

# Exclusive: Government tells hospitals to submit cheaper rebuild plans

By [Nick Carding](#) 29 July 2021

- New hospitals leadership orders three sets of building plans from most advanced trusts
- Trusts told to submit plans costing less than their preferred scheme
- Previous estimates of five schemes suggest at least £900m reduction from preferred plans
- In-budget option may affect trusts' "site-wide" ambitions

NHS trusts hoping to build the first new hospitals under the government's flagship infrastructure project have been told to submit plans for schemes costing less than £400m, prompting concern about plans being watered down.

Last week, the New Hospital Programme team – which oversees the government's "40 new hospitals" programme – wrote to the eight "pathfinder" trusts asking them to submit three sets of plans for evaluation.

The letter, seen by *HSJ*, ordered trusts to send:

- An option costing no more than £400m;
- The trust's preferred option, at the cost they are currently expecting; and
- A "phased approach" to delivery of the preferred option.

Submitting this set of plans are an "important part of establishing the overall capital envelope of the programme with the Treasury", according to the NHP letter.

However, the requirement to submit plans for schemes capped at £400m has raised concerns that trusts will not be able to build the hospital they initially planned.

Although final costs have not been confirmed yet, most of the pathfinder trusts have previously estimated that their schemes will cost significantly more than £400m.

These include:

[Manchester University \(£600m\)](#),  
[Princess Alexandra \(£600m\)](#),  
[West Hertfordshire \(£590m\)](#),  
[Epsom and St Helier \(£511m\)](#),  
[Leicester \(£500m\)](#), and  
[Leeds \(£500m\)](#).

The difference between these estimates at each trust and £400m comes to a total of £701m. The estimates for the other two pathfinder trusts Hillingdon and Barts Health are not known.

However, only £2.7bn has been [earmarked by the government for the building programme](#) up to 2025, with the rest of the money for the programme set to be made available after 2025.

The NHP stated in its letter to trusts that there was a "clear expectation" that the "40 new hospitals" programme is delivered within a "finite and carefully controlled budget envelope" to ensure best value for taxpayers' money.

This means a “decision to increase the funding allocated to any given scheme will require trade-offs elsewhere”, the letter stated.

However, it acknowledged that the £400m budget option “may not represent your preferred way forward or may have a higher forecast total cost over the longer-term”, but it added that “this approach will ensure that in-budget options are fully considered along with other shortlisted options”.

The £400m option is expected to involve the “continued use of some existing estates and buildings... which may impact upon the realisation of site-wide ambitions in the medium term” – the letter stated.

The same request for three sets of plans will be made to the remaining 19 trusts in the programme which are planning schemes that will be funded after 2025.

A spokeswoman for the Department of Health and Social Care told *HSJ*: “Upfront financial affordability will always need to be considered alongside the benefits of each scheme as part of options appraisal. Any potential material growth in cost beyond initial plans will always need full consideration given the need for financial discipline across the whole portfolio of... hospitals. It is therefore right and proper to engage trusts on cost/benefits of a range of options.”

One local estates lead told *HSJ* the £400m option would represent a significant change from their trust’s preferred option, and would cause “headaches” for all the pathfinder trusts.

Another local lead questioned whether the £400m option would be able to maximise the opportunities offered by technology and carbon net-zero agenda.

The NHP letter, sent last week, stated trusts should already have most of the “necessary detail” around their preferred options, while the £400m option “should have formed your do minimum or another option as part of your business case development work”. Trusts have until Monday to send the plans.

Earlier this month the NHP leadership [set out plans for a “commercial strategy” with suppliers](#) which – they hope – will streamline procurement and create a standardised approach to construction.

This means construction on any of the new hospitals is unlikely to start before 2023. It is not yet clear which schemes will get the first go-ahead, although Barts Health described itself in [board papers](#) as one of the “more advanced” pathfinder trusts, while Princess Alexandra said in its [board papers](#) it was the only pathfinder trust not to have “received a red” against any of the design criteria – following a review of all eight trusts by NHP’s leadership in the Spring.

- *Story updated at 9.19am on 29 July to include DHSC comment.*

**Source:** Information obtained by *HSJ*    **Source Date:** July 2021