



PRIME

Accommodating a brighter future.

How rapid development of key worker housing must
be part of the NHS Long Term Workforce Plan.



About the report.

This report was developed in July 2023 to add our thoughts and ideas to the plans being drawn up to solve the UK's current health and care staffing crisis. Prime has been working for several years to devise solutions that proactively tackle the complex recruitment and retention challenge constraining our health and care services. This report builds on Prime's successful delivery of key worker accommodation schemes to demonstrate that proven solutions can be delivered at pace, helping to solve the worsening challenges facing the health and care sector.

Delivering high-quality, flexible and affordable key worker accommodation is a critical step in unlocking this challenge and Prime's commitment to this issue has involved significant investment in physical and contractual design solutions. We welcome the long-term commitments being made by all political parties to increase the numbers of health and care staff. Still, we passionately believe the physical environment staff are asked to work and live within is of fundamental importance to reducing the lever rate.

About Prime's data

This report utilises Prime's research and insights, as well as findings and data from publicly available sources. Additional data related to the rising cost of developing health and care facilities are based on Prime's proprietary modelling and take into account the rising costs of:

- *Construction*
- *Professional fees*
- *NHS resources*

They do not consider the risks of financial changes, such as interest rate increases, due to the levels of uncertainty associated with these.

Prime has also commissioned a Big 6 accountancy firm to independently analyse Prime's key worker accommodation model.

About Prime

Prime is at the forefront of the health and care property sector. We enable health and care providers to make the most of their spaces so we can all experience better care. We unlock complex property development challenges with leading industry-specific legal, financial and property and construction solutions, and work with our partners to see the projects through – from design to delivery.

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Foreword

Nick Johnson

Deputy Chief Executive Officer,
Dorset County Hospital NHS Foundation Trust

The recruitment and retention of skilled healthcare professionals within the NHS is a critical concern that demands immediate attention and a concern that we've experienced first-hand. A significant factor at play is the lack of suitable housing options, which severely impedes and hampers our recruitment and retention efforts.

Here in Dorset, a lack of accommodation offering is further exasperated by its rural location and the fact that it is a holiday hotspot, with 1 in 13 houses a holiday home. Indeed, I recall during one hospital walk-around a valued colleague telling me that they were moving to another NHS trust across the country simply because house prices were much cheaper and they could afford a family home.

With this region-specific challenge staring us in the face, we turned to Prime to help us find a solution, and fast. Armed with the knowledge that they had already delivered high-quality accommodation for key workers at pace, working with them was the obvious choice. The commercial structure and funding model created ensured the new accommodation met our needs without

requiring NHS capital, demand guarantees or approvals – meaning our staff could move into their new homes quickly. By mitigating the housing-related barriers to recruitment and improving staff retention rates, we will reduce the financial strain associated with constant turnover. Consequently, this helps us allocate resources more effectively, enabling enhanced patient care, investment in training and improved overall service delivery.

By shedding light on the challenges faced by healthcare professionals, policymakers and local authorities, this report highlights the targeted solution that addresses the housing needs of NHS staff. Only through collaborative efforts and innovative solutions can we solve the recruitment challenge and ensure a sustainable and resilient healthcare workforce for the future.



Time is running out.



The recruitment and retention of health and care professionals is one of the most acute and urgent challenges facing the NHS today. Amid a worsening understaffing crisis where one in ten posts remain unfilled¹, it is estimated that the total price of inaction would cost the NHS a staggering £21.7bn.²

Health and care leaders, staff and patients can no longer wait for the results of extensive analysis and theorising. What the NHS needs now is viable solutions and rapid action.



The situation.

Stagnating wages and often poor working conditions, amplified by the long-tail impacts of the COVID-19 pandemic, are compounding recruitment challenges for health and care leaders. This combination of factors is driving health and care staff out of the profession in search of better salaries and improved working environments and inhibiting the recruitment of new talent.

NHS trusts are reporting a current staff shortfall of 154,000. By 2036, this figure could rise to 360,000.³

A lack of good-quality, affordable housing close to hospital trusts has been inextricably linked to this complex shortfall.⁴ Amid an environment of economic turbulence, an intensifying cost-of-living crisis, and a rental market with an inherent lack of supply and elevated house prices, the shortage or complete absence of key worker accommodation in some areas of the country, is now a considerable barrier to the recruitment of pivotal roles.

1. Ministers set out plan to train and keep more NHS staff, BBC, 2023
2. NHS staff exodus to cost government £21.7billion, Charity Today, 2021

3. NHS Long Term Workforce Plan, NHS England, 2023
4. A People-Driven Approach: Delivering NHS Homes, NHS Homes Alliance, 2023

Why key worker accommodation matters

A lack of suitable, local housing is forcing many NHS staff to live further and further away from their place of work. Long commutes add to the financial, physical and time burden of employees who often undertake demanding shift work and juggle unsociable hours.

Unlike European cities, where 67% of the population can reach the city centre by public transport in 30 minutes, only 40% of people in large UK cities can do the same.⁵

As absence rates soar in the wake of the pandemic,⁶ staff wellbeing has never been more important. Analysis shows that 50% more working days in the NHS have been lost to stress than Covid infections and self-isolation.⁷

A nurse or midwife who missed three days of work for mental health reasons was 27% more likely to leave three months later than a peer with no absences. For a consultant, this difference was 58%.⁸

Employee attrition is costly – from paying agency costs for staff cover to the recruitment, onboarding and training costs associated with new employees.

£12,000 = the cost of replacing a fully trained nurse.⁹

To develop robust talent pipelines, health and care services need to reduce their reliance on overseas workers and bank staff.

According to an investigation by the Labour Party, the total spend on temporary staffing across the NHS in 2021-22 amounted to £8.9bn.¹⁰

Hard-working and talented staff deserve good-quality, affordable and sustainable accommodation in positive community environments. However, with rents at the highest rate on record, these spaces are becoming harder and harder to find.

Average rental costs rose 12% in 2022, with rent now accounting for more than 28% of average pre-tax earnings, according to recent analysis by Zoopla, while the number of properties available to rent has fallen by a third.¹¹

Analysis shows that where we live and how much that costs directly impacts productivity.¹² For too long, key worker accommodation has been neglected.

To foster a happier, healthier and more resilient workforce, public health and care organisations must help staff achieve greater equilibrium between their working and personal lives. Developing appropriate housing is critical to achieving better recruitment and retention of an NHS workforce.

5. How does the housing market affect UK productivity? Economics Observatory, 2023

6. NHS under 'huge strain' as staff sickness absences soar, Nursing Times, 2022

7. Stress led to more NHS staff absences than Covid, new figures show, The Guardian, 2023

8. Factors associated with staff retention in the NHS acute sector, Institute for Fiscal Studies (IFS), 2022

9. NHS Staff Retention Review: Costs & Impacts, nurses.co.uk, 2022

10. High spending on agency staff by NHS is a "completely false economy," warns BMA, BMI, 2022

11. Rental Market Report: June 2023, Zoopla

12. How does the housing market affect UK productivity? Economics Observatory, 2023

Who's taking action?

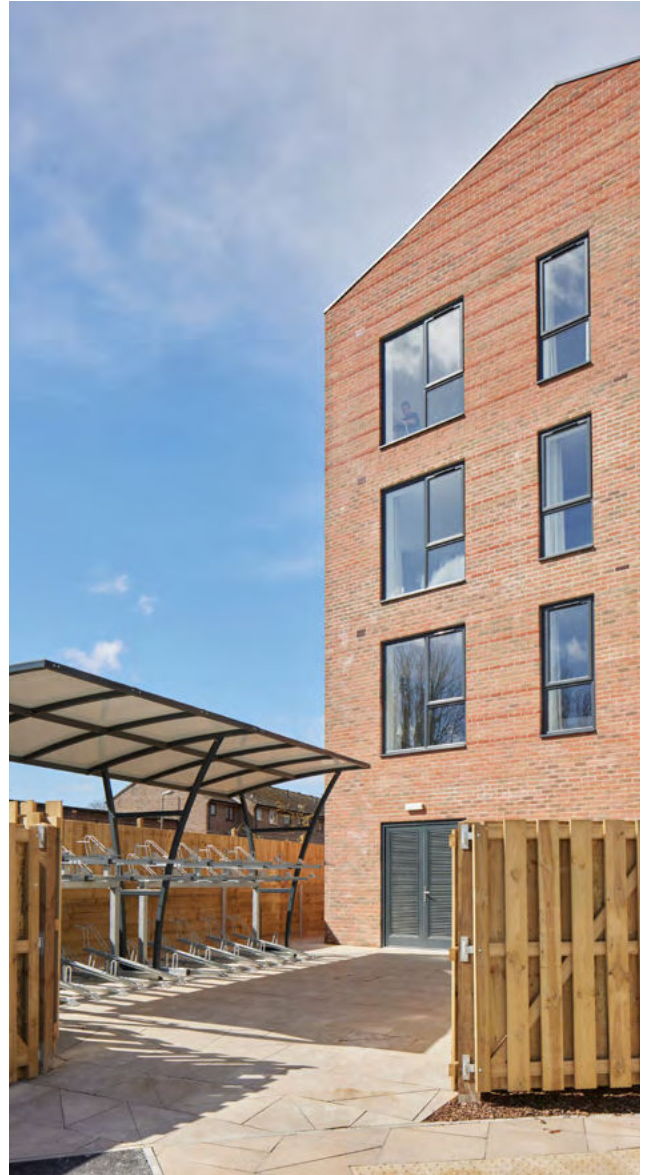
Prime has been working for years to drive forward solutions to this critical issue. Having already delivered successful key worker accommodation schemes, we've demonstrated the tangible benefits of developing solutions that address risk factors for health and care providers.

We've also worked as part of a consortium of industry experts and health and care leaders to develop a new whitepaper, *A People-Driven Approach: Delivering NHS Homes*.

Developed in partnership with NHS trusts, ICBs and other leading health and care development specialists, this whitepaper highlights the shared ambitions of organisations like Prime to invest in the physical environments that health and care staff live and work in. It also exposes the scale of the crisis facing health and care leaders and the indisputable links between affordable, local housing and the ability to maintain a robust workforce.

More than two-thirds of NHS staff surveyed at one trust said the lack of affordable housing would be a key driver in deciding to leave their current employment within the next two years.¹³

In response to this report, the government has set up a cross-departmental NHS and private sector taskforce led by Lord Markham to explore avenues towards developing affordable key worker housing. While this is a positive step towards solving the recruitment and retention challenges for health and care services, the outcomes, recommendations and test-and-learn pilots that emerge from the government's exploration will come too late for some trusts and ICSs.



Without significant and swift action to address this challenge today, the outlook for the UK's health and care system remains bleak.

What's preventing progress?

Trusts need to develop sustainable, affordable and proximate housing options that cater to the requirements of health and care staff and their dependents. However, significant roadblocks are impeding progress, which is intensifying the long-term risks of the recruitment and retention challenges.

In 2017, The Naylor Report encouraged trusts to generate capital from NHS estates while generating 'surplus' land for housing. But in practice, the requirement to generate the largest possible return and secure the best value conflicts with the reality of generating affordable housing, so much-needed key worker accommodation hasn't been developed.

The whitepaper, *A People-Driven Approach: Delivering NHS Homes*, highlights competing priorities and the fact that land assets and the requirements for new clinical facilities are not always aligned. Added to this issue is the economic challenge trusts encounter when vying for land against open market rent and other grant-funded social rent and shared ownership developers. Moreover, it unveils that trusts are contending with NHS Estate Code and NHS accounting rules that inhibit the development of key worker accommodation on NHS land – a factor that is severely curtailing progress.

To navigate these issues, there is an alternative solution that protects the 'family silver':

The development of key worker accommodation on NHS sites and the retention of the freehold interest to protect the long-term value and flexibility of use of NHS land, achieving an economic output far greater than the land value itself.

The true cost of delay

With more than two decades of experience in health and care property development, Prime has an unparalleled understanding of the commercial risk in delaying transforming NHS estates. Our latest analysis has uncovered the following:

A two-year delay can add almost 20% to the cost of the project, and in many parts of the country, key worker accommodation needs to be 20% below current market rates.

Affordability is an enormous barrier for NHS trusts, social care and council public health services that is being worsened by bureaucratic delays when spending decisions have to be escalated to treasury or ministerial-level. In the private sector, businesses managing the same budgets as our NHS trusts would have greater autonomy over their own decision-making. A fundamental shift in business case approval regimes to empower ICBs by devolving decision-making power about their own estates would not only reduce the time between planning and delivery, but substantially reduce its cost.

Amid ongoing setbacks and complexities, one thing is certain – delaying action on this issue is costly. While staff shortages are detrimental to service users and heap pressure on an already strained workforce, failing to act and develop vital facilities will continue to pressurise budgets.



A faster route to the solution.

A different approach

While Prime's ambitions align with the fundamental principles of the NHS Homes Alliance whitepaper, we also know that many health and social care providers simply cannot wait for the outcomes it proposes. What they need are solutions and action – and fast. Years of research, planning and policymaking will catastrophically impede many services' ability to solve urgent recruitment and retention challenges. As shown in this report, the risk of rising development costs also increases exponentially with delay.

Fortunately, health and care providers don't need to wait.

Prime has spent the last few years leveraging our expertise to develop, test and action a proprietary key worker accommodation model that addresses this increasing urgency.

We have an innovative and transformative solution that develops, funds and builds high-quality, affordable and furnished key worker accommodation at pace.

Our management company Hyve by Prime operates as a not-for-profit business, addressing the high demand for desirable, affordable and bespoke key worker accommodation close to hospital sites. Benefitting from flexible tenancy lengths that meet the changing lives of residents, Hyve developments are all built with sustainable, energy-efficient and functional building designs to create comfortable and safe spaces for health and care professionals to call home.

Prime's model is a viable accommodation solution that delivers at pace because it meets the needs of NHS trusts while also adhering to the changing regulatory landscape. Because Hyve fully manages rental agreements and residents, it removes all the demand risk for NHS Trusts, and is a critical step towards solving the recruitment and retention challenges.

Hyve by Prime supports health and care services to deliver long-term value and utilise key worker accommodation as a significant part of their recruitment and retention strategy. With flexible design and structure, Prime's model allows these providers to adapt to the changing needs of residents while meeting their long-term strategic ambitions.



Image provided by Hyve by Prime

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You can't deliver real and lasting change without motivated, committed, happy and healthy people.

While Prime can't recruit or train nurses, it can deliver accommodation that improves the wellbeing, safety and living conditions of hard-working health and care staff.

Because people who care for the health and wellbeing of their community deserve to live in a place they're proud to call home.

Leighton Chumbley, Chief Executive, Prime plc

A proven solution

Having well-maintained accommodation close to hospital sites is an attractive incentive for prospective staff – one that both Dorset County Hospital and Yeovil District Hospital have benefitted from.



Alexandra House, Dorset County Hospital

- 63 one and two-bed apartments
- 10-minute walk from the hospital
- Let and managed by Hyve on minimum six-monthly tenancies direct to staff
- Creates additional capacity for the hospital on top of the 90 beds in shared/student accommodation constantly occupied by a rotation of junior doctors and medical students



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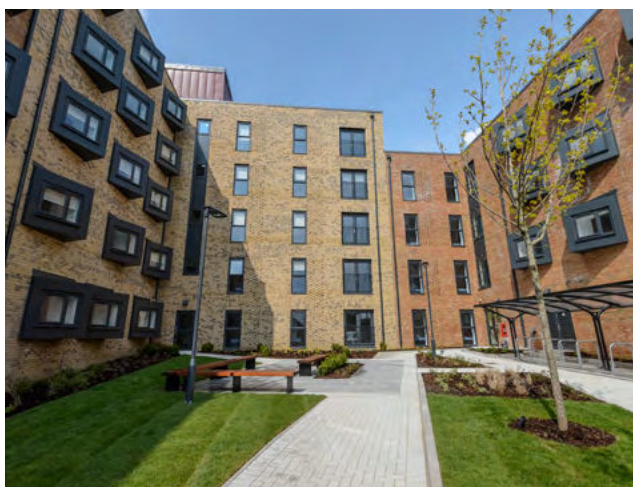
This partnership with Prime has enabled us to offer our staff high standard, fully furnished accommodation in a convenient location close to the hospital.

Chris Hearn, Chief Financial Officer, Dorset County Hospital NHS Foundation Trust

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We are so proud to offer our staff and students accommodation just a five-minute walk from the hospital. Many of these staff worked on the frontline of our hospital’s pandemic response, so it is important they can enjoy a secure and relaxing environment away from work.

Jonathan Higman, Chief Executive, NHS Somerset Integrated Care Board



Residential Key Worker Accommodation, Yeovil District Hospital

- 176-bedroom complex
- 500m from the hospital
- Replaces 64 disparate and costly residential leases across Yeovil Town
- Before development only 10% of UK staff had moved to the area to work at the hospital – five years later, this figure has climbed to more than a third of the workforce



Happier, healthier workforces.

Twelve months after moving into their new homes, key workers in Yeovil were surveyed to assess the impact the new dwellings had on their lives:

54%

are happier in themselves and at home since moving into the accommodation.

48%

say their physical health has improved since moving into the accommodation.

43%

**of tenants say their
mental health has
improved since moving
into the accommodation.**

53%

**say they are happier in
their work since moving
into the accommodation.**

Tried, tested and trusted.



Prime understands the financial and operational nuances that individual trusts and health and care providers have to navigate to solve complex estate challenges, and our track record of estate transformations highlights our capability to deliver.

Why Prime?

1. Solving the commercial and funding complexities of these ambitions is contingent on expert investment knowledge.

Our team are experts in healthcare property funding with unparalleled investment knowledge. Prime's in-house funding and investment specialists champion innovative funding solutions that help health and care providers benefit from improved facilities and infrastructure – all while reducing risk.

To rigorously test the viability of our key worker accommodation solution, we commissioned a Big 6 accountancy firm to conduct an independent analysis of the balance sheet and CDEL consequences of Prime's model.



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Delivering maximum affordability to key workers while also achieving viable investment solutions, navigating capital accounting rules and keeping a project on track requires experience, nerve and total commitment to improved social outcomes.

Michelle Robinson, Associate Director, Prime plc

2. **The risks associated with key worker development solutions require a partner who understands how to navigate complex legal, financial and property planning solutions.**

Hyve by Prime is a viable key worker accommodation solution that adheres to NHS governance rules, and our partnership approach means it is also flexible to the requirements of each health and care entity we work with.

Hyve doesn't just help address the needs of key workers today – it tackles the long-term strategic ambitions of health and care providers. Each development is designed to adapt to the unique and evolving challenges providers face in the future.



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We must invest in the working and living conditions of NHS workers today, as well as devising solutions that support stable talent pipelines.

If we don't, the newly qualified staff will vote with their feet and move to other parts of the world where they are provided with good quality, safe and convenient living accommodation and healthcare environments that allow them to deliver the standard of care they have been trained to provide.

Leighton Chumbley, Chief Executive, Prime plc



3. Successful delivery of key worker accommodation requires an expert in property development and management, and very few developers have the experience and commitment to deliver these developments at pace.

Redeveloping existing NHS buildings or turning surplus land into an operational development at pace requires exceptional skill, nerve and determination. As the old saying goes, time is money. Waiting for task forces and national frameworks to be built are considerable risk factors for trusts, not to mention the cost of consultant fees, which threaten to escalate with every setback.

Prime has a proven track record of working in partnership with NHS trusts to make change happen and transform spaces and fortunes for health and care services at pace. This knowledge allows us to deliver new homes for key workers despite the challenging environment.

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The demand for good quality, affordable housing might be the same across the country, but each trust needs a bespoke solution to ensure it can be delivered at pace and the end rents are affordable for key workers.

Our team has worked in partnership to deliver more than £1bn of health and care buildings, and it's this knowledge and experience that is creating accommodation that our health and care staff of today and tomorrow, are calling home.

Kim Barnes, Associate Director, Prime plc

Change hinges on bold leadership.

Prime understands just how daunting it can feel for leaders to undertake these types of projects, but the time for inaction has passed. To drive the momentum needed to solve the recruitment and retention challenge requires bold leadership and unwavering commitment.

If these issues were simple to solve, social housing developers and NHS leaders would have already addressed them. However, the reality is that the NHS operates within complex parameters and unlocking these challenges requires the support of an experienced and dedicated partner.

A traditional contractual approach is not the right solution for these projects. For property developers, the margins of these schemes are simply too narrow. Instead, success relies on a true partnership approach,

and invested parties must align around a shared interest to deliver meaningful change that not only tackles the recruitment and retention issues of today but builds an NHS capable of confronting the challenges of the future.

It's the fundamental reason why Prime is committed to Hyve operating as a not-for-profit business.

And while Prime concurs with many of the fundamental principles of the Workforce Plan and other expert commentary around it, we also recognise that for some health and care providers, these issues are simply too acute to wait for new recruits to be trained. For leaders in this position, it's never been more important to take action at a local level sooner rather than later.

Make the decisions today that create meaningful and lasting change quickly.



Developing space for change in health and care.

To find out more about Hyve by Prime and our solutions for developing key worker accommodation in your area, talk to the Prime team.

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