmental impact of the building when it is running. Returning a derelict building into use is also having a positive impact on the local high street and the wider economy.

However, the NHS estate is currently not fit to deliver this support and requires significant investment

Without an effective estate, it is difficult to imagine how healthcare services will be meaningfully improved, and the approximately 2.9 million working-age adults moved off waiting lists.

However, the estate is ageing and not being sufficiently upgraded, with 63% over 30 years old and almost 20% pre-dating the 1948 creation of the NHS itself.

A history of inadequate capital investment, including reallocation of existing budgets to cover day-to-day revenue spending, has left the NHS with an enormous maintenance backlog of £13.8bn in secondary care, and a £37bn investment shortfall compared to peer countries. This backlog is likely to be exacerbated by delays in funding the New Hospitals Programme – which is now expected to extend well into the 2040s, with some hospitals in the scheme not due to start construction until 2037 – and the 2030-2036 hand-back of 150 healthcare PFIs nationwide, which will require NHS Trusts and Boards to retain maintenance payments of just over c.£2bn annually.

Further, over 20% of primary care premises are unfit for purpose according to the GPs that use them, and achieving the Government's ambition to bolster the NHS workforce will be hampered by insufficient training space, with over 65% of GPs reporting insufficient training space limiting the number of trainees they can take on.

Dr Claire Fuller's 2022 report into the NHS found that estates are key to achieving the accessible care and integrated teams required to ensure a strong primary care system but are not considered early enough in the planning process. As Lord Darzi's 2024 report notes, the NHS has been "starved" of capital, resulting in "crumbling buildings that hit productivity – services were disrupted at 13 hospitals a day in 2022-23."

The investment need of estates is large and continues to grow; the current maintenance backlog does not account for additional estates required or primary care maintenance need. The NHS Confederation estimates that at least an additional £14.1bn in capital is required annually over the Spending Review, a £6.4bn annual increase – the Government's 2024 Budget committed to a £3.1bn increase for 2025-26, £1bn of which is allocated to the maintenance backlog.

And, despite this significant need and repeated calls for additional capital investment, the Government provided no real-terms increase in capital expenditure as part of its 2025 Spending Review.

Institutional capital has a role to play in addressing this investment need

It remains unclear how meaningful, sufficient progress will be made in improving NHS estates, and thus healthcare services, without significant investment. However, during this Spending Review period, there will be no real-terms additional increase in public funding for estates.

We discussed in Building Healthy Futures the role that institutional capital can play in addressing investment need in several respects:

- **Availability:** Where public funds are constrained, there is institutional funding ready to be deployed and used within the system.
- **Reallocation:** Use of institutional funding will reduce the burden on public funding and allow this to be used elsewhere within the system.
- **Innovation:** institutional funding enjoys flexible structures, which allow for delivery of projects even in challenging fiscal conditions. This can also support faster delivery of much-needed facilities.
- **Maintenance:** with institutional investors, the maintenance of the asset can be allocated to the most appropriate party, providing better estate maintenance and delivering enhanced value for money, preventing the existing backlog from growing.
- **Sustainability:** Institutional investors are ESG-motivated and seek out innovative solutions to decarbonise assets. They invest significant time and capital to develop impactful, value for money solutions that can contribute towards the NHS's sustainability and net-zero ambitions.

There are numerous examples of institutional capital and its benefits being utilised to deliver estates and support the NHS workforce, some of which we include in this report.

Case study: Improving access to services in primary care

In the south-east of England, Assura worked with two GP practices to develop a brand new building that increased access to services in the community for 20,000 patients. One of the practices had been operating from a temporary structure for almost seven years after a fire and both practices desperately needed upgraded facilities.

The purpose-built centre provides a more pleasant environment for patients and staff alike and importantly increases access to a wider range of services. The practices are now able to offer services such as minor procedures, phlebotomy, and specialist clinics for conditions such as COPD, asthma, and diabetes.

The building provides a flexible, future-proof environment and more patient-centred services mean local people can stay well for longer or recover more quickly with services closer to home. The new building provides 26 consulting rooms, six treatment rooms and a training suit to support the next generation of GPs and other staff.

Institutional capital has a role to play in addressing this investment need *continued*

Case study: Improving workforce accommodation

Like many hospitals across the UK, Yeovil District Hospital faced a challenge in recruiting key nursing and clinical staff, exacerbated by its small size and rurality. To tackle the shortage, the Trust leased 64 residential properties across the town to house newly recruited staff; however, the quality and location of this accommodation was not to the Trust's standards, impacted staff wellbeing, and was a financial drain.

With Prime already part-way through a 15-year agreement to transform the Trust's estate planning, they developed a solution: using their strong relationship with council planners and highways, Prime regenerated a brownfield site into a 176-bedroom complex with modern, high-quality and affordable apartments for new and existing NHS staff and medical students, just 500 metres from the hospital. The new, fully occupied block is more convenient for hospital key workers and is more economical and energy-efficient for the Trust to manage.

This development was completed in 2021 when CDEL was more widely available and so the Trust was able to lease and manage the building directly. With much less CDEL availability today and the focus of this on clinical needs, Trusts are rarely able to take on such properties directly. Commercial and operating solutions have been established by Prime that provide targeted accommodation to NHS staff off Trust balance sheet with no CDEL restriction.

Within BPF membership, there is a wealth of institutional capital available to be invested into NHS estates and alleviate the existing capital shortfall. This would be both via additional capital need for new development, and through replacement of those facilities currently caught up in the maintenance backlog that require decommissioning and replacement, which our members estimate to be a significant proportion.

The Government's announcement of 250 Neighbourhood Health Centres, delivered in part through a new model of Public-Private Partnership (PPP) was a welcome one for the sector - however, this PPP model must allow sufficient flexibility to ensure its effective delivery.

As we noted in Building Healthy Futures, the ability for institutional capital to be effectively deployed is constrained across both primary and secondary care. This is due to several factors:

- **Accounting barriers:** The IFRS16 international accounting rule requires NHS Trusts that take on a multi-year lease to capitalise the entire cost in the year the lease is signed. This, combined with the legal obligation on NHS Trusts not to breach the NHS's annual capital spending limits (CDEL), means that in many cases, projects do not happen as the capitalisation of the associated lease would breach a Trust's available CDEL capacity.
- **Market rents and viability:** Where developments are 'off-balance sheet' and do not face the same accounting barriers, challenges still exist in securing viable rent levels. Generally, the NHS looks backwards when assessing acceptable rental values and compares the cost of very different physical assets. The combination of cost inflation and, more importantly, greater flexibility of use, the installation of greater building infrastructure, ESG efficiencies etc., provides benefits in other areas of NHS operations that generate savings and value for money overall, but these are not reflected in rent evaluations.
- **Secondary care investment:** Faces a number of challenges, including in project planning due to CDEL; an inability to make decisions locally (even the simplest of projects are decided by those at arms-length with a lack of operational understanding) creates a lack of joined-up thinking, which increases delays and costs.

Government should work with the BPF and industry to investigate ways to support this investment

For the benefits of institutional capital to be fully realised to develop the health services needed to drive economic growth, the Government must work with the BPF and its members to investigate ways in which it can facilitate institutional capital support into healthcare estates. We believe the following areas should be explored:

- **Spending limits and capital constraints:** the current system of spending limits and capital allocations, when combined with IFRS16, is preventing local NHS organisations from effectively utilising their budgets and institutional capital funding.
- **Agreeing viable rents**: attracting institutional investment into estates relies on providing certainty that investors will see an appropriate return that can deliver value for money for the NHS, reflecting the current financial conditions. The system of project approval needs to change alongside the type of building and commercial structure to reflect the modern-day needs of health estate, including in primary care through the District Valuer Service.
- **Revenue allocation**: the rules around revenue allocation are constraining and prevent innovative delivery of estates and should be reviewed to better allow for practical solutions.
- **Avoiding over-centralisation:** many experts (including Dr Fuller, Sir Robert Naylor, and the King's Fund) point to the centralisation of strategic estates planning as a barrier to effective reform. We encourage government to instead facilitate local decision-making, guided by clear national objectives and frameworks that allow for flexibility and strategies that best cater to individual communities. For example, capital envelopes are managed through ICBs at system level, which play a key role in financial planning and capital prioritisation and are well placed to perform this role.
- **Facilitating third party partnerships:** for estates and master planning. Each project will then be informed by the Trust's needs, with key costs such as construction and funding market-tested by the private sector partner.
- **Facilitating public sector partnerships**: working together across public sector organisations can be challenging but can maximise investment for the public sector and bring other shared benefits. For example, locating community diagnostic centres on university campuses opens the campus to the community and offers opportunities for training collaboration for the students.

  ICBs and Trusts should work with local authority partners to identify opportunities for delivery of new primary care schemes as part of regeneration plans being developed by local authorities who are bound to meet housing delivery targets. Known examples of such collaboration have seen such schemes become anchor community assets around which the wider regeneration is centred.
- **Support additional infrastructure needs:** through planning requirements (including possible ringfencing of financial contributions under planning obligations) and joined-up thinking between bodies such as Homes England and the ICBs at early stages of housing development.

  The current Premises Cost Directions envisage a cost saving for ICBs for development where the funding has come through public funds, whether from the health service or section 106 grants from local authorities, and this should encourage public bodies to work together to maximise this potential source of additional funding.

  NHS organisations should engage in the preparation and ongoing review of Local Plans providing an evidence base to help inform strategic planning policies on the location of future health infrastructure schemes. This will become of growing critical importance if the Government's ambitions to get Britain building are realised, and the consequential strain on health services increases due to demand created by new housing developments.

Conclusion

The Government is ambitious in its plans to kickstart economic growth and build a strong labour market, including addressing the estimated 300,000 people of working age who leave the workforce each year due to work-limiting health conditions, and the 2.9 million working-age adults on NHS waiting lists.

Assisting those currently out of work due to health reasons and tackling waiting lists requires an effective and efficient NHS, and this cannot be achieved without a strong, enabling healthcare estate that delivers productivity benefits, allows for more staff, and supports improved patient outcomes. The current NHS estate is not fit for purpose and requires significant investment to address the maintenance backlog in secondary care, and to provide required additional estates in both primary and secondary care.

This required investment will not be met through public funding during this Spending Review; however, it is difficult to see how meaningful change will be delivered to NHS estates, and thus healthcare services, without increased investment. Institutional capital has a role to play here in supporting investment. This capital would provide several benefits, including innovative delivery and progress on sustainability goals. However, due to accounting barriers, market rent and viability issues, and a lack of centrally endorsed routes, it is failing to be effectively deployed.

We call on the Government to work with the BPF and its members to explore how institutional capital can be used to deliver on its missions and alleviate public funding pressures, supporting improved health outcomes and growth of the wider economy.

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