


NHS Estate Funding

Helping you navigate and unlock
capital and revenue funding



Guide Summary

2024



An aging NHS estate and growing financial pressures are making it harder to fund improvements to buildings and deliver your newly formed infrastructure strategies. But to what extent are these pressures exacerbated by the current funding system and processes itself?

Our [recent survey](#) with the Health Service Journal showed that **over half (59%)** of healthcare estates and finance leaders lack confidence in obtaining capital funding.

So, what are the challenges?

84% of respondents cited barriers due to a lack of understanding of funding options and difficulties navigating the application processes. These issues - from unrealistic timeframes to unclear decision-making criteria - are significantly impacting the success of funding applications.

With our [new guide to estate funding](#), we're hoping to fill in knowledge gaps to help you and your teams **to better understand and access the various funding options available**.

About the guide

There are eight chapters in the in our [full guide to NHS estate funding](#) each of which provides an overview of the specific funding method, application process, timings, and key skills needed to succeed. Crucially, our practical insights will show you how to get the most from each funding source. And the handy checklist helps you and your teams decide if it's the right option.

In the [full guide](#), you'll learn about:

- **DHSC/NHSE programme capital:** How best to prepare to access central programme capital.
- **Developer contributions:** How to leverage developer contributions.
- **Third-party owned solutions:** How to lease a space from a developer.
- **Lease negotiations:** How to unlock value from negotiations with landlords.
- **Internal funding streams:** Creating and making the most of internal funding streams to deliver your sustainability plans.
- **Property disposal and re-investment:** Free up surplus land to unlock additional funding.
- **Space utilisation and management:** Optimise and manage your estate to drive down costs and generate revenue.
- **Opting to tax:** NHSPS can opt to tax to make your schemes more capital effective.

This guide summary aims to provide a brief overview of each method of funding and share the high-level tips. But be sure to read the full guide for more detailed information.



Read the full guide
for more in-depth
information and insight.

[Learn more >>](#)



Chapter 1

DHSC/NHSE programme capital: How best to prepare to access central programme capital

Programme capital is used as a funding route for big, strategic projects or a large number of smaller projects that reflect a centrally-developed priority.



A taste of the insights from the full guide

1. Have a pre-prepared business case.
2. Make sure you've got the right people with the right skill sets preparing your business case.
3. Have honest conversations upfront with occupiers and stakeholders.
4. Know and match your estate priorities with feasibility and deliverability.
5. Be aware of the annualised nature of the funding programme.



Learn more about the application process - everything from timings to top tips. Download the full guide.

[Learn more >>](#)

Chapter 2

Developer contributions: How to leverage developer contributions

Both Section 106 (S106) and Community Infrastructure Levy (CIL) are mechanisms where funding mitigation can be secured for healthcare infrastructure from the town planning system. S106 is site specific funding that's allocated to mitigate the impact from a specific development like housing. CIL is more like a tax - developers pay money to the local authority based on their development's square footage. The local authority collects this into a pot and allocates it towards all the area's local infrastructure.



A taste of the insights from the full guide

1. Familiarise yourself with the scale of developer contributions in your area.
2. Understand the relationships and touchpoints for town planning that need to be in place.
3. Build a unified view within your organisation on your capital programme going forward and what gets funded first.
4. Reframe how you are looking at CIL and S106.
5. Seek advice from experts.

Chapter 3

Third-party owned solutions: How to lease a space from a developer

Leasing space from a third-party owned or developed solution can be convenient and cost-effective as long as the terms of the agreements are fair and the quality of the accommodation meets your needs. While ICBs (previously CCGs) weren't allowed to own properties or leases in the past, legislation has now changed, making this a viable option to make your project a reality.



A taste of the insights from the full guide

1. Understand who will be making use of the space.
2. Strong lease negotiation is critical.
3. Review your options and do your due diligence.
4. Prepare a detailed business case that considers factors such as IFRS16.
5. Determine how you want to run the building.

Chapter 4

Lease negotiations: How to unlock value from negotiations with landlords

There are two key types of leases that you could negotiate as an ICB or Trust – a lease with a third party or with an NHS landlord.



A taste of the insights from the full guide

1. Engage as early as possible, ideally 12-24 months ahead.
2. Negotiation is not just about rent. It also extends to service charges and the overall costs of the building and its maintenance.
3. Don't be scared of a longer term lease.
4. Consider the longer term legal and cost implications of your negotiation.
5. Ensure you have the necessary skills on board.



To get more advice,
including the skills you
need in your team, read
our full guide.

[Learn more >>](#)

Chapter 5

Internal funding streams: Creating and making the most of internal funding streams to deliver your sustainability plans

Internal funding streams are operational mechanisms that unlock capital for specific purposes. To meet net zero goals, you could establish a fund like our Regional Energy Efficiency Fund (REEF). Our REEF supplements project budgets to enable more sustainable outcomes, removing upfront cost barriers for greener options. For instance, instead of replacing an old gas boiler with a new one, our REEF can help fund an alternative heating system that doesn't rely on gas or oil.



A taste of the insights from the full guide

1. Engage with stakeholders as early as possible.
2. Raise awareness and train your colleagues, building users and maintenance team on how to operate and maintain the new equipment.
3. Have a multi-year pipeline of projects to ensure that you can prioritise and budget properly for the future.
4. Value long-term strategies over quick paybacks to achieve the 2040 net zero target.
5. Calculate the full and long term ROI for each project.

Chapter 6

Property disposal and re- investment: Free up surplus land to unlock additional funding

Property in your portfolio may not be the best fit for a community's healthcare needs or treatment facility requirements anymore. Selling surplus buildings can free up vital capital that you can reinvest into property developments that better meet your needs.



A taste of the insights from the full guide

1. Do all the prep work.
2. De-risk physical site characteristics so that the buyer has the confidence to proceed.
3. Consider the full impact of the site before disposing of it.
4. Involve all stakeholders as early as possible with a clear communications plan.
5. Be ready to negotiate the sale.



Get step-by-step guidance,
with our full guide.

[Learn more >>](#)

Chapter 7

Space utilisation and management:

Reducing costs and generating revenue

Optimising and rationalising underutilised and vacant space, investing in space management solutions and investing in 'invest to save' initiatives are three estate management solutions to help you unlock value, drive down costs and generate revenue.



A taste of the insights from the full guide

1. Optimising and rationalising underutilised and vacant space

- Start with an occupancy and utilisation study.
- Map business case and capital investment needs.
- Proactively engage local stakeholders.

2. Investing in space management solutions

- Understand your problem and the value you want to realise.
- Choose the right platform based on relevant features and support.
- Select an intuitive, user focused solution.

3. Investing in 'spend to save' initiatives

- Assess your estate needs and plan ahead.
- Communicate with all stakeholders.
- Measure and prove your impact.

Chapter 8

Opting to tax:

Recovering costs to deliver projects

Opting to tax lets businesses reclaim VAT on building costs and related services. For healthcare, this can help fund projects by recovering VAT on fees, build costs, and land acquisition when extending, refurbishing, or building new clinical facilities. Within the health system, NHS Property Services and CHP are "businesses" that can opt to tax.



A taste of the insights from the full guide

1. Consider it early and engage.
2. Be aware of COS 45.
3. Be mindful of timings.



Read the full guide to get more information, including timings, skills needed and key decision makers, along with detailed advice.



[Learn more >>](#)

