



Layla Moran MP
Chair, Health and Social Care Committee

17 December 2024

Dear Layla,

Utilisation of the NHS Estate

Thank you for your letter regarding the potential under-utilisation of the NHS estate. You asked for information from my Department in response to two questions.

- 1. The Committee would be grateful if you could provide us with the Department's latest estimate on the size of the unutilised NHS Estate, broken down by NHS Trust?*

The Estates Return Information Collection (ERIC) is the Department's main source of information on the utilisation and condition of the NHS estate and is available publicly. We have used this information to provide context on how the NHS Estate is utilised nationally.

14% of the total land area owned is considered land area not delivering services, whilst only 1.6% of the gross internal floor area is considered empty or under-used floor area. It is important to note that land considered underused may be subject to constraints that mean it is unsuitable for development, for example, issues with access, the presence of substructures, or contamination.

For a full breakdown at Trust level, please see the provisional 2023/24 ERIC data published on 17 October 2024 and available at: <https://digital.nhs.uk/data-and-information/publications/statistical/estates-returns-information-collection/management-information---provisional-summary-figures-for-2023-24>.

As part of this Government's mission to deliver an NHS that is fit for the future, we will continue to tackle underutilised and non-clinical space through adaption, modernisation and disposal. As part of this, Integrated Care Systems are developing infrastructure strategies which will inform the overall approach to optimising the NHS estate.

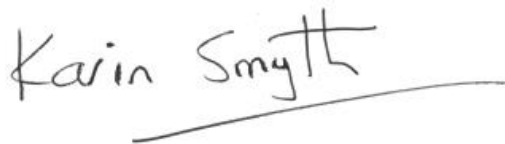
- 2. The Committee was also told by Tom Kibasi, Chairman at NHS Community and Mental Health Providers, North West London, that NHS Trusts were not incentivised to dispose of assets because they were not able to keep the money raised from the sale. Can you confirm whether this is the case? If so, have you had any discussions with Treasury colleagues and/or NHS Trusts about changing this approach?*

The Government recognises the importance of ensuring the benefits from asset disposal are felt by Trusts and has made changes in recent years to provide additional flexibility. This has included allowing Trusts to use proceeds from land sales towards current estates priorities across multiple years, introduced in the 23-24 financial year. More broadly, where NHS Trusts dispose of assets, including land, they retain the cash receipts from the sale. Detailed guidance on disposals and CDEL credits has been published by NHS England as part of capital planning guidance and is available here: <https://www.england.nhs.uk/wp-content/uploads/2023/01/PR00021iiii-capital-guidance-23-24.pdf>.

The Department also provides bridging loans to Trusts which enables capital spend immediately and part of such an arrangement could be that the loan is repaid from disposal proceeds in future years. Overall, the Trust gets to keep the receipt with the benefit of bringing forward spend. These arrangements are subject to the affordability and management within capital budgets (CDEL).

I hope this information is helpful to the Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Karin Smyth". The signature is written in a cursive style and is positioned above a solid horizontal line that serves as a separator between the signature and the printed name below.

KARIN SMYTH

Minister of State for Health and Secondary Care