Browne Jacobson

Building Blocks: health and care buildings in 2022

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Expectations are understandably high whilst waiting for any Chancellor to announce their budget. The last Spending Review of the UK Government, in October 2021, was curious because several announcements about funding for health had already been made in the weeks before. However, there were also new pledges made which could benefit the health and social care sectors and they lend a note of cautious optimism for 2022.

Let's take a look at the main challenges for owners and occupiers of health and care facilities this year.

The massive maintenance backlog

The 2020/21 Estates Returns Information Collection or ERIC, published in October 2021, assessed the cost of clearing the NHS estate backlog to be £9.2 billion. The massive maintenance backlog is well publicized. Property managers have to balance urgent repairs from years of under-investment in existing, usually aged, facilities against the need to also carry out planned maintenance. Although we do not have central data for the UK care sector, it's widely known that much of that accommodation is old, converted housing stock, not purpose-built modern facilities. It is harder to ensure safety, compliance with regulatory requirements and to accommodate technological advances in older buildings.

Procuring capital investment

Achieving a balance between tackling the maintenance backlog and making capital investments in new, state-of-the-art facilities, is a key challenge. There is a strong vision to improve safety and health and care outcomes by designing and building new hospitals (acute, mental health), care homes and community hubs rather than to modify and refurbish existing buildings. The Government's national Health Infrastructure Plan was announced in 2019 and was criticized almost as soon as it had been made. The 40 new promised hospitals are now accepted to include refurbishments, not all brand-new facilities. The principle of levelling up is applauded but there are concerns about the apparent slow pace of development. The construction sector calls for a more streamlined approvals process as schemes can struggle to get off the starting blocks. How are the new schemes going to develop over the coming year?

Care sector developments continue to be attractive to investors and lenders but for every successful scheme, developers will tell you of a handful of other possible sites they had identified which never got off the ground.

Technological advances

Technology has the potential to have a huge impact on how care is provided. Add to this, the altered mindset of the population and the rapid pace of change which has been embraced as we have adapted during the Covid pandemic. We have seen successes in ways that could not have been imagined a couple of years ago. This approach has been harnessed by sustainability teams and is reflected in green plans of corporates and NHS organisations alike. Despite the challenges of adapting older buildings to accommodate these technological advances, resilient approaches are being realised. It will be exciting to hear of new innovative schemes this year, helping the NHS to realise its carbon net zero ambition by 2030.

Changing NHS landscape

The NHS structural landscape is changing and this will no doubt impact upon strategic plans across the health sector. Originally expected to take place in April 2022, now the expectation is that Integrated Care Systems (“ICSs”), replacing current NHS commissioners, Clinical Commissioning Groups, will take place in July 2022. A really interesting question from an estates perspective is what role ICSs will have in influencing local estates strategies of the various organisations involved with the NHS estate. It is hoped that they will bring cohesion to a dis-jointed system where it can feel that there are competing interests of different care services and models (acute, mental health, community). Could this more connected approach be extended in time to bring together more cohesive health and social care estates strategies?

Projections for 2022

There were three pledges from the October 2021 Spending Review which particularly caught my eye:-

- The first pledge was that the Government set total capital spending budgets for the next few years up to 2024/25 when normally the capital budget is only set for the forthcoming year.
- The often-overlooked mental health services have been pledged £450m which shall help to provide different types of mental health facilities.
- The Health and Social Care Levy to help transform adult social care. It recognizes the growing problem to be tackled; funding adult social care and it suggests the Government’s desire for more integrated health and social care.

It is hoped that this funding will help to encourage confidence to make medium-term plans for investment in properties across the health and social care sectors. Although not specifically targeted at buildings, some of the funding suggests that the Government wishes to promote cohesion between the health and care sectors. Everyone simply wants good health and social care. As the Government recognizes the need, after many years of under-investment, to assist financially in investing in buildings and promote improved performance, safety, efficiencies and the transformation of care models, 2022 looks bright ... hopefully. Cautious optimism beckons!

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