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Dr Jane Halpin

Chief Executive

Hertfordshire and West Essex Integrated Care Board

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Dear Dr Halpin

Thank you for your letter of 4 August, in response to ours of 26 April 2023.

We note your comments about the announcement on funding of the New Hospital Programme made by the Secretary of State on 25 May. We welcome the fact that a substantial allocation is to be made for hospital redevelopment in West Hertfordshire, which is a recognition of the needs of the area for new facilities.

However, it has become clear in recent weeks that there are a large number of unanswered questions about the future of the Programme, and it would seem that there are particular issues about their impact on West Hertfordshire. July’s National Audit Office report into the New Hospital Programme has raised some very serious doubts.

**Uncertain funding**

Firstly, you say that the allocation for West Hertfordshire ‘is congruent with the figures the Trust believe are needed to develop the type of facilities set out in their previous business case.’ Presumably this refers to the £1.27 bn assessed as the cost of the Trust’s preferred option for redevelopment in West Hertfordshire Trust Board papers for 31 May 2022.

However, in a recent report on the New Hospital Programme, the National Audit Office assesses the likely cost of the West Hertfordshire redevelopment at up to £2 bn, at 2023 prices. The Trust’s Chief Redevelopment Officer said in a recent Trust Board meeting that they were ‘updating our costs and our scope’ in discussion with the NHP. There is clearly a great deal of uncertainty about the extent of the Government’s financial commitment to the West Hertfordshire acute redevelopment.

This uncertainty raises serious doubts about whether the allocation will be adequate, and about the nature of the facilities to be provided in West Hertfordshire, and in particular at Watford General Hospital. The NHP is pursuing a national policy of funding what it describes as a Minimum Viable Product for each scheme. These would, according to the NHP, be ‘”viable, sustainable hospitals” that comprise “the minimum viable set of services, in the minimum viable building size, to the minimum specification, and at the minimum viable time and cost to build”’.

The NAO expresses ‘concerns about some assumptions NHP has used to develop the MVP. There is a risk of new hospitals being too small if these assumptions prove over-optimistic.’ This is no doubt influencing the current internal review of the scope of the proposed Watford facility, which is concerning, given the projections for the growth of population in West Hertfordshire, including Hemel Hempstead, over the next twenty years.

**A difficult site and a design that fails to follow national standards**

Your letter does not take adequate account of the impact of the standardised Hospital 2.0 model which is currently being developed by the NHP. The Trust confirmed in a recent newsletter that it would be going ahead with ‘three tall towers’ for the new facility at Watford. Planning documents suggest that one of these towers could be 260 feet high. This means that the still-emerging Watford plans will be very much at odds with the central features of the national model of Hospital 2.0; a lengthy and complex process will be needed to amend the current plans to meet its requirements, which are themselves still at a relatively early stage of development.

The NHP is claiming that its modular design will deliver substantial savings in time to project completion and in cost. But this will only apply fully to schemes that are wholly compliant with the Hospital 2.0 model; the proposal for Watford General diverges very considerably from that model. There is no guarantee that any savings will result from the Trust’s efforts.

You claim that the Watford site offers a ‘relatively quick build’. Unfortunately, this is not borne out by the facts. The site at Watford General suffers from many specific difficulties which would hamper construction of a new hospital:

* The small, severely sloping and congested site, with uncertain levels of ground contamination, would pose serious logistical problems for such a large and complex project. Site movements would be restricted and more time would be required when building these structures alongside fully operational acute hospital facilities,
* It is an accepted fact among cost experts in the construction industry that such factors add significantly to the costs of a scheme,
* Current plans are for shared access for construction vehicles, visitors and staff, leading to further congestion, and
* Very tall buildings are more expensive, as the build area is less efficient than in buildings of between four and eight storeys. This is due to the requirement for more lifts, building service risers and more complex foundation solutions.

Indeed, the NAO report warns (page 40) that building on already-developed sites risks jeopardising the potential timing and cost benefits of Hospital 2.0: ‘a particular challenge for NHP is that many of its schemes are on previously developed sites. This means that standard designs will sometimes be implemented at constricted and irregularly-shaped locations.’ This is almost an exact description of the Watford General site, which will be based on the current pathology labs, mortuary and car park. No other NHP scheme shares the particular range of severe construction challenges suffered by Watford. This will inevitably add to the time taken to complete the project.

**A refusal to examine alternatives**

The NAO’s criticisms of the NHP’s attempts to obtain value for money apply with particular force to West Hertfordshire. The main technical evidence used to make the case for focusing redevelopment at Watford General, and rejecting all potential alternative sites, was a Site Feasibility Study of 2020. This made no assessment whatsoever of the potential value for money of redevelopment at Watford – a serious and telling omission.

This was just one aspect of the Trust’s persistent failure to test the development potential of sites other than Watford General, a failure which, among other things, reveals the low priority of value for money considerations in the Trust’s work. The only serious attempt to review alternative sites was commissioned not by the Trust at all, but by one of the ICS’s predecessors in 2016, the Herts Valleys CCG with the Trust in an ancillary role (supposedly).  It produced a long list of 19 possible sites, but despite a number of serious contenders emerging, an expected short list never appeared: the exercise was in effect buried and the Watford option was put back in prime position.

**Can the contractors cope? Watford is an unattractive proposition for the industry**

The problems on the site will have serious consequences for the Watford General project. The reason is that the NAO report reveals a severe shortage of capacity in the construction industry, at least in relation to very large projects such as Watford General. In the next seven years, up to thirteen large NHP schemes are due to be completed. But contractors are getting more and more reluctant to accept the risks associated with such sizeable and complex projects.

The NAO report (page 13) warns: ‘The UK has a number of large infrastructure projects underway and NHP has identified only four main contractors who would consider building a complex, large (valued in excess of £600 million) new hospital.’ The number of construction companies going out of business has risen recently, and the example of Carillion, which collapsed partly because of its involvement with two large hospital projects, is still fresh in the industry’s memory.

There will also be a regional element to capacity shortages, which should be of great concern to your organisation. The NAO report notes (page 46) that: ‘main contractors viewed the delivery of more than one large scheme in the same region concurrently as being likely to create supply-chain capacity risks’.

Watford will be competing in the years between 2024 and 2030 with substantial projects in the same area that would offer a much less risky prospect. These include the proposed new Harlow hospital, which, accommodated in well-designed medium-rise buildings, would fit well with any iteration of Hospital 2.0, should cost less than £1 bn and would occupy a clear flat site with ample room for component storage and access. Neighbouring Hillingdon Hospital, and Whipps Cross Hospital, less than 30 miles away, would also probably present fewer problems than Watford.

The Harlow Trust’s choice of a clear site has put it in a good position. Michael Meredith, Director of Strategy at that Trust, told Essex County Council’s health overview policy and scrutiny committee on 7 April 2022 that the Trust’s plans for a clear site hospital were ‘strongly supported by the new hospital programme. They have stood behind us all the way so far. They talk about our scheme extremely highly. We are a completely brand-new standalone hospital on a greenfield site. It is an extremely attractive project for the programme and the industry so we are very confident we will get funding.’

By contrast, Watford General, likely to cost up to £2 bn, would be a very unattractive proposition - for everybody. Any bids received would have an additional risk premium, leading to further uncertainty over costs. This will of course have a direct impact on the work of the ICS, as the financial prospects of the Trust will inevitably be jeopardised in future years by very high repayments. The Trust acknowledges that there will also be a long-term impact on elective income. Patients will understandably be reluctant to choose treatment in a hospital that is also a building site.

**Lack of engagement and dialogue over three years**

The developing crisis over the West Hertfordshire plans is a test for your relatively new organisation. The fact that your letter largely repeats familiar and contentious briefing from the Trust suggests that you are still getting to grips with the issue, and does not inspire confidence. Your statement that there is ‘extensive engagement and dialogue with local residents’ shows that you are out of touch with the reality on the ground in West Hertfordshire.

With the exception of one or two isolated meetings, the Trust has failed over the past three years to give the public any encouragement to contribute actively to planning the West Hertfordshire redevelopment.  It was in 2020 that an opinion survey, commissioned by the Trust, found that a clear majority of respondents disagreed or strongly disagreed with the Trust’s preferred option focused on the Watford General site. This inconvenient truth was not even mentioned in a key decision meeting of the Board immediately afterwards in October 2020.  The lack of serious ‘engagement and dialogue’ since then is particularly troubling, given the highly unusual character of the proposed buildings that has been revealed subsequently, and the fact that the estimated costs have soared.

The Trust’s attitude to the public is very much at odds with the views on public engagement set out on your website. You state that, for the ICS, ‘Co-production is central to our work of designing and evaluating health and wellbeing services’ and you define co-production as ‘a view - backed up by evidence - that it’s better for professionals to design services in equal partnership with people who themselves use health and care services.’

We would be grateful to know how you intend to make these excellent aspirations a reality for the people of West Hertfordshire.

**Retrieving the situation – a key role for the ICS**

There is now a strong case for the ICS to commission a new review of possible sites for an emergency care and specialist hospital in West Hertfordshire, given that the old review from seven years ago is now clearly out-of-date.  The fact that there has been no attempt in this whole process to see a review of alternative site options through to its conclusion is a glaring omission and must be corrected.

We understand that landowners with sites that have potential for an emergency care and specialist hospital in West Hertfordshire have been deterred by the aggressive pro-Watford bias of the Trust’s approach. This is a very bad way to assess options for public investment. A review could be completed within the current time-frame as the Trust waits for the publication of the Hospital 2.0 guidance, not expected before May 2024.

It may be objected that a new review would amount to starting from scratch. Fortunately, you already have within your area an excellent example of how to plan for a new hospital - Harlow. There is now an opportunity to make good use of the undoubted ICS area asset represented by that scheme.

As a design guide, the Trust and ICS could use the well-developed Harlow plans. Those plans would naturally need to be adapted for a new site for West Hertfordshire, as the number of beds currently intended for Watford General is nearly 1000, rather larger than the likely number at Harlow. However, the fact that the Harlow plans fit well with the likely Hospital 2.0 standardisation concept suggests that they are readily scalable.

The NHP should welcome this initiative, which offers at least a chance to move forward quickly on a scheme in West Hertfordshire that is in danger of becoming stuck. Contractors would certainly appreciate a plan that offered advantages of scale, combining two similar projects that are relatively close to each other geographically.

For the ICS, a proper review of the West Hertfordshire plans would demonstrate openness to solutions that could offer better value for money than the Watford General option. More widely, it would be a chance for you to show leadership to the rest of the country.

We hope that you will consider our suggestions as a positive contribution to a debate that is vital to the future of health services in the ICS area.

Yours sincerely

Philip Aylett

Co-ordinator

New Hospital Campaign

CC Rt Hon Paul Burstow, Chair, ICS