

## Written evidence submitted by NHS Providers

NHS Providers is the membership organisation for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS trusts and foundation trusts to deliver high-quality, patient-focused care by enabling them to learn from each other, acting as their public voice and helping shape the system in which they operate.

NHS Providers has all trusts in voluntary membership, collectively accounting for £115bn of annual expenditure and employing 1.4 million people.

### Key Messages

- **Trusts within the New Hospital Programme (NHP) have been frustrated by delays to the delivery of the programme thus far and consequently to the benefits it promised to bring patients and local communities.** As the [National Audit Office report: 'Progress with the New Hospital Programme'](#)<sup>1</sup> makes clear, the delivery of the NHP has been slower than expected. A number of trusts who were already part of the NHP are deeply disappointed that their schemes will now no longer be delivered until after 2030.
- **Each of the 100 trusts who applied for the final eight places on the NHP are still in need of vital capital investment in order to overhaul ageing NHS estates.** While trust leaders understand the need to prioritise the eradication of reinforced autoclaved aerated concrete (RAAC) from the NHS estate, they equally feel that expectations on the scope of the programme as well as the status of their own applications could have been communicated more effectively.
- **The lack of consideration of the needs of mental health, ambulance and community trusts within the NHP has led to questions over parity of funding.** Mental health and community providers continually flag their disappointment that their capital needs are overlooked. The selection criteria for inclusion in the NHP has still yet to be made clear to trusts. We agree with the NAO that future schemes must be appraised transparently.

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<sup>1</sup> National Audit Office, '[Progress with the New Hospital Programme](#)', July 2023

- Trust leaders will be concerned that the Hospital 2.0 design, championed by the NHP, may not be sufficiently well future proofed given changes in demand, practice and public expectations. The assumptions which underpin the new standardised design must be based on realistic forecasts of the scale of care to be delivered in community settings in future as well as the ability to support safe bed occupancy levels and cope with fluctuating demand pressures.
- Challenges in delivering the aspirations of the NHP have unfolded within a context in which access to capital remains heavily constrained across the NHS. This leaves providers few options for accessing capital to invest in transformation and contributes to a growing backlog maintenance bill of £10.2bn.<sup>2</sup> This submission focuses on the delivery of the NHP but it is important to keep the broader difficulties in accessing capital in mind.

## Delays to the New Hospital Programme (NHP)

While trusts within the NHP welcomed the clarity provided to them by the Secretary of State's statement to parliament in May of this year, they are eager to commence work on the projects that will transform services for their communities. Trusts are concerned about the reputational risk that the mismanagement of public expectations will have on their relationships with local partners and communities should delays to the programme continue.

The well-documented inflationary pressures across the construction industry have had a substantial impact on not only the cost of each scheme, but the timeframe for delivery. For some trusts further delays are no longer an option. Trusts want to see the clarity they received earlier this year on the programme's scope and funding to be turned into action, and continued support for their business case development that they can finally commence construction work.

The Secretary of State announced in May that eight of the Cohort Four schemes will now be delayed until after 2030, with construction work not expecting to start until the latter half of this decade. The trusts who have had their schemes delayed beyond 2030 are deeply disappointed that upgrades to their estate won't be forthcoming in the near future. This has a substantial financial impact as trusts with delayed schemes are now focusing on spending already-thin capital budgets to maintain their deteriorating estates

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<sup>2</sup> NHS Digital, '*Estates Return Information Collection 2021/22*', October 2022

and mitigate safety risks to staff and patients. Critical infrastructure risk can be increasingly costly and operationally challenging to mitigate. Prolonging the wait for the eight schemes which have been delayed until after 2030 will present a significant challenge.

## Management of trust expectations

In July 2021, the government announced plans to fund an additional eight new hospitals, in addition to the 40 new hospitals it originally pledged to build, taking the total number of new hospitals to 48. 100 trusts applied to be included in the final cohort of schemes to be added to the NHP, highlighting the demand for capital investment across the NHS to overhaul ageing estates. The Secretary of State's statement to parliament in May announced that five trusts that are facing critical safety risk due to the levels of RAAC present in their estates will join the NHP. Trust leaders understand the need to prioritise the eradication of RAAC from the NHS on the grounds of public safety. However, those trusts with RAAC present in their estates have felt that safety critical decisions to offer support have been slow, with many running local campaigns to draw attention to critical infrastructure risks. In addition, trusts excluded from the NHP are rightly concerned that access to the NHP has been closed off and their applications have not been considered.

Trusts support the adoption of a programmatic approach to the NHP with appropriate financial controls and gateways, given the scale of funding involved, however, they have significant concerns with how the programme has been delivered. Delays to programme's delivery; uncertainty around business case approval; and clarity over the scope of the programme left many trusts unsure on the status of their schemes and when or how they would be delivered. The NHP has highlighted the challenge in delivering a national programme driven by government while leaving trusts wholly accountable to their local populations. In order for the programme to be successful, there must be significant engagement between national and local leaders. Following the announcement that NHS England will now be responsible for the programme's delivery, trusts need clarity as to the future governance – including the role of NHS England in programme delivery – and direction of the programme so that all parties can be certain about the commitments made to the public. In addition to this, there is uncertainty about what impact a potential change of government may have on the direction of the NHP.

## Parity of funding for mental health, community and ambulance services

There are only two mental health schemes within the NHP, leading to questions over parity of funding. In its announcement which opened the application process for the final eight places for the NHP, the Department for Health and Social Care (DHSC) specifically stated that they were “keen to receive applications from trust types currently under-represented in the new hospitals programme, such as mental health and community trusts”.<sup>3</sup> Nearly 50 applications were made from mental health trusts for the final places on the NHP, raising legitimate safety concerns over tired estates and out-of-date facilities, and the need to invest in more therapeutic modern day environments. However, none of these schemes were selected.

Community service providers have emphasised the need for additional capital funding to invest in technology to support care in the home, to maintain multi-site practice with often smaller facilities embedded in communities, and to invest in facilities to offer intermediate care and rehabilitation, in line with national policies to address seasonal pressures and to support timely discharge from hospital.

Ambulance trusts similarly require investment to maintain multiple sites, in an estate covering a large geographical area, to maintain their fleet and to update facilities to meet carbon neutral ambitions.

While we understand the explicit focus of the NHP on hospital environments, in order for the NHP to be a vehicle to help support the transformation of the NHS, it must be underpinned by a whole-system approach to strategic capital investment.

All trust leaders will be concerned that the NHP could not provide the NAO with sufficient documentation to account for the initial selection of schemes into the programme. Trusts expect such decisions to be made in a transparent way with clear and unambiguous criteria to evaluate all schemes which have applied for selection.

The government also announced a new rolling programme of capital investment for new hospital infrastructure beyond 2030. We await further detail about the programme, and when trusts can apply for strategic capital funding to upgrade facilities.

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<sup>3</sup> Department of Health & Social Care, *'Health Infrastructure Plan: selection process for the next 8 new hospitals'*

## Ensuring new hospitals are fit for the future

As confirmed by the Secretary of State in his announcement earlier this year, the NHP will be using a standardised hospital design, entitled 'Hospital 2.0', and modern methods of construction for a number of the schemes within the NHP. The NAO's report highlights a number of risks with the assumptions underpinning the minimum viable product version of the Hospital 2.0 design. The assumptions made on the proportion of care to be delivered in out-of-hospital settings in future and sustainable levels of bed occupancy need to be realistic. Occupancy rates in England are generally thought to exceed those in comparable countries. Operating hospitals at 95% occupancy may not be sustainable and doesn't give sufficient flexibility for hospitals to be able to cope with fluctuations in demand.<sup>4</sup> Trusts acknowledge that we cannot afford to get this wrong and expect government to heed the warnings set out in the NAO's report.

The NHP has the potential to transform the way we deliver care to patients and provide a safe and secure environment for staff. However, trusts remain concerned that the indicative funding provided to the end of the decade may mean that significant trade-offs will need to be made in order to deliver an affordable scheme. Trusts within the programme do not wish to see the scope and ambition of their scheme constrained to such an extent that could limit improvements in clinical outcomes, infrastructure efficiency and patient experience. Trusts remain committed to delivering their net zero targets and enhancing the digital capability of proposed new hospitals but are concerned about the challenge of delivering their business case proposals within the existing financial envelope. The NHP needs to strike the right balance in providing value for money for the taxpayer while also ensuring that the transformative benefits that a new hospital can bring to a local community are sustained.

### **August 2023**

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<sup>4</sup> The King's Fund, '*NHS hospital bed numbers: past, present, future*', November 2021