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Should we welcome plans to sell off NHS land?

The government backs the recommendations of **Robert Naylor** to raise capital by selling off inefficiently used assets, but **Kailash Chand** worries that services could be threatened and that public consultation is lacking

Robert Naylor *national adviser on NHS property and estates*, Kailash Chand *GP, Manchester, UK*

Yes—Robert Naylor

The Organisation for Economic Cooperation and Development rates the NHS as the most cost effective health system in the world,¹ but with more than £5bn (€5.6bn; \$6.8bn) of backlog maintenance the quality of our buildings and equipment leave much to be desired. Our doctors and nurses—and particularly our patients—deserve better.

The 1962 Hospital Plan for England² created the hospital system we have today, but the NHS has failed to modernise—18% of buildings predate the NHS itself. Last year's Carter report³ evidenced poor management and unacceptable variations in estate costs. It recommended that hospitals have strategic plans to create modern healthcare facilities. In response, the government commissioned me to carry out a review⁴ to develop a strategy to identify unused or underused estate, with specific targets to release £2bn and to deliver land for 26 000 new homes.

Homes for NHS staff

My review concludes that the disposal value of wasted estate could be as high as £5.7bn and the new homes target could be delivered in the London region alone. These “affordable” homes should be prioritised for NHS staff in high cost residential areas to tackle escalating staff shortages. Local decisions should determine if land should be sold, leased for development, or developed by the NHS itself.

Additionally, the disposal of this estate would boost local economies and save the NHS £1bn every year. These funds, together with Treasury and private sector funding, to a total of £10bn, should be fully reinvested in the NHS to deliver a modern estate.

This is absolutely not privatisation or a “fire sale” but a reinvestment of wasted assets to improve patient care.

Following extensive engagement with stakeholders and key experts, including a King's Fund evidence review⁵ and detailed modelling by Deloitte,⁶ the review conservatively estimates a need for £10bn additional capital funding—£5bn for backlog

maintenance, with a similar sum needed to deliver the Five Year Forward View.⁷

Now is the time to rebuild the NHS to be fit for the future. Without investment, the Five Year Forward View cannot be delivered and the NHS estate will continue to deteriorate. In the same way that “form follows function,” estate plans must meet patient needs developed through local sustainability and transformation partnerships (STPs), focused on keeping people healthy by investing in primary and community care.

The NHS estate is not configured to maximise benefits for patients or taxpayers. Significant service reconfigurations and new buildings are required to maximise value, led by STPs, with public support, engagement, and consultation through STP plans. Improvements will not be achieved without political resolve, a coherent plan, and decisive action.

Investment in buildings

Although the government has yet to respond formally to the review, the Conservative Party manifesto⁸ recognised the urgency, stating, “Since its inception, the NHS has been forced to use too many inadequate and antiquated facilities.” Over the course of the next parliament the Conservatives plan “the most ambitious programme of investment in buildings and technology the NHS has ever seen.”

Prime Minister Theresa May later clarified⁹ that she supported my review and that investment would match the recommended figure of £10bn. The chancellor of the exchequer, Philip Hammond, said, “Government will invest £325 million over the next three years ... in the autumn, a further round of proposals will be considered ... decisions will depend on local NHS areas raising proceeds from unused land.”¹⁰

So, the evidence is clear, the strategy agreed, and all we need is implementation. And it's here that strategy is most likely to fail. Swift action is needed to accelerate change and build momentum. The review explores three specific challenges. Capacity and capability at both strategic and operational levels, financial incentives to repair or build new hospitals, and the

need for integrated national planning. Change will always be controversial, and politicians, supported by robust STP plans, must assume responsibility for oversight and scrutiny.

Finally, as someone who has dedicated my working life to the NHS, I consider this a generational opportunity to sustain a fit for purpose, cost effective NHS estate, which can only be good news for patients and remain the envy of the world.

No—Kailash Chand

When Robert Naylor published his report in March, examining how the English NHS could raise cash from its premises, he stressed that it needed “substantial capital investment”—an extra £10bn.¹¹

The report accepts that the NHS is at breaking point and that, to keep promises made to patients and staff, investment must be made. Similar analysis by the BMA found that £9.5bn was needed to make NHS facilities fit for purpose and to deliver the STPs.¹²

Three years into the Five Year Forward View facilities lack investment. But as the NHS struggles with deficits and staff shortages, NHS England spends millions on advisers to push through new models of care.¹³

Transparency is crucial

There has been a general lack of understanding among clinicians, patients, and the public about changes to the NHS. STPs are driven by funding restrictions, not planned provision. The report requires property to be brought into the equation, with financial incentives for those who use sales to push forward their local plans to suit NHS England's hasty timetable.¹⁴ Many trusts and foundation trusts are deep in deficit, the STPs require the closure of services and the sale of infrastructure to produce savings which the BMA estimates at £26bn, with financial penalties for failure.¹⁵

Any debate about whether premises are “surplus to requirements” should include patients, clinicians, and the public. Their sale could affect millions of patients if services are closed or merged as a result.¹⁶ Far from all lying empty, some buildings proposed for sale are in clinical use.¹⁷ Charing Cross Hospital in London, for example, may be reduced to just 14% of its existing area and the rest sold off for development.¹⁸

The chief executive of NHS Confederation has argued that premises not fit for purpose could be converted into housing so that NHS staff can live in the communities they care for.¹⁹ Private sector developers currently own between them enough land to build around 600 000 new homes.²⁰ There is no critical need for the release of any public sector land, except to increase profitability and to get private hands on more prime property at low prices. Other government departments are responsible for ensuring land sold to developers is used for specific purposes and there is no guarantee they or the government will follow any specific recommendations of that kind in the report.

It is in London that Naylor thinks he'll find the majority of the properties that will provide the billions he is expecting, some 60% of the cash, in fact. The reality for investors looking at development properties is that central London hospitals occupy valuable sites; long derelict, small town general practice surgeries do not. Naylor's review confirms this as key to changing the estate to meet the new models of care. He has a second report on London estates, unpublished for reasons of “commercial confidentiality.” There could be no better

illustration than this of the question of transparency and accountability.

There is also an assumption that accountable care organisations are a magic bullet and that providers who can raise more money will share the benefits with less well-off areas. Where is the framework for its enforcement?

More broadly, we should discuss why patients and doctors don't have the properly funded health service they deserve—with care, not cost cutting, at its core. This is the debate we need to have and we are not having it. The government has demonstrated that it is prepared to plough on without the public or patients' understanding or involvement.

It should be acceptable to reinvest unused assets in health services, but we need urgently to take an honest look at the pressures facing the NHS, and guarantee any plans to transform care are evidence based and open to scrutiny. Anything less is unacceptable.

The bigger picture

The continued selling off of NHS estates and buildings, and new investors being brought in to provide alternative sources of capital and debt financing for the NHS, potentially accelerating closures of services is a continuation of the problems we have already faced with private finance initiatives and NHS Property Services Ltd, the “PropCo.” The National Audit Office (NAO) questioned the form of ownership created for PropCo, saying government had failed to properly consider forms of public ownership. Its report noted that one of the advantages of setting up a private company was the possibility of a future sale to the private sector.

We should take PropCo as a warning. Once government recommendations are implemented they are difficult to undo. The NAO's report on PropCo changed nothing. We should be standing firm against these changes before they are made and demanding that there is transparency, accountability, and a thorough evidence based assessment made of public service alternatives to this proposed dispersal of public assets into private hands.

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Key recommendations of Naylor review

- STPs will need around £10bn capital, from property disposal, private capital, and government
- STPs should develop affordable estates plans
- Providers with inadequate plans should not be granted capital funding
- Capital from the sale of locally owned assets should benefit local services
- Government should provide financial incentives to match land disposals—"2 for 1 offers"
- Payments in primary care could be linked to quality of facilities
- Sold land should be prioritised for homes for NHS staff where needed

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