



NHS Estate Funding Survey Report

Challenges, barriers and next steps

2024



Contents

Introduction	3
Executive Summary	4
Main findings	7
Main barriers to accessing funding	8
Confidence in accessing and combining multiple funding options	10
Capital needs for delivering estate strategies	11
Revenue needs for delivering estate strategies	12
Business case development	14
Greener NHS	16
Looking to the future	18
About NHS Property Services	19

Introduction

As part of a customer research project conducted by NHS Property Services (NHSPS) in Spring 2024, senior estates leaders identified funding as their most significant estates challenge.

To gain deeper insights into the specific funding issues affecting both our customers and the broader system, we surveyed estates leaders nationwide. The survey aimed to capture the main **challenges and barriers to NHS funding**.

Methodology

We collaborated with the **Health Service Journal (HSJ)** on an online survey, combining a mix of multiple-choice questions on specific capital and revenue funding options, and Likert scale questions to measure perceptions. Open questions were also used to capture supporting commentary.

The survey ran from mid-July to early September and all responses were anonymous. It was sent by HSJ to a targeted set of estates, finance and other leaders at ICBs, Trusts and in Primary Care. It was also shared via NHSPS' own customer newsletter. A total of **87 respondents** completed the survey, with around half opting to provide contact and demographic information.

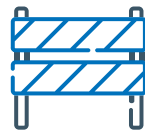
The results were analysed by NHSPS' **Data & Intelligence team** who used Microsoft Co-Pilot with Microsoft PowerBI to draw out themes. These themes were then discussed with NHSPS subject matter experts who scrutinised and reviewed the findings in more detail.



Executive Summary



The results revealed six key themes:



There are multiple barriers in accessing funding

Barriers mainly relate to understanding funding options and/or navigating the perceived complex application process (**84%**). These issues – from unrealistic timeframes to not understanding decision-making criteria - can have real impacts on the outcomes of funding applications. Revenue affordability was the top individual barrier, suggesting NHS organisations are most concerned about not having enough budget to cover the operational costs of a capital project.



There are mixed levels of confidence in accessing funding/ combining multiple sources

Given the perceived variety of barriers that may cause complexity and confusion, it's understandable that there's a lack of confidence in obtaining capital funding (**59%**). Alongside this perception, respondents admitted a lack of confidence in combining multiple sources of funding (**54%**). This could be because doing so involves risk and takes more time and capacity.



Capital allocation (through CDEL) is heavily relied upon - but are 'innovative' funding sources fully understood or leveraged?

Capital allocation (through CDEL) was the most relevant capital funding source for respondents **(63%)**, which could be because respondents prefer having direct control over secured funds as well as it obviously making up the main portion of funding. Other funding sources - such as developer contributions, lease negotiations and opting to tax - are seen as far less relevant in comparison. But, since many of these require more specialist knowledge and skills, this may suggest a lack of understanding, no/limited access to experts with the necessary skills and issues with the funding process.



A range of options are being relied upon to support revenue needs

A significant number of respondents selected answers related to optimising/rationalising their estate or improving space management to support their revenue needs **(82%)**. This highlights the importance of maximising existing estate value, due to limited capital within the system. Interestingly, **almost 50%** selected methods that require upfront capital – investing in 'invest to save' initiatives and investing in space management solutions – to help them reduce costs and generate revenue. Support in proving the return on investment (ROI) to unlock the initial investment needed could be beneficial.



There's confidence around business case writing, but also barriers and unsuccessful submissions

While there was a reported level of confidence around submitting business cases, most of the same respondents highlighted barriers around understanding and accessing funding. Which may explain why **almost 50%** reported being unsuccessful in bids up to £10million. It's likely that confidence in the application is being undermined by, for example, complicated processes. But it is also possible that more support and training could improve bid success rates.



Net Zero is a priority, but there's concern over how to fund and prove ROI

Organisations see securing funds to implement their net zero strategies as a priority, but they're struggling to understand how to measure and demonstrate the return on investment from these initiatives. This suggests a need for leaders to further develop and embed their Green Plans and for support to be provided on proving the value of investment.

Throughout the survey, respondents highlighted a clear concern around the lack of capital: **"There simply isn't enough capital cover within the NHS", "we have been informed that there is no money", "there is no capital to bid against"**. In the analysis of the results, we focus on the main barriers and processes involved in accessing funding.

Recommendations for improving NHS capital and revenue funding

Based on an analysis of the survey results and respondent comments, these are the main opportunities for change within the existing funding system(s):

01

Simplify the funding application process

Reviewing the process to make it more straightforward with regards to steps and criteria required, and the layers of governance, would significantly help reduce barriers and improve access to funding. This, combined with more education and training on funding options and methods, such as webinars and guides, would increase confidence and success rates in securing funding.

03

Increase awareness of alternative funding sources

Increasing awareness of alternative methods of funding and how to access these sources could provide additional funds to deliver estates strategies.

02

Address capacity and capability Issues

Increasing application windows and providing additional resources to support the application process would give many organisations a better chance of unlocking the right funding, while minimising frustration and time-wasting.

04

Support for net zero initiatives

Aside from increasing funding for sustainability initiatives, helping NHS estates and finance leaders to develop a process to apportion current funding to sustainable upgrades would support net zero goals. It would also help to provide guidance on how to measure and demonstrate the value of sustainability investments to unlock more funding year on year.



How we can help

NHSPS is committed to supporting NHS organisations in overcoming their funding challenges and help them deliver their infrastructure strategies. By partnering with HSJ and engaging with key estates professionals, we've gained valuable insights into the key areas that need attention.

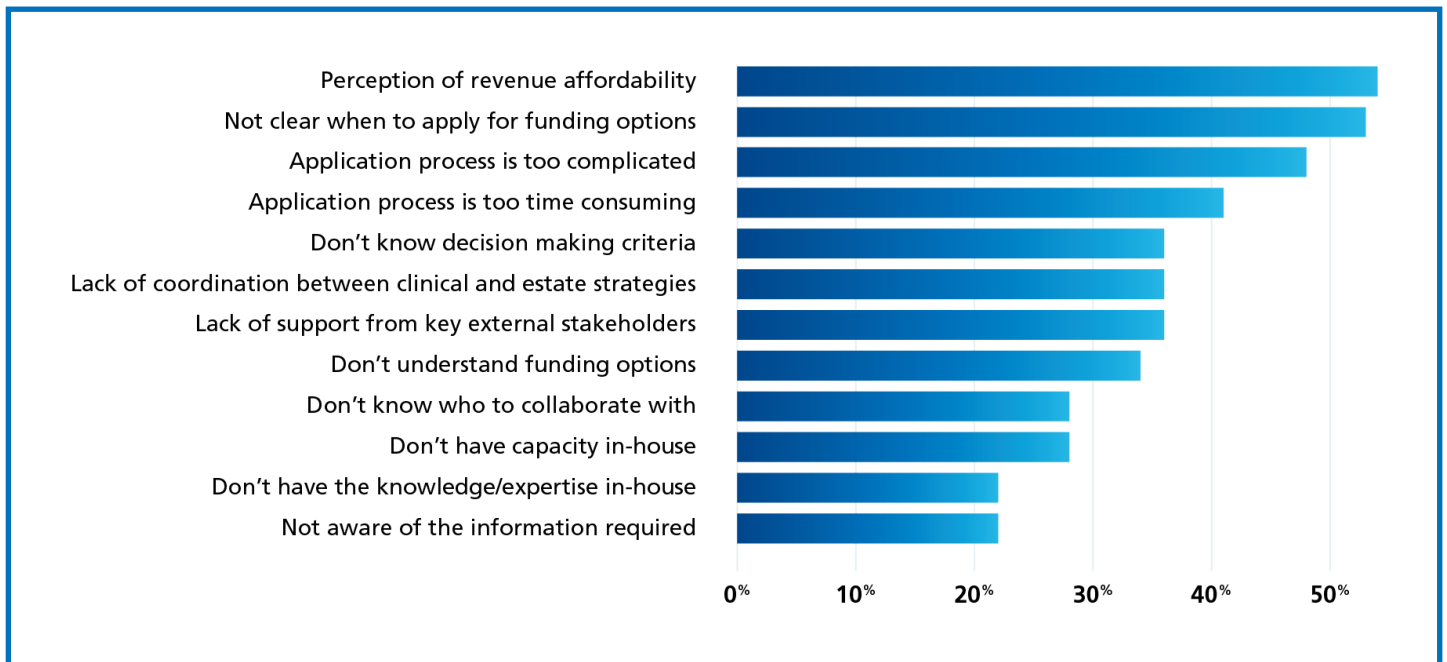
To help our NHS colleagues across the system in unlocking capital and revenue funding, we've produced the guide to **NHS Estate Funding**.

[Learn more >>](#)

The background is a vibrant blue with several large, overlapping, organic shapes in lighter shades of blue. Two solid dark blue circles are positioned on the page: one in the upper right quadrant and another in the lower left quadrant. The text 'Main findings' is centered in the middle-right area of the page.

Main findings

Main barriers to accessing funding



84% stated the main barriers to accessing funding relate to one or more issues around **understanding funding options or the application process**.

Clarity of the application process

A wide range of barriers were highlighted by respondents, with **75%** of all answers relating to a lack of clarity around the application process.

“Funding options and criteria are unclear” one stated, while another added: **“Too complex process of applications legislation convoluted and contradictory!”**.

Such challenges can have real impacts.



We have missed out on several grants and projects as the communication was not clear, explained and support was not offered when asking questions etc. **The process needs to be simplified.**





Capacity, capability and collaboration

6 out of 10 answers referred to barriers around capacity, capability or collaboration. Specifically, time – or a lack of it – was frequently called out. **“The timeframe for application for funding needs to be longer to be able to get the quotes that are required.”**. Another commented: **“Too short notice for bids, lack of clarity, system too shortsighted requiring short-term ROI.”**.

The issue of time is compounded when the funding process itself is also seen as too complicated. Arguably more so when bidders must follow due protocols such as gathering 3 quotes as per the Government Procurement Framework, within a tight window. Squeezed timeframes may in turn lead those seeking funding to inadvertently set false or unmanageable expectations.

As one stated: **“Current process for accessing funding expects proposals for many millions of pounds to be developed in a few weeks, leading to overly optimistic proposals.”**.

Revenue affordability

Revenue affordability was the top individual funding barrier. This suggests that NHS organisations are especially concerned that while they may secure capital funding to deliver their infrastructure strategies, they **may not actually be able to afford** the ongoing operational costs.

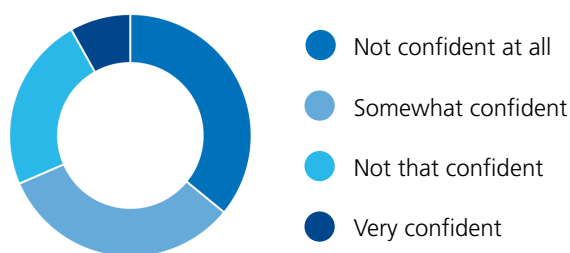
Confidence levels

Unsurprisingly, of the **84%** who cited understanding funding and/or applications as being the main barrier, only **8%** answered they are **very confident at accessing capital funding**.

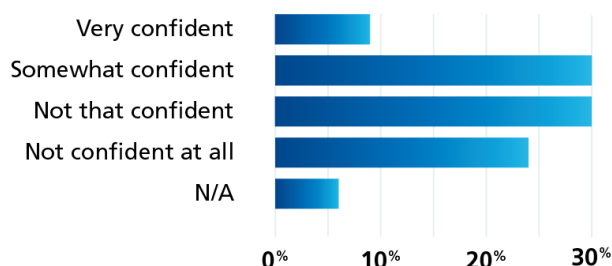
All of which suggests not just a need to review existing funding processes, but also an **opportunity to improve education** across estates and finance leaders across the NHS.

Confidence in accessing and combining multiple funding options

How confident would you be in accessing different capital funding sources?



How confident are you in bringing together multiple funding options to deliver your estate strategy or individual projects?



Nearly **3 in 5** expressed a **lack of confidence** in accessing different capital funding sources.

Only **8%** were **very confident** in accessing different capital funding sources.

Over half (54%) of respondents expressed a **lack of confidence** in bringing together multiple funding options, with around **1 in 4** respondents expressing **no confidence at all**.

Accessing capital funding

Overall confidence in accessing capital estate funding was lacking among the majority (**59%**) of respondents. In fact, more than a third (**36%**) were **not confident at all** in accessing funding sources. These respondents cited their main barriers to accessing funding as: **Not clear when to apply for funding options; Lack of support from key external stakeholders; Don't know decision making criteria.**

These barriers imply that relatively basic information relating to the process(es) is currently not fully understood and certainly not embedded. This could be impacting organisations from maximising funding sources, and fully exploring alternative sources, highlighting a need for clarity and support.

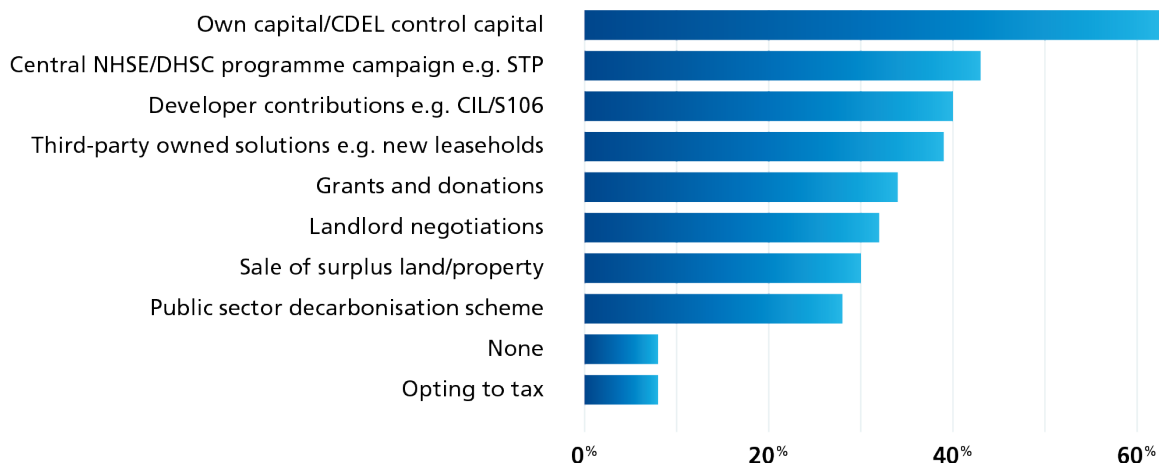
Combining funding sources

A similar **lack of confidence (54%)** was referenced in **combining multiple sources of funding**, with only a handful (**9%**) being **very confident**. This could be because managing and co-ordinating multiple funding routes and navigating different application processes can be time-consuming and complex.

When combining multiple sources, there's more risk involved, and many organisations may not have the **necessary scale or expertise** to handle these effectively.

Capital needs for delivering estate strategies

Which of the following are most relevant to you to support your capital needs in delivering your estates strategy?



Own capital (63%) and central NHSE/DHSC programme capital (43%) were most relevant to delivering estates strategies.

Other methods seen as far less relevant e.g. only 4 in 10 see developer contributions and 3 in 10 see lease negotiations as relevant to delivering estates strategies.

Own and central capital

The top two capital funding source choices are to be expected, **since they comprise most capital funding**. The reliance on own capital allocation (through CDEL) in particular is likely because respondents have confidence in securing it and can **control what they do with it**.

This is backed up by the responses around confidence levels. **90%** of those that said they were **very confident** in accessing different capital funding sources chose **own capital** (through CDEL allocation) as the most, or one of the most, relevant sources to support with delivering estates strategies.

Alternative sources of capital

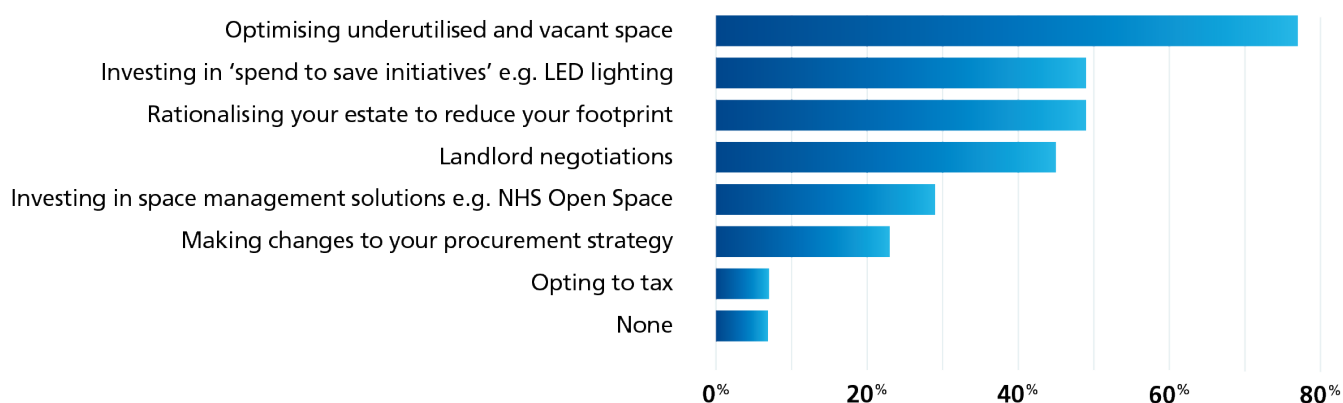
Respondents did not rate alternative capital funding sources as highly as anticipated.

In NHSPS' experience, this is perhaps more a reflection of current awareness and understanding levels around these funding methods. Developer contributions and leasing are, for example, **highly specialised areas not widely understood or leveraged by the system**, but both have huge financial potential.

This potential lack of awareness over the range of capital funding choices may also account for the low levels of confidence in accessing sources.

Revenue needs for delivering estate strategies

Which of the following are most relevant to support your revenue needs in delivering your estates strategy?



82% selected one or more answers relating to either **optimising, rationalising or space management**.

Optimising, rationalising and managing space

A significant number of respondents selected answers related to **optimising, rationalising, or space management** as relevant to supporting their revenue needs (82%). These strategies are crucial to better manage resources, reduce costs, and increase revenue.

As one respondent put it, **“there simply isn’t enough capital cover within the NHS”**, so organisations need to continue to maximise value from their existing estate rather than relying on a capital injection.

There simply isn’t enough capital cover within the NHS.

Indeed, **space utilisation is a key theme of most**, if not all, ICS Infrastructure Strategies, a number of which NHSPS has partnered with ICBs to deliver.

Encouragingly, nearly **1 in 3** are looking to **space management solutions** to help them manage their estate to unlock value. This reflects the growing system discussions around digital and data transformation. Such tools can show how and when rooms are being used, supporting organisations to make informed decisions.

Investing to save

More than **1 in 2** respondents see the value in **investing in spend to save initiatives** and **investing in space management solutions**, as ways to reduce operational costs or generate revenue over time. This open-minded approach is perhaps surprising as both require upfront investment.

However, comments such as **“we have been informed that there is no money”** do highlight a tension between wanting to and being able to, deliver these types of initiatives.

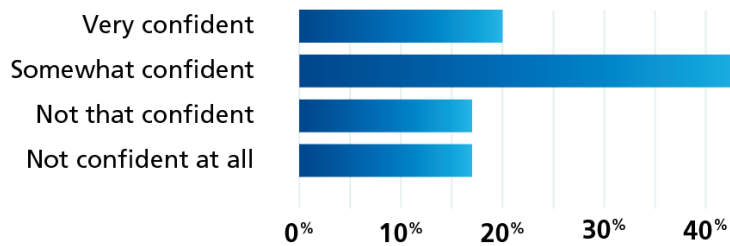
This reinforces the need to be able to prove and communicate return on investment (ROI), presenting an opportunity to develop better guidance on how leaders can effectively measure and present ROI.



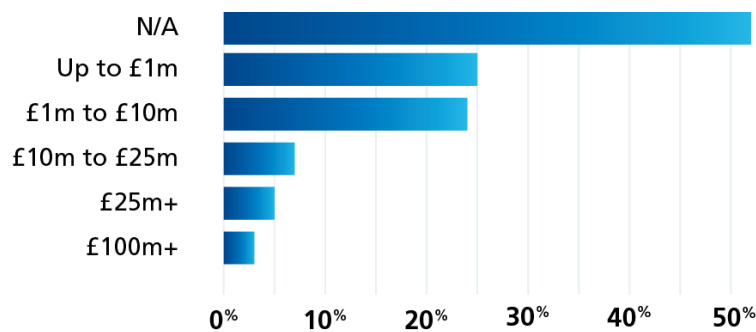


Business case development

How confident are you/your organisation in writing successful business cases?



Of your business cases that weren't successful, what was the value of each?



1 in 3 respondents are **not confident at all** or **not that confident** in writing business cases.

49% have been **unsuccessful** in securing funding up to £10m.



Confidence writing business cases

Over one-third of respondents expressed a **lack of confidence** in writing business cases, with **78%** of those stating that understanding funding options or the application process are their main obstacles.

Even among those that were confident in writing business cases (**65%**), nearly all cited the same barriers to accessing funding above (**88%**).

And since **nearly half of the respondents (49%)** reported being **unsuccessful** in securing funding up to £10 million, the lack of understanding around different funding options and the application process combine to become major challenges regardless of confidence levels.

When it comes to the application for NHS capital, you're required to develop a bid proposal or a PiD. If this gets supported, you would then move to the business case process which normally requires a [Treasury Green Book compliant Five Case business case structure](#). And the window between the announcement of new funding and the deadline for applications is often quite short.

This presents an opportunity for training and support with business case development, and how best to prepare when timeframes are tight.

Value of unsuccessful business cases

The **quarter of respondents** that have been **unsuccessful** with business cases under £1m, could be attributed to funding at this level likely those submitted by smaller healthcare providers like general practices looking to make small-scale improvements.

There is **well-known high competition** for these funds. Indeed, one respondent called for:

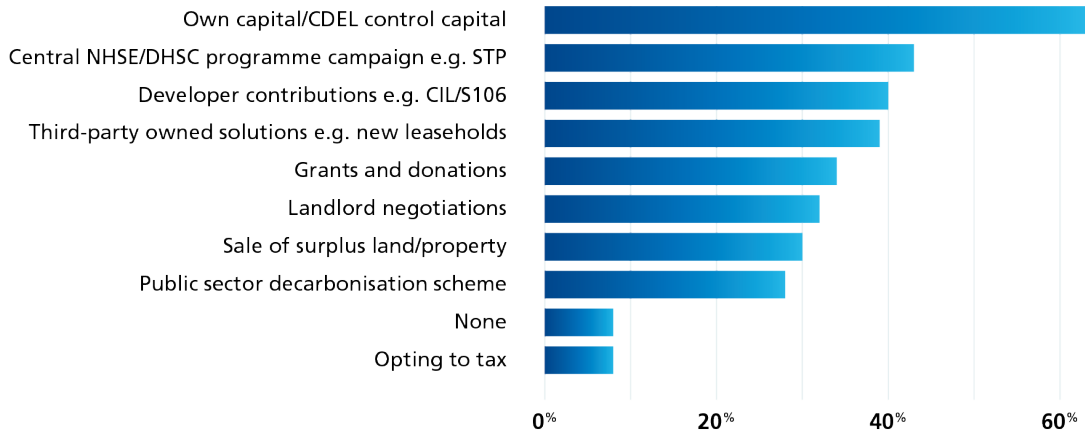
“

Adequate budget for undertaking smaller projects with a budget of £50K-£100K. This would **benefit smaller projects** such as enabling GP practices and community hubs **to provide greater patient services.**

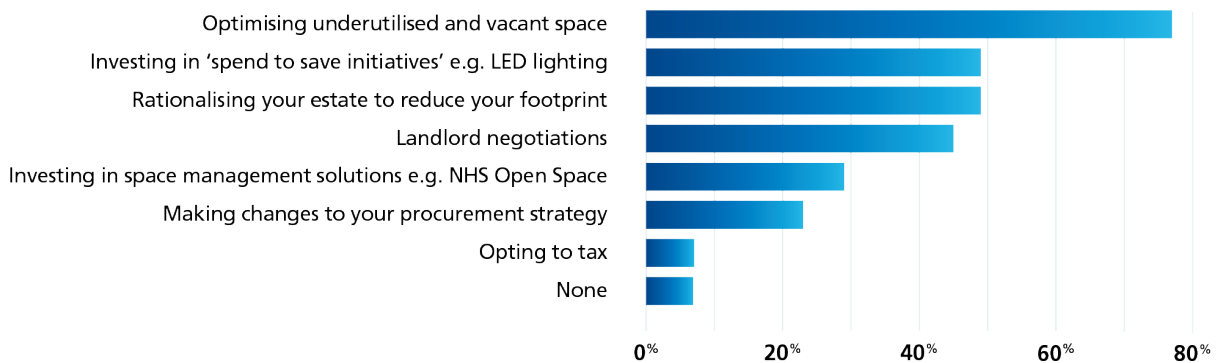
”

Greener NHS

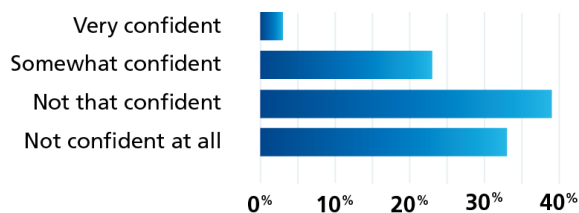
Which of the following are most relevant to you to support your capital needs in delivering your estates strategy?



Which of the following are most relevant to support your revenue needs in delivering your estates strategy?



How confident are you/your organisation in demonstrating return on investment for sustainability projects?



62% of respondents selected one of either **public sector decarbonisation scheme** or **investing in spend to save initiatives like LED lighting**, as key to funding their estates strategies.

73% expressed a **lack of confidence** demonstrating ROI for sustainability projects.

Funding sources for net zero

Nearly **two-thirds** of respondents chose **public sector decarbonisation scheme** or **investing in spend to save initiatives like LED lighting**, which likely reflects the NHS's aim to be net zero carbon by 2040.

However, there's an apparent frustration around the lack of funding available to support this goal with one respondent stating they're **"Happy to look at carbon footprint but feel there is no funding for this other than out of profits"** and another asking the Government to focus on **"availability for spend to save initiatives, specific carbon reduction funding – ability to undertake specific projects with long term benefits"**.

Bidding process

These frustrations are on top of the already maligned bidding process, with levels of complexity and density not matched by the limited funding pots. When talking about green schemes in London, one respondent stated **"the bid process isn't designed to reward content, merely the speed of the trigger finger"** and another saying **"sustainability funding needs to be fairer and more blanket payments rather than bidding wars"**. This echoes the lack of success in respondents accessing up to £10m via the business case process.



Potential solutions

There are, of course, solutions. One respondent suggested:

“

A better idea would be to top slice sustainability money from budgets to be utilised on sustainable improvements such as solar panels, insulation, LEDs, heat pumps, shades etc. This way all areas would be building more sustainable estates together, **increasing buying power and the overall effect for the NHS.**

”

This presents an opportunity for guidance on how to set up a process to ringfence budgets for sustainable upgrades.

Demonstrating return on investment

Despite the high percentage of respondents that **prioritise sustainability investment (62%)**, the vast majority of those expressed a **lack of confidence** in demonstrating ROI from these initiatives (**73%**). Worryingly, just **3%** were **very confident**.

This could indicate a resource or skills shortage to carry out this analysis. And perhaps also the difficulty in understanding how to pull different measurements together. For example, projects are getting more complicated and it would be more impactful to move to things like whole life carbon assessments rather than just simple payback.

Support on how to find the baseline and calculate ROI could make a huge difference to an organisation or team's ability to unlock increased funding year on year.

Looking to the future

We issued this survey after the new Government had been elected (July 2024) and before the Darzi report on the state of the NHS in England (September 2024) so we also invited respondents to share their thoughts on how the Government could address capital funding issues for the NHS, and the impact on their projects.

Two key themes emerged:

01

Address issues of aged estates

Tackling backlog maintenance was a clear concern within the system, but respondents had two contrasting schools of thought.

On one hand, there are calls to **“repair and develop”** older buildings to **“enable more underutilised space to be realised across the whole estate”**.

Conversely, others believe that if existing, outdated buildings **“do not support spaces that are required for today’s and future services, then it could be wasted money, better spent on creating the built environment required”**. They argue that **“creating new health centres due to the age of the existing ones”** would be more cost efficient because of expensive roof replacements, boiler upgrades, and major drainage fixes.

These contrasting opinions are not surprising and likely reflect that there is no one size fits all. And that both approaches are necessary in order to maintain the existing estate and build a better one for the future as some are probably beyond renewal. Issues around revenue affordability will also come into play here when deciding whether to refurbish or build new.

02

Ensure equitable allocation of capital

Aligning with the new Government’s health mission (one of its five missions to rebuild Britain) and its priorities to transfer more care closer to home, many respondents cited the need for more investment in primary care with calls for investment in GPs, PCNs and **“CDEL for community services, not just big shiny hospitals”**.

Some felt they’re **“currently getting a pittance of the available NHS capital and forced to look at 3rd party solutions which can be expensive for relatively small projects. We need a framework where we can call off approved finance”**.

The general practice community has consistently highlighted the condition of the general practice estate as a significant barrier to the effective delivery of services. The current approach assumes that development in general practice will be funded through borrowing by GP partners or by private investors. In an environment where construction costs have grown and returns on investment are lower, very few new build schemes are proving commercially viable. The Darzi report has called for the shift of services into the community and it is clear that funding needs to be aligned to ensure the facilities are available to support the current and future service model.

About NHS Property Services

NHS Property Services provides strategic estates services to help NHS organisations deliver the best patient care.

Every day, we work hand in hand with Integrated Care Boards, Trusts, and GP practices across England to help them better assess, adapt and maintain around **3,000 buildings** - (approximately 10% of the NHS estate) safely and sustainably.

As **part of the NHS**, we know how it works and understand the challenges our customers face. Whether that's negotiating funding or keeping buildings compliant, we help our customers navigate the system more easily. Last year, we **unlocked more than £150m** for them to reinvest or reimagine their spaces.

With over **5,500 experts**, our local teams make the real difference by understanding individual estates and communities. Looking after thousands of NHS buildings means we've seen the full range of estates projects that our NHS needs. In fact, we've **completed over 330 refurbishments or new builds** in recent years -

each one giving us new insights and ideas to help transform estates while keeping costs down and patients safe.

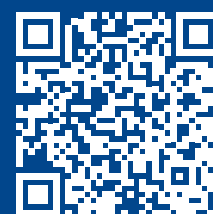
From estate strategy to town planning and cleaning, through to selling inefficient assets and reinvesting the proceeds, our **end-to-end service can support every life stage of an NHS building**. Saving significant costs and removing the hassle of managing multiple providers, so our customers can spend more time **delivering the best patient care**.

Because we're part of the NHS, every penny stays within the health system and is reinvested across the NHS. That way we can continue to focus on delivering brilliant service and building an NHS estate that's fit for the future.

Guide to NHS Estate funding

To help you address the challenges in this report, we've produced a guide to **NHS Estate Funding**.

The guide consists of eight chapters that provide you with detailed information and insights to help you navigate and unlock capital and revenue funding. The guide includes things like the steps involved, skills needed, key decision makers and valuable tips.



[Read the guide >>](#)

