

New Hospital Campaign

NHC

For real transformation in West Hertfordshire

Rt. Hon Sir Mike Penning MP
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26 April 2023

Dr Jane Halpin
Chief Executive Officer
Hertfordshire and West Essex Integrated Care Board
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Dear Dr Halpin

We understand that an announcement of the capital allocation for acute redevelopment at West Hertfordshire Teaching Hospitals NHS Trust (WHTHT) was postponed some weeks ago.

The Trust's plans are already well behind schedule. A series of deadlines for completion of the outline business case have been missed. The Trust could well lose its place in the 'pathfinder' tranche of the New Hospital Programme.

This is a serious situation, which strongly suggests that the Treasury remain unconvinced by the Trust's plans.

In particular there must now be increasing doubts that any option for an emergency care and specialist hospital at Watford General Hospital (WGH) will be affordable, offer good value for money, and also deliver on the New Hospital Programme's imperative of greater standardisation. The chances of Watford General providing an accessible and healing environment for care have always been very slim.

This state of affairs should be of special concern to the ICB as the body charged with oversight of the service in Hertfordshire and West Essex. We draw attention to some of the most significant issues for you later in this letter.

Why Watford General is the wrong choice

The New Hospital Campaign (NHC) believes that Watford General is not a suitable site for emergency and specialist care, for a host of reasons, but particularly because it is extremely congested, inaccessible - and unpopular.

In the Spring of 2021, a professionally-conducted survey commissioned by the Trust concluded:

The fact is that very, very few people like Watford General Hospital in its current state. Whilst care provision is rated positively, survey respondents considered the building itself to be extremely rundown, unclean, unattractive, hard to access and disorganised.

As we outline below, the Trust have not settled on a feasible plan to improve this dire situation, which has deteriorated further as the condition of the buildings has worsened. Any major construction work at the Hospital will inflict on patients and staff many years of disruption to add to the existing problems.

Public confidence in the Trust's plans for redevelopment is also in doubt. This is especially the case for residents of Dacorum, Hertfordshire's largest borough. The Spring 2021 Survey concluded that *'The average opinion of residents from Dacorum was 'no, very few of the [Trust's redevelopment] plans sound appropriate'.*

Local political support for the Trust's redevelopment proposals is weak. Of the six MPs with constituents in the West Herts area, only two made statements supporting the Trust's plans for a key Trust Board meeting in May 2022. The MP for Hemel Hempstead is firmly opposed to the plans for Watford General. Of the six relevant local authorities, just three were in support, with Dacorum Council in opposition and the County Council not stating a preference as to location of the emergency care hospital. This failure to garner much political backing - despite the Trust's determined lobbying campaign - is a reflection of the lack of any groundswell of public opinion in favour of redevelopment at Watford General.

It is astonishing that the prospect of major NHS investment has so dismally failed to excite public and political enthusiasm for the Watford General plans across West Hertfordshire.

On the issue of poor access, which is recognised by all, including the Trust, as a key problem with WGH, there is very little that can be done. The siting of the Hospital in a highly congested part of a densely-populated town near the far edge of the West Hertfordshire area makes it inevitable that access for the 500,000 people of the area will always be very difficult. Bus services are being reduced in Hertfordshire and green travel plans to cut dependence on car travel will take many years to make an impact. Even then, many patients will inevitably need to travel to WGH by car because of their vulnerability. Yet it appears likely that the new car park at Watford will not be big enough to accommodate future demand.

Moreover, the Trust continue to ignore the logistical and construction difficulties of redeveloping at WGH on a cramped site while continuing to attempt to provide the necessary standards of healthcare to people across West Herts.

Instead, people in West Herts need a new hospital on a clear new central site easily accessible to all across the area. But the Trust have refused to undertake full and proper appraisal of that option, and continue to insist that emergency and acute services must be provided at the Watford General site.

A saga of failure

The apparent impasse over the Watford General plans is the latest episode in a long-running saga of Trust failure. One example is the Trust's concession of land for a multi storey car park - at a cost of £40 million - that will soon have too few spaces if plans to increase the number of beds are taken forward. The Trust's involvement with Watford Borough Council and developers Kier in the so-called Watford Health Campus project appears to have resulted in the prospect of a radically-reduced footprint for the new hospital. This will need to be built on just 3.67 hectares whereas the current hospital extends to 7.5 hectares. This outcome of the Trust's involvement with the WHC is a poor one for the NHS.

Given increased demands for beds, the only viable design for the new building on the compromised and constrained Watford General site is apparently a series of expensive, looming high-rise blocks which are completely out of sympathy with the rest of the New Hospital Programme schemes, which tend to be human-scale medium-rises. You will need no reminding also that public attitudes to high-rise buildings have been deeply affected by the Grenfell tragedy. In Watford itself, there is a specific problem - considerable public opposition to the recent and planned proliferation of high-rise residential blocks.

There is no reason to believe that three closely-packed hospital high-rises, the tallest reaching 260 feet, would be any more popular with the Watford or West Herts public.

Financial weaknesses and the neglect of value-for-money

The weakest aspect of the Trust's performance, however, has been a loss of control and lack of clarity over the projected costs of the redevelopment scheme – although the Department and the NHS have contributed to the confusion by failing to give consistent signals over allocations. The New Hospital Programme has not provided the necessary leadership.

The result has been a series of bewildering and often unexplained changes in cost projections, with a recent spike to levels that are clearly unaffordable. This is the Trust's historical series of figures, provided at a public engagement session in March 2022, for projected costs for a preferred way forward at Watford General, **without allowing for inflation:**

Date	Projected Cost
2017 Strategic Outline Case	c £650 m
2019 Strategic Outline Case	£300 m
2020 Outline Business Case shortlist	£540 m
2022 (March)	£940 m

In March 2022, the costs of redeveloping at Watford General **including inflation** were calculated at £1.1 bn. Recent events, especially very high construction inflation, have of course added considerably to the likely cost. This has led to the apparent stand-off over Watford General.

The Trust point out, justifiably, that a number of factors, including the need to incorporate net zero and some increase in bed numbers, have contributed to the rise in real-terms costs. However, these surely cannot explain the whole of the increase in projected costs of £400m - 74 percent - between 2020 and 2022. The National Audit Office may be interested to hear the NHP's explanations for this jump.

To support its case, the Trust has drawn up financial projections which assume unrealistically generous subventions from central funds to bail the Trust out of substantial planned deficits in the second half of the 2020s. The Government has made it abundantly clear that it intends to **reduce** debt drastically at that very time.

The Trust are therefore indulging in fantasy finance.

Flawed evidence

In making the case for redevelopment at Watford, the Trust have relied, and continue to rely to a large extent, on a site feasibility study (SFS)¹ of August 2020 which was said to support the case for redevelopment and to undermine the case for a clear new site. This focused narrowly just on 'deliverability' – the likely speed of construction and the impact of potential risks. The study was of poor quality. The SFS:

- Was a superficial, largely desk-based exercise, with no visits being undertaken to alternative sites. At least one new site was dismissed on the basis of one 45-minute phone call;
- Provided an inadequate, explicitly 'subjective' assessment of the options. The Treasury's Green Book on investment decisions requires that expenditure decisions should be made on objective grounds, not on the basis of pure subjectivity;
- Was not independent, despite misleading claims to the contrary by the Trust. It was submitted by the property arm of the Royal Free London Foundation Trust, a corporate partner of the West Herts Trust on a wide variety of projects, both clinical

¹ West Hertfordshire Hospitals NHS Trust. *Site Feasibility Study*, 21 August 2020. Available on WHHT website

and non-clinical. The obvious conflicts of interest were not made public or managed as required by the relevant guidance;

- Was internally inconsistent. The Royal Free officials' conclusion included the sweeping statement that *"This report demonstrates that the greenfield [clear new site] options carry far greater risk and complexity compared to the Watford General Hospital site options evidenced in the projected achievable timelines"* (page 4). However, this was not supported by the Royal Free's own evidence as set out in the SFS, which told a very different and much less conclusive story; a table in the SFS (page 3) showed that, in certain circumstances, a new hospital on a clear new site could be built **more quickly** than a new facility on the existing Watford General site;
- Is now irrelevant: it assumed a much smaller - and less expensive - building scheme than the one now planned by the Trust;
- Paid no attention to actual or potential value for money. Without solid and credible evidence on that key factor, the scheme is wide open to rejection by the Treasury. The failure to assess the financial consequences of building at Watford General against alternative options has proved to be a crucial weakness in the Trust's case for investment in West Hertfordshire - and has no doubt contributed to the present problems. It is frustrating that this point was made several times by the New Hospital Campaign, and completely ignored by the Trust.

Subsequent events have failed to resolve the situation. An independent expert review of the SFS, commissioned by the NHC, concluded in late 2020 that building on a new clear site could be a better and more deliverable option than the Watford General scheme. Absurdly, and ignoring the obvious conflict of interest, the West Herts Trust asked the Royal Free to assess both this NHC-commissioned review and the SFS; it was therefore no surprise that RFL came down in favour of its own report. The Trust undertook another 'review' of the site decision in the spring of 2022, but without questioning the validity of the SFS. That 2022 review therefore also lacked any credibility.

There is still no settled design for the Watford General scheme; it is understood that the Trust's 'preferred option' of a tower block hospital has been modified or abandoned.

Given this history of poor Trust control of projected costs and muddled design specifications, and current and prospective financial pressures across the NHS, it is hardly surprising that the Treasury have balked at the prospect of giving the go-ahead for a specific scheme for Watford General. Neither is it clear how the failure to control the costs of WGH will affect the level of investment at St Albans City Hospital and Hemel Hempstead Hospital, both of which require urgent improvements; bluntly, will there be anything left when Watford General has taken its outsize share?

All of the Watford General options are either unaffordable or offer very poor value for money. It will be very hard for the NHP to claim that it has sought to maximise value for money when it has allowed the Trust to narrow the options without sound technical justification.

Conclusions and a way forward

Given the poor condition of the whole West Herts estate and the mounting cost of backlog repairs, urgent action must be taken to provide the right new buildings in the right place.

As it is extremely unlikely that a comprehensive and affordable solution can be found for emergency and specialist care at Watford, other more practical options must be explored without delay. Phased construction is one approach that could fit better with the likely pattern of future funding. That would be very difficult indeed at Watford General but could be considered for a clear new site.

The New Hospital Campaign have long advocated full and honest appraisal of the alternative option of a completely new emergency care and specialist hospital on a clear new site. The Trust have consistently failed to make that appraisal, and they have thus rejected an opportunity to test affordability and potential value for money.

This latest debacle fully vindicates our arguments. An appropriate clear new site would be much better for a standardised modular build, as required by the NHP, than Watford General, with its cramped and sloping site, tangle of aged underground utility tunnels, asbestos risk and severe fundamental access difficulties.

The financial cost to the Trust, and the financially-accountable ICB, of the four or five-year construction project planned for Watford General could be severe. The Trust's Chief Financial Officer has already warned the Trust Board that the recent introduction of payment by results will demand considerable efforts to increase elective activity and cut costs. There is a long way to go for West Herts, recently identified as England's poorest performer on elective recovery in the first half of 2022-23 and struggling with an inadequate record on cost improvement programmes. The public's hearty dislike of the environment of Watford General may well be contributing to this failure to attract elective work, and diminishing further the reputation of the NHS among the half-million people of West Hertfordshire.

The risk is that the Trust's already-jeopardised income from elective activity could suffer a further downturn as the public shuns the Watford General site during the anticipated lengthy period of redevelopment and takes its custom to neighbouring ICBs. A clear new site for emergency and specialist care would of course avoid this uncertainty.

The ICB has an excellent example within its borders of the benefits of a new site emergency care and specialist hospital which appears to have gained the support of the Treasury – the planned new Princess Alexandra Hospital for Harlow. Surely there is room to explore opportunities for joint working and local standardisation and lesson-learning if both West Herts and Princess Alexandra share a common approach to their common issues?

We believe that a fully independent review of the situation is the best way forward. This must allow for a genuine assessment of options. The Terms of Reference of the review would be along these lines:

To review the options for development of an emergency care and specialist hospital for West Hertfordshire. This should take into account patient needs, affordability and value for money. The review should report by 31 July.

This review would be about opening up options that may have been closed off by the Trust's stubborn insistence on redeveloping Watford General at all costs.

The Trust should not undertake or supervise this review. As we have seen, it has made a series of errors and has signally failed to win the confidence of NHS leaders, the Government, or, most importantly, the public of West Hertfordshire.

To avoid the mistakes made when the Trust engaged their partner organisation to carry out the 'Site Feasibility Study' the review should be free of any suggestion of conflict of interest. The reviewer or reviewers should be technically unimpeachable and totally independent of the Trust, the NHS and the Government.

As a new body with a vital role in supervision of strategy and finance the ICB is well placed to oversee a process which is vital to speedy progress for the people of West Herts. Your role in driving integration of health and care services requires you to look at the bigger picture, which is something that the Watford-focussed West Herts Trust have singularly failed to do.

We hope that you will consider our proposal carefully, in the interests of patients, the taxpayer and the general public.

Yours sincerely



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Cc: Secretary of State for Health and Social Care