

**Request Title: Build Cost Rates**

**FOI Reference: PSC-74195-C5X7**

**Date of Disclosure: 06/12/2021**

**Date Range: 2021**

**FOI Request:**

- 1. Please confirm whether the NHS Property Service uses a build cost rate of £3,000 per square metre to calculate the total financial requirement regarding the provision of health infrastructure. If not, please confirm the build cost rate(s) that NHS Property Service uses.*
- 2. Has the NHS Property Service used any projects as a basis to help determine that the above build cost per square metre figure is accurate? If so, please provide the cost details of any such projects and all supporting material which the NHS Property Service analysed.*
- 3. Please confirm whether or not the NHS Property Service build cost rate(s) includes land costs, build costs, professional fees and VAT.*
- 4. If the NHS Property Service build cost rate(s) includes land costs, does the NHS Property Service have an alternative figure for projects where additional land is not required, such as when a GP practice can expand on its existing site without the need to acquire additional land?*
- 5. Please confirm whether there are any plans to review the NHS Property Service build cost per square metre figure in the future and, if so, when.*

**Our Response:**

Under section 1 of the Freedom of Information Act, we confirm we hold the information requested. This information is being withheld in full pursuant to section 43(2) of the Freedom of Information Act 2000.

Section 43(2) of the Act states the following: *Information is exempt information if its disclosure under this Act would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it).*

As you can appreciate, NHS Property Services is a commercial property management company. Our portfolio is one of the largest in the UK, comprising more than 3,000 properties with 7,000 tenants across England. At a total value of more than £3bn, this represents about 10% of the total NHS estate. Our properties range from listed buildings through to state-of-the-art integrated health campuses. As such, it is important not just for NHSPS as a business, but to NHS England and the wider health economy, to protect our commercial interests. This includes us withholding cost information that if released could affect our competitiveness, damage our supplier and customer relationships, as well as impacting our contributions and investments to the health economy.

Section 43 is a qualified exemption. This means that whilst we understand the data is commercially sensitive, we are required to assess the public interest in releasing the data and determine if it outweighs that of withholding it.

## Public Interest Test

Factors in favour of release:

- Releasing information relating to our build cost rate calculations would benefit the public interest by encouraging transparency for how investments to the health economy are made;
- Releasing information relating to our build cost rate calculations would promote accountability and transparency by public authorities for decisions taken by them;
- Releasing information relating to our build cost rate calculations would promote accountability and transparency in the spending of public money;
- Releasing information relating to our build cost rate calculations would allow individuals, companies and other bodies to understand decisions made by public authorities which affect their lives;

Factors in favour of withholding:

- We are committed to getting the best value for money for our services and our estate. Disclosing the requested information would likely damage our relationships with our customers or make us lose our competitive edge.
- Disclosure of the requested information could significantly divert resources away from our core business activities and place a burden on our resources and colleagues.
- Disclosure of the requested information may impact our reputational and financial position in the marketplace. Purchasers would be significantly less likely to approach us for investment opportunities or would be less likely to make strong offers.

- Disclosure of the requested information, reputational and financial damage would affect future investments which would have a knock-on effect to the money raised for the health economy.
- It is firmly in the public interest that we engage in positive business relationships and are portrayed as strong portfolio holder. Disclosure of the requested information would likely undermine our position and detriment the NHS and patient care across England.
- Our feasibility studies are iterative, and we may have tendered for costs to inform our assumptions, those tendered costs have been provided by suppliers for NHSPS's use. Disclosing such information would have an adverse impact on our supply chain and their willingness to work with us, as their competitors can see how they price a job.
- If we disclose assumptions we use on land costs, the market could deduce what value we have attributed to the land, which could have a material impact on disposal receipts were we to subsequently dispose of the property.

Having considered the above, we are of the view that the factors in favour of maintaining the exemption outweigh the factors in favour of disclosure. Therefore, the balance of the public interest test is greater in maintaining the exemption available under section 43(2) of the Freedom of Information Act 2000.