

Public Accounts Committee: New Hospitals Programme

August 2023

About us

The [NHS Confederation](#) is the membership organisation that brings together, supports and speaks for the whole healthcare system in England, Wales and Northern Ireland. The members we represent employ 1.5 million staff, care for more than 1 million patients a day and control £150 billion of public expenditure. We promote collaboration and partnership working as the key to improving population health, delivering high quality-care, and reducing health inequalities.

This evidence has been collated primarily by the [NHS Confederation's Acute Network](#), which represents acute trusts, ambulance services and integrated providers. It also reflects the insights of our [Integrated Care Systems Network](#) to provide context with regard to the impact of the programme on wider local health systems.

Whilst this inquiry is about the New Hospitals Programme, we don't think this can be considered in isolation from wider capital funding (for the NHS estate, but also wider infrastructures and digital) in the NHS and as such that is reflected in this submission.

Context for the programme

1. The UK has spent the past two decades reducing health capital spend. This became particularly pronounced throughout the 2010s, as the UK spent less than half of what the rest of the EU14 (countries who were members of the EU before 2004) spent on health capital. Between 2010 and 2020 the UK has spent around half the OECD average on health capital.¹ We would have spent £33bn more over that same period had we matched the EU14 average.²
2. That figure is already more than the estimated cost of the New Hospitals programme up to 2030. Whilst NHS Confederation members in receipt of funding via the programme have welcomed it (though 90% who applied to the programme got no funding at all), the overwhelming view of our members is that the programme alone will not be nearly sufficient to address the scale of disrepair and dilapidation seen across the NHS estate. NHS England data shows there is currently a maintenance backlog of over £11 billion alone across the NHS as it stands.³ This has increased by 8.8% from £10.2 billion last year.

¹ <https://www.nhsconfed.org/publications/unlocking-capital-funding#:~:text=Capital%20investment%20drives%20productivity%20improvements,to%20help%20fight%20health%20inequalities>

² <https://www.health.org.uk/news-and-comment/charts-and-infographics/how-does-uk-health-spending-compare-across-europe-over-the-past-decade>

³ <https://digital.nhs.uk/data-and-information/publications/statistical/estates-returns-information-collection/england-2021-22>

3. In a survey we conducted with our members in June 2022, 9 in 10 said that a lack of capital investment in the NHS was undermining their ability to tackle the elective backlog. The same proportion said it was impacting their ability to meet patient safety requirements.⁴
4. As a result of this survey, in the run-up to the Autumn Budget of 2022 the NHS Confederation lobbied for an increase in capital funding to protect committed budgets – including for the New Hospitals Programme – from inflation by increasing them. Whilst NHS Confederation members were pleased rumours of cuts to capital budgets prior to the fiscal event were incorrect, they were very disappointed not to see them increase.
5. Government has since explicitly cited the increasing cost of building materials as the reason eight of the planned schemes under the programme have been postponed until after 2030.⁵

Financial impact of delays

6. Our members are becoming increasingly frustrated with delays to the programme, which is causing them to need to spend additional money from already overstretched budgets to manage short-term maintenance issues whilst they wait.⁶
7. In our June 2022 survey, one ICS leader in the North of England said delays to the New Hospitals Programme meant staff were having to work in “appalling conditions” and that the system was facing a “very large bill for propping up” a dilapidated hospital.⁷
8. These delays are compounded by the fact that only £20 billion of funding has been pledged for the programme so far, when it is expected to cost £37 billion.⁸

Impact of delays on efficiency, productivity and value for money

9. Underinvestment in capital has a knock-on effect on productivity. To increase workforce productivity, there needs to be capital deepening per worker. It is also necessary to see this productivity challenge in the wider context of over 110,000 NHS staff vacancies and a record number of people on waiting lists for treatment.
10. Whilst incredibly welcome, the recently published NHS Workforce Plan will not be able to be implemented without NHS capital to support workforce productivity and the most efficient ways of working. The plan is currently based on assumptions about significant productivity increases of 1.5 – 2% which is almost double the historical average of 0.9 per cent going back to 1997.⁹
11. Capital investment also drives increased efficiency in the provision of NHS care –the rollout of electronic patient records, facilities built to meet modern-day patient needs and state-of-the-art equipment all support NHS services to deliver the best possible care.
12. A trust in South West England with a Victorian-era estate told us that lack of space is effectively blocking up to 20 per cent of its bed capacity. Its hospital estate has

⁴ <https://www.nhsconfed.org/news/lack-capital-funding-risking-patient-safety-and-impeding-waiting-list-recovery-new-poll-nhs>

⁵ <https://healthmedia.blog.gov.uk/2023/05/25/new-hospital-programme-media-fact-sheet/>

⁶ <https://www.nhsconfed.org/news/nhs-confederation-responds-national-audit-office-report-new-hospitals-programme#:~:text=%E2%80%9CWe%20agree%20with%20the%20recommendations.scanners%2C%20and%20beds%20it%20has.>

⁷ <https://www.nhsconfed.org/news/lack-capital-funding-risking-patient-safety-and-impeding-waiting-list-recovery-new-poll-nhs>

⁸ <https://www.nhsconfed.org/news/nhs-confederation-responds-national-audit-office-report-new-hospitals-programme>

⁹ <https://www.nhsconfed.org/publications/nhs-long-term-workforce-plan-what-you-need-know#:~:text=The%20plan%20assumes%20the%20NHS.technology%20is%20negatively%20impacting%20labour>

buildings and services spread over a large area on one site, requiring transportation of patients outside. This takes time and impacts on productivity.

13. This is something that the public wants to see action on – recent Ipsos polling undertaken on behalf of the NHS Confederation found 29% of respondents think inefficient working in the NHS is the factor most responsible for the elective care backlog.¹⁰ Given capital investment drives efficiency this is a key way to help NHS services make progress on long waiting lists.

Accessing capital funding

14. In addition to underinvestment in capital, NHS Confederation members – particularly ICS leaders – frequently cite delays on the allocation of capital funding and the shorter-term funding cycle as frustrating the system’s capabilities to deliver high-quality care.
15. Bedfordshire, Luton and Milton Keynes ICS met difficulties when bidding for community diagnostic centres (CDC) to support capacity in ophthalmology. Although guidance supported CDC ophthalmology as an appropriate pathway for inclusion, the system was later advised that ophthalmology was no longer being supported with capital or revenue funds, after spending significant time building a case with system partners. This significantly delayed the programme and created tensions between national guidance and the ICS priority to address health inequalities. Ophthalmology was eventually supported following significant intervention from CEOs and remodeling of the plans.¹¹

Wider financial context in the NHS

16. In the current economic context, there has been a tendency across government to see the capital budget as something that can be ‘raided’ when the revenue budget became tight.
17. In addition, over previous years there has been an increasing tendency to provide short-term funding stipulated for specific projects which doesn’t reflect the wider reality of the challenges the NHS is currently facing.
18. Whilst capital investment is undoubtedly expensive at the outset, government should view it through the lens of the returns it generates both for the NHS and wider economy. Independent analysis the NHS Confederation published in October 2022 found every £1 invested in the NHS generates £4 in gross value added (GVA).¹² In the context where a record number of UK adults are currently unable to work due to ill health, investment in capital would improve efficiency in the NHS, and help services to tackle the backlog more quickly.

What NHS leaders want to see

19. NHS leaders were pleased to see government accept the recommendation of the Hewitt review to undertake a capital review.¹³ The review should give greater autonomy for ICS

¹⁰ <https://www.nhsconfed.org/system/files/2023-07/NHS-Confederation-Ipsos-survey-on-public-attitudes-towards-the-NHS.pdf>

¹¹ <https://www.nhsconfed.org/publications/state-integrated-care-systems-202223>

¹² <https://www.nhsconfed.org/publications/analysis-link-between-investing-health-and-economic-growth>

¹³ <https://www.nhsconfed.org/publications/governments-response-hewitt-review-and-health-and-social-care-select-committee-report#:~:text=Overall%20the%20response%20is%20positive.of%20the%20total%2036%20rejected.>

to be able spend their capital budgets in the way that best meets the health and care needs of the communities they serve. It should also grant an overall increase in the nation's capital department expenditure limit (CDEL) to allow members to seek well thought through and value for taxpayers alternate funding sources.

20. Government must also look beyond the New Hospitals Programme to consider wider capital programmes that reflect that primary care, community and mental health service estates and infrastructure have considerable maintenance backlogs and capital needs of their own. Only a system-wide approach which deliver the increased productivity and efficiency the NHS needs to provide the best possible care to patients.