

NHS Providers - New Hospital Programme survey

Background

The successful and timely building by government of 40 new hospitals is central to the delivery of safe, world-class healthcare. Many parts of the NHS estate are in extremely poor condition and, in some cases, demolition and rebuild is the only viable way forward. Trusts need the freedom to meaningfully progress their building schemes, not only as part of the government's manifesto commitment to build 40 new hospitals by 2030, but also to drive significant and long overdue improvements in patient safety, experience and outcomes, service capacity, and staff recruitment and retention.

The case for investment and speedy progress is clear and urgent.

This is not just about the success of the projects currently included in the New Hospital Programme (NHP). The government needs to create an agile, sustainable and effective national hospital building infrastructure that can provide all trusts – acute, mental health, community and ambulance - with the capability and capacity to deliver rebuilds and construction well beyond the existing timeline for NHP.

To understand trusts' experience and progress to date, we carried out a survey of trusts currently included within the NHP¹ covering questions around funding, delays and the value of the programme.

Sample

- We received responses from 26 unique trusts, representing 74% of all trusts (35) in the new hospital programme.
- This survey was sent to chief executives, finance directors, and directors of strategy within the relevant trusts, with one response per cohort per trust.
- All trust types apart from ambulance trusts were represented (because no ambulance trusts are included in the NHP). All regions were represented in the survey.
- All cohort groups were represented in the survey. Two trusts had building programmes under two different cohort groups.

¹ 35 trusts are currently included in the NHP, some of which are developing multiple schemes. **Additional detail is included in the FAQs further below.**

Funding

- Almost all (96%) trusts strongly agreed (77%) or agreed (19%) that the government should confirm the funding envelope for the new hospital programme beyond the current spending review period (2022/23-2024/25).
- Half (50%) of trusts surveyed were 'not confident' or 'not at all confident' that their funding allocation is sufficient to deliver their project. Only 20% of trusts are confident that their funding allocation (at the current stage of business case development) is sufficient to deliver their project.

£3.7bn capital budget not meeting cost pressures

Trusts with hospitals in cohort 1 were the most confident, with 80% saying they were confident their funding allocation is sufficient to deliver their project. However, 66% of cohort 3 trusts and 55% of cohort 4 trusts are not confident their allocated quantum of funding will enable them to deliver their project.

There is a concern that the capital envelope of £3.7bn for the current spending review period committed by the government is insufficient to fund the cohorts currently included in the scheme. The outturn costs for some trusts' schemes in this period are already above initial forecasts.

Trusts have identified the rising cost of delays given inflationary pressures across the construction sector. There are also capacity and capability issues impacting delivery which stem from turbulence across the industry, including limited material supplies and labour shortages among sub-contractors. Trust leaders also note the factors affecting the affordability of schemes which include the costs of employing modern methods of construction, digital requirements, and additional net zero commitments.

"Current costs including significant increases associated with delays in the timetable and consequent inflation. Further delays will lead to more inflationary costs."

"Inflationary pressures are significant and delays in the progress of the business case process increase the risk further. The level of seed funding currently available is likely to delay enabling works, and this again will result in cost inflation."

Uncertainty over funding allocation

While some trusts have received clarity on the funding allocation to proceed to the next stage of business case development, other trusts have not and therefore cannot proceed.

Given the construction period for the NHP trusts' projects will extend beyond the period of the most recent spending review (2022/23 – 2024/25), nearly all respondents agreed that Treasury should clarify the funding profiles of the NHP budget up to 2030. While this would be out of step with the usual Treasury approach, the lifespan of these projects demand extended, multi-year financial allocations to give organisations the certainty and stability to underpin their planning and delivery processes.

Delays

- Completion dates are behind schedule for 39% of schemes in the trusts surveyed, with less than half (46%) running on time.
- Most cohort 1 and cohort 2 trusts expect to complete their projects to schedule. 22% of cohort 3 and 44% of cohort 4 trusts expect to complete their projects on time.
- Of those hospitals behind schedule, all (100%) reported costs will increase because of the delay.

The NHP has shone an important light on the complexities involved in delivering a national programme for which government is accountable, involving individual trusts which remain accountable to and close to their local populations.

Some of the projects within cohort 1 trusts had already begun before the announcement in **October 2020** confirming the 40 schemes to be included in the national programme, and these are approaching completion. However, due to delays to the programme business case for the wider new hospital programme, and uncertainty about the overall capital allocation, cohorts 3 and 4 trusts are now facing significant delays to their initially agreed timelines.

Of those trusts surveyed which are experiencing delays to their projects, one year behind schedule was the minimum time reported – other respondents answered between two and four years. Others have stated that no date has been formally agreed. The latest completion dates respondents gave were 2028 and 2030.

Respondents gave various reasons for the delayed completion dates. Delays to the programme business case have meant cohort 3 trusts have been unable to complete their outline business case (OBC). Trusts in early stages of business case development have also flagged concerns that they have not been given enough funding to meet the requisite fees to progress the OBC, and to pursue the necessary enabling works.

Reputational risk

- Over half of respondents whose projects are behind schedule are yet to publicly reset their delivery timetables.

The government runs the risk of mismanaging public expectations about the pace of construction at national level and thereby inflating the expectations within local communities, keen to see their local hospital improved. Trusts need support from government in managing reputational risk among staff, communities and the media when construction is delayed. Although these decisions sit outside of the control of individual trust boards, when they are forced to announce delays, trusts risk undermining important relationships with local partners, communities and MPs given that some of their business cases were negotiated locally and predate the inception of the NHP.

There are clear reputational risks for trusts if there are major delays to their projects. Of those trusts which have not yet publicly reset their delivery timescales, some said they will only do this when the next steps are made clear by government and can be applied realistically. Others have delayed publicly resetting schedules until they receive greater clarity on the programme business case, gateway approval processes, and crucially, about the confirmed quantum of funding.

"[It is] becoming very difficult to keep stakeholders on board. Staff irritated about all the work they undertook on the new hospital during COVID that appears to have been lost. Loss of belief locally with staff and stakeholders."

Patient safety and the capital maintenance backlog

- Of those with completion dates behind schedule, most (62%) said the delays somewhat affected their trust's ability to deliver safe and effective patient care. One third said it affected it to a great extent.

As we highlighted in our recent report, *Reality check: the financial and performance ask for trusts in 2022/23*, many trusts continue to carry high levels of risk across their estates. Without appropriate

investment, issues like leaking roofs and broken boilers, and outdated technology cannot be fully rectified, compromising both quality of care and patient safety.

New builds will enable trusts to significantly reduce their maintenance backlog by repurposing, refitting or replacing outdated facilities. However, trusts are concerned that delays to their projects will exacerbate capital maintenance backlogs, the levels of which will exceed available sources of capital available across local systems or nationally.

"We operate 21st century healthcare from 19th century buildings - increasingly unsustainable."

"Daily and increasing critical infrastructure issues have to date been mitigated without causing significant patient harm, but the risk is there and increasing."

"Significant rework of site development plan and significant additional capital will be required to keep the site safe, as well as trying to manage increasing demand in an environment that is already not fit for purpose and where clinical adjacencies are already poor."

Value of programme

- Almost all (96%) trusts strongly agreed or agreed that, if appropriately funded, their scheme will improve patient-centred care and experience, improve clinical outcomes, and enable them to increase productivity.
- A large proportion (76%) strongly agreed or agreed that it would improve their capacity to meet rising demand and effectively tackle the care backlog.
- 69% of trusts strongly agreed (38%) or agreed (31%) that they have been able to adopt design and delivery standardisation.

The NHP has the potential to enable trusts to transform the delivery of healthcare. The effectiveness of the service reconfigurations enabled by the programme could provide a template for other trusts in the future. In the longer term, a successful programme could improve health outcomes and reduce costs.

Nearly all trusts surveyed discussed the important benefits to staff, including the improvement of staff morale, health and wellbeing, and the recruitment and retention of staff. Another common response was enabling digital innovation. Respondents also mentioned the environmental benefits of the

scheme in allowing them to achieve carbon neutrality, commercial benefits including greater use of their estate, as well as improved system integration.

Appendix - FAQs

What is the New Hospital Programme?

In September 2019 the government launched the [Health Infrastructure Plan \(HIP\)](#) which announced funding six new hospitals and gave [seed funding to an additional 21 trusts](#) to develop business cases for proposals. The Conservative Party's [2019 manifesto](#) committed to building 40 new hospitals.

In [October 2020](#) the Prime Minister announced the 40 trusts that comprise the New Hospital Programme (NHP). This included the initial six HIP1 trusts. Some of these projects were also already in-flight. In July 2021 the government announced they planned to fund an [additional eight hospitals](#) – trusts which applied to be included in the final cohort are still awaiting the outcome of the selection process.

There are currently confirmed schemes planned across 35 trusts.

Cohort 1 (in-flight) 8 scheme	Cohort 2 (construction starts by 2024) 10 schemes
Brighton & Sussex University Hospitals NHS trust Redevelopment of Royal Sussex county hospital to deliver a regional centre for teaching, trauma and tertiary care	Cambridge University Hospitals NHS foundation trust New cancer hospital at Addenbrookes
Cumbria, Northumberland, Tyne and Wear NHS foundation trust Rebuild of Northgate hospital	County Durham and Darlington NHS foundation trust New build to place Shotley Bridge hospital
Liverpool University Hospitals NHS foundation trust New hospital to replace Royal Liverpool University hospital	Dorset HealthCare University NHS foundation trust (5 schemes) New build of St Ann's hospital, rebuild of Poole Community Hospital, rebuild of Bournemouth Community hospital, rebuild of Christchurch Community hospital
Moorfields Eye Hospital NHS foundation trust A new eye care and education facility at Moorfields Eye hospital	Nottingham University Hospitals NHS trust New national rehabilitation centre at the Stanford hall
North Cumbria Integrated Care NHS foundation trust New oncology hospital	Royal Cornwall Hospitals NHS trust New women and children's hospital
Royal United Hospital Bath NHS foundation trust New cancer hospital and improving the Combe Park estate	University Plymouth Hospitals NHS trust New integrated emergency care hospital
Salford Royal NHS foundation trust New non-elective, high acuity hospital	
Sandwell and West Birmingham Hospitals NHS trust New Midland Metropolitan hospital	

Cohort 3 'pathfinders' (planned start date tbd) 8 schemes	Cohort 4 (planned start date tbd)
Barts Health NHS trust New hospital at Whipps Cross	East Sussex Healthcare NHS trust New hospital at Eastbourne, new clinical building at Bexhill and refurbishment at Conquest
Epsom and St Helier University Hospitals NHS trust New major hospital at Epsom and St Helier	Hampshire Hospitals NHS foundation trust New Basingstoke & North Hampshire hospital and major refurbishment at Royal Hampshire Hospital
Hillingdon Hospitals NHS foundation trust Rebuild of Hillingdon hospital	Imperial College Healthcare NHS trust (2 schemes) Rebuild of St Mary's Paddington and Hammersmith hospital and major refurbishment of Charing Cross
Leeds Teaching Hospitals NHS trust New hospital for adult healthcare and new build for Leeds children's hospital	James Paget University Hospitals NHS foundation trust Rebuild of James Paget hospital

Manchester University Hospitals foundation trust Rebuild of North Manchester general hospital	Kettering General Hospital NHS foundation trust Rebuild of Kettering general hospital
Princess Alexandra Hospital NHS trust New integrated healthcare campus to replace Princess Alexandra hospital	Lancashire Teaching Hospitals NHS foundation trust and University Hospitals of Morecambe Bay NHS foundation trust Rebuild of Royal Preston hospital and Royal Lancaster infirmary*
University Hospitals of Leicester NHS trust Rebuild at Leicester Royal infirmary and Glenfield hospital	Milton Keynes University Hospital NHS foundation trust New women and children's hospital at Milton Keynes hospital
West Hertfordshire Hospitals NHS trust New buildings at Watford general hospital	Nottingham University Hospitals NHS trust Rebuild of Queen's medical centre and city hospital
	Royal Berkshire NHS foundation trust Rebuild of Royal Berkshire hospital
	Royal Devon University Healthcare NHS trust Rebuild of North Devon district hospital
	Somerset NHS foundation trust Rebuild of Musgrove Park hospital
	Torbay and South Devon NHS foundation trust Rebuild of Torbay hospital
	West Suffolk NHS foundation trust Rebuild of West Suffolk hospital

Source: *Department of Health and Social Care*

*Awaiting confirmation of plans for separate sites across trusts.

What are the different stages of business case approval?

All the projects across the 35 trusts fall under the national umbrella of the New Hospital Programme – the 'programme business case' for which includes all constituent projects. This wider business case will set out the approach to delivery for the programme. A programmatic approach has the capacity to benefit all constituent trusts currently in the programme, as well as trusts that will utilise the infrastructure, capability, and capacity of the NHP in the future.

Each individual organisation will also be at different stages of business case development. Some are still at the first stage (strategic outline case) which assesses the initial scope of the project; others have moved on to the second stage (outline business case) which sets out the preferred option and determines affordability and funding requirements. The final stage (full business case) is the procurement phase which sets out the management approach for the delivery and monitoring of the project.

What funding has been confirmed so far?

In **October 2020** the Prime Minister announced that £3.7bn would be made available for trusts to make progress on the 40 hospitals across all cohorts. At the **2021 Spending Review** the £3.7bn capital envelope was confirmed for the period 2022/23 to 2024/25 (additional funding was also made available for upgrades at trusts outside of the NHP). The current envelope therefore does not cover the life cycles of the projects.

Has funding been announced outside of the spending review period (2022/23 – 2024/25)?

No. Given capital departmental expenditure limits (CDEL) are announced periodically in line with the length of spending reviews, the expectation would be that the envelope quantum for the NHP would likely not be announced until the next Spending Review in 2024/25.

What are the wider challenges surrounding capital investment in the NHS?

The capital maintenance backlog remains a major concern for trusts. At this stage of the planning process, early in the financial year, there are concerns about the adequacy of system capital envelopes to address key operational repairs and enable trusts to manage risks to staff and patient safety. Trusts are telling us that the limited headroom within system capital envelopes means they carry high levels of risk related to their infrastructure on a day-to-day basis.