

Written evidence submitted by the New Hospital Campaign

The Context – Acute Redevelopment in West Hertfordshire

1. The West Hertfordshire Teaching Hospitals NHS Trust is one of the organisations whose redevelopment plans are to be funded by the New Hospital Programme. The Government announced in September 2019 that Watford General would be one of six hospitals in the first group to be developed under the Health Infrastructure Plan, as it was then known. Later it was made clear that improvements to hospitals in Hemel Hempstead and St Albans were to be included in the West Hertfordshire plans, with emergency and specialist care to be provided at Watford, planned surgery at St Albans and planned medical care at Hemel Hempstead.
2. We are a campaign group composed of local people, concerned with protecting the healthcare interests of everyone across West Hertfordshire. Members have an unusually wide range of relevant qualifications and include highly experienced specialists in the management and financing of major public projects. Our primary belief is that the area's emergency and specialist hospital would be much better provided on a clear new site convenient for all the people of West Hertfordshire. It has become clear from our work that the West Hertfordshire Trust have not provided sufficient objective evidence for their choice of Watford General. That site suffers from a range of serious drawbacks in terms of environment, access, patient well-being and ease of construction. We remain unconvinced that the Trust are justified in their approach to acute redevelopment.
3. However, this paper is not intended to engage with the debate on the location of the new emergency care hospital. We confine ourselves here to an assessment of the extent to which the NHP (along with the NHS and Government before the establishment of the NHP) has succeeded in its role in relation to the West Hertfordshire project. We note that West Hertfordshire is one of the largest and most expensive of all the NHP schemes, with a cost estimated by the National Audit Office as between £1 bn and £2 bn. For that reason, we hope this case study will be helpful to the Committee in completing its inquiry. We have examined the effectiveness of the Government, NHS and NHP in relation to the three criteria set out in the NAO report, which asked whether the NHP:
 - was designed and set up to manage the programme effectively;
 - is making progress against its baselines for time, cost and quality; and
 - is effectively identifying and managing the main risks to successful delivery.

Managing the programme effectively

6. The National Audit Office report is highly critical of the failure of the Department to provide 'clear, defensible criteria' and sound documentation to support the selection of hospital schemes for funding.¹ This lack of due process applies especially in relation to West Hertfordshire. In September 2019 the Department announced that Watford General Hospital would be one of the projects funded in the Health Infrastructure Programme (HIP). This stark announcement was not accompanied by any explanation, and took no account of the ongoing debate in the area as to whether Watford General or another site would be best for redevelopment.
7. On another issue, a standardised national approach to the building of new hospitals is key to the value that might be added by central bodies, including the Department of Health and Social Care, NHS England and, since 2021, the New Hospital Programme. In October 2020, the Government said:

New standards will be developed over the coming months to help standardise the design of new hospitals and make use of modular construction methods to speed up the build.²

8. More recently the Government has suggested that very considerable cost and time savings could be realised in the Programme by applying a standard 'modular' approach. The NHP has failed to deliver on the promise. The 'new standards', in the form of the 'Hospital 2.0' model, will not in fact be completed and published before May 2024 at the earliest – nearly four years after the Government made its pledge. The NHP is largely responsible for this failure to provide trusts with the guidance they need. There must be doubts as to whether substantial savings of money and time through application of Hospital 2.0 will ever materialise.
9. The absence of guidance from the NHP has been felt especially severely in West Hertfordshire, where the Trust has tried to overcome a number of obstacles to its acute redevelopment with a very individual, indeed idiosyncratic, approach. The key constraint is that the land available for the site for a new hospital facility at Watford General is half the size of the existing hospital site. This has meant that the most recently-published proposed design would involve three very tall towers closely packed together, on a severe slope currently being used for car parking, within a few metres of the working hospital, with A and E and many clinical wards very nearby. The site is a small triangle of land, affected by poor ground conditions including a high risk of surface water flooding near the proposed new main hospital entrance.

¹ National Audit Office: [Progress with the New Hospital Programme](#), July 2023, p. 10

² Department of Health Press Release: [PM confirms £3.7 billion for 40 hospitals in biggest hospital building programme in a generation](#), 2 October 2020

10. Redevelopment at Watford General will be hampered by a lack of space for site facilities and efficient erection of the pods and modules, which would be a key element of any modular build, including Hospital 2.0. Extra time and spending will be needed to accommodate the working restrictions inevitably associated with sharing the site of an operational hospital. Access for construction vehicles will apparently be shared with access for patients, staff and visitors. Neither the Trust nor the NHP have properly worked through the implications of these problems, which could add a lot to the eventual costs.
11. Thus, Watford General is very far indeed from offering the ideal Hospital 2.0 site. The NAO report is clear about the problems of applying standardised design principles on existing sites, and may well have had Watford General in mind (page 40): '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.'
12. The tallest of the proposed Watford towers would be approximately twice the height of the average building in other NHP schemes – a true outlier, reaching over 260 feet in height. Even setting aside the well-rehearsed safety implications of such buildings, this is well out of kilter with current thinking on hospital design and healing environments. The Trust has been allowed by the NHP to work on this dated and inappropriate scheme for several years.
13. As the NHP rushes to flesh out the details of Hospital 2.0, the Trust is having belatedly to adjust its irregular design at an irregular location to the emerging modular pattern. This hasty process is very unlikely to save either time or money. Many millions of pounds have been spent on consultancy in the design of the current preferred option at Watford, yet further costly modifications will undoubtedly be needed. The Public Accounts Committee has frequently identified changes in specification as a major factor in cost overruns in public projects. Watford looks like being another case in point.
14. The West Hertfordshire Trust's Chief Redevelopment Officer admitted at a Trust Board meeting in July 2023 that it was 'Working closely with the NHP to clarify the inputs into that in terms of the scope and finalising and updating of costs associated with the impact of the technical detailed requirements of the NHP'. The Trust is undoubtedly at fault for its failure to settle on a more appropriate scheme, but it also appears to have received inadequate support and guidance from the NHP.
15. Neither has NHP properly considered the wider strategic impact of getting Watford so wrong. As the scheme is one of the largest of the NHP projects, its inevitable cost overruns and delays will pose substantial risks of slowing and disrupting the whole programme. If, as we fear, Watford General and others are affected by these difficulties, approved funds are likely to be inadequate for the whole of the NHP. In

this case, would a uniform cut be applied to all schemes? Would a first come/first served regime operate? Would some schemes be relegated? Would contractors effectively take their pick and leave some schemes marooned? These are real issues, but the NHP has shown little sign that it is capable of dealing with them effectively.

Making progress against baselines

16. It is alarming that the NAO now estimates the potential final cost of the West Hertfordshire scheme (including much more limited improvements at Hemel Hempstead and St Albans Hospitals) at up to £2 bn. As recently as 2019, the total cost of the scheme was estimated at just £350 m. The NHP's failure to manage projected costs in this instance raises serious questions about the ability of the Programme team to achieve value for money on a national scale.
17. The NHP is also guilty of confusing and inappropriate communications about the costs of the Programme. On 25 May the Health Secretary announced that the cohort of schemes including Watford would be 'fully funded', but no figures were given publicly. There had, however, been briefing of selected MPs by the New Hospital Programme on 24 May. This briefing apparently included purported figures for the indicative allocation of funding for a number of the NHP schemes. Our understanding is that only Conservative MPs were briefed. The West Hertfordshire Trust confirmed in a Trust Board meeting on 6 July that the briefing was provided by the NHP on a 'commercial in confidence' basis.
18. The NHP appears to have suggested in the briefing on 24 May that the indicative allocation of funding for the West Hertfordshire scheme would be £1.27 bn. However, this amount would not represent 'fully funded' support for that scheme; £1.27 bn was simply the Trust's estimate of costs for its preferred option, contained in papers for a May 2022 Trust Board meeting. With inflation in the relevant sector of the construction industry running at well over 10 % between 2022 and 2023, the allocation would have to be about £1.4 bn to meet the costs of the preferred option. There is thus no clarity about the costs involved, or indeed about what will be funded.
19. Some of the most complex and expensive schemes in the NHP may benefit very little from any Hospital 2.0 cost and time saving. This is certainly the case for West Hertfordshire and may also apply to Leeds. This suggests that the overall value for money and affordability of the New Hospital Programme may be undermined by the NHP's failure to set out more speedily the principles of standardisation. In the case of West Hertfordshire, the NHP has also failed to press the Trust to consider a more convenient, flexible and accessible site for the new emergency care and specialist hospital, which could offer better value for money.
20. The NHP's poor communications may also further undermine trust in Government and NHS statements. The failure to define 'fully funded' has led trusts to raise public

expectations; there is no mention in the West Hertfordshire Trust's communications of the salient fact that funding for all NHP schemes is still dependent on Treasury acceptance of a credible business case. For Watford, a failure to meet expectations for a new hospital could be very damaging to the credibility of all concerned, especially as public opinion across much of West Hertfordshire has been firmly opposed to the Trust's plans for redevelopment.

Identifying and managing main risks to successful delivery

21. One major risk to the successful completion of the New Hospital Programme is the construction industry's limited capacity to do the work. The NAO report paints a disturbing picture of serious capacity shortage and widespread risk aversion in the construction industry. In the next seven years, up to thirteen large NHP schemes are due to be completed. But there is evidence that contractors are showing more and more reluctance 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.'
22. The West Hertfordshire Trust will have special difficulty in attracting a bid that would represent good value for money. This is partly because the likely cost of the Watford facility, at well over £1 bn, could deter companies fearful of encountering the same problems as Carillion, whose demise was partly due to the complexity of their work on the Midland Metropolitan and Royal Liverpool Hospitals, both large schemes similar to that planned at Watford. The likelihood is that a number of consortiums or joint ventures would need to be established to spread the considerable financial risk which would be involved in several of the larger NHP schemes. This will further reduce the ability of the industry to take on the Watford challenge, which will involve significantly higher risks than many others in the NHP list. The unavoidable capacity constraints also mean that NHP's projection that it could complete Watford and many other NHP schemes before 2030 is looking extremely optimistic.
23. There is also a regional element to the capacity problem. 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 medium-rise buildings, would fit well with any iteration of Hospital 2.0, should cost less than £1 bn and would occupy a 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. Two of the RAAC

hospitals, which appear to be regarded as a high priority for Ministers, are in the same Eastern Region as Watford.

24. This very tough market situation makes it especially important for the NHP to keep in close touch with the West Hertfordshire Trust and update it regularly on relevant developments in the construction industry. The NHP has failed to do this effectively, to judge by comments from the Trust. As recently as 6 July this year, the Trust's Chief Redevelopment Officer complained in a Board meeting that the Trust was 'not ... sighted on how the NHP is engaging with the industry, but there is work going on we understand to potentially set up a separate framework for engagement, but we have had not a great deal of update on that.'

Key Questions for the NHS and DHSC

- Why has the NHP allowed the West Herts NHS Trust to pursue a site option for new acute services in West Herts that fails to meet basic criteria regarding value for money and will fail to meet the needs of people across the area?
- Why did the NHP leave the West Hertfordshire Trust to work for so long and at such great expense on proposals that were so divergent from any possible standard design?
- Why did the NHP brief some Conservative MPs, supposedly on the indicative allocations for NHP schemes, the day before the official announcement of NHP funding on 25 May? Why was this briefing 'commercial in confidence'? Why did the Secretary of State then refuse to give other Members details of the indicative allocations in the House on 25 May, on grounds of commercial confidentiality?
- In at least one case, the indicative allocations divulged to selected MPs on 24 May were simply historic estimates of the cost of the Trust's preferred option. At that level, these would be inadequate to fund the preferred option, given very significant recent inflation in construction costs. What justification do you have for your claim that the NHP schemes are 'fully funded'?

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