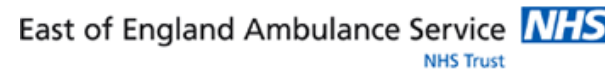


Appendix B



Acute Transformation Strategic Outline Case

Briefing for STP Partners, May 2017



Overview

1. Your Care, Your Future and the STP for Hertfordshire and west Essex have set out a fundamental change in the way services should be delivered, and this is reflected in our future vision for our hospitals.
2. WHHT's current estate has poor functional suitability and represents a serious risk to business continuity; doing nothing is not an option.
3. Estate improvements will support new ways of working, leading to both efficiency and quality improvements, improving WHHT's income and expenditure position in the long term.
4. The Strategic Outline Case (SOC) rules out greenfield options and seeks approval to do more detailed analysis to confirm required works at WHHT's existing sites.
5. There is a spectrum of possible works to meet local requirements, but the SOC sets out two main options.

1. Your Care, Your Future and the STP for Hertfordshire and west Essex have set out a fundamental change in the way services should be delivered, and this is reflected in our future vision for our hospitals

Your Care, Your Future has set out a future model of care to address an urgent case for change

Your Care, Your Future has established a compelling case for change for the local health economy:

- **Changing population needs** – A rapidly ageing population and more people with long term conditions
- **Quality** – Increasing A&E attendance and emergency admissions are placing pressure on services
- **Sustainability** – Providers are generating increasing deficits and the workforce is under pressure

The future model of care addresses these factors based on the following principles:

- Greater focus on prevention
- Care closer to home
- More joined-up patient centred services
- Sustainable for the future

As part of the STP, HVCCG has forecast the following impacts over the next six years:

- 35% reduction in A&E attendances
- 13% reduction in elective admissions
- 28% reduction in non-elective admissions
- 25% reduction in outpatient appointments

WHHT needs to reconfigure its estate to deliver sustainable, high quality acute care for the next 20 years, in support of the Your Care Your Future model of care

In developing our plans for acute hospital services of the future, we have assumed:

- The Your Care Your Future impacts (outlined above) will be achieved by 2025/26
- The same percentage reductions will be further achieved between 2026/27 and 2035/36

The Your Care, Your Future model of care will transform the services being delivered from acute hospital sites

A greater focus on prevention and delivering more care closer to home will change the care provided from acute hospital sites:

- There will be a reduced number of admissions (relative to population size) due to pathway redesign and a move from unplanned to planned care
- **But**, those who are admitted are likely to be higher complexity

	2015/16	2025/26		2035/36	
Population	590,000	665,000	+13%	749,000	+27%
Forecast activity <u>without</u> Your Care, Your Future interventions					
Elective admissions	7,582	9,427	+24%	11,733	+55%
Non-elective admissions	54,395	68,507	+26%	86,111	+58%
Day cases	37,337	47,700	+28%	62,679	+68%
Outpatient appointments	454,557	677,663	+49%	1,010,274	+122%
Forecast activity <u>with</u> Your Care, Your Future interventions					
Elective admissions	7,582	8,184	+8%	8,867	+17%
Non-elective admissions	54,395	54,307	+0%	56,965	+5%
Day cases	37,337	47,700	+28%	62,679	+68%
Outpatient appointments	454,557	513,436	+13%	600,023	+32%

2. WHHT's current estate has poor functional suitability and represents a serious risk to business continuity; doing nothing is not an option

WHHT's current estate does not meet current standards and cannot support modern healthcare needs

The WHHT estate does not meet current NHS building standards expected for acute hospitals:

- Only 10% of the WHHT inpatient bed base is in single rooms
- Inpatient ward areas are based on six bedded bays (rather than four) and are half the required size
- The neonatal unit is only 30% of the required size
- The delivery suite rooms are only 44% of the required standard

Further specific examples demonstrating the poor functional suitability of the WHHT estate include:

- Patients being transported between the main clinical buildings in WGH **must travel via an underground service corridor** used for domestic and clinical waste, stores deliveries and catering services.
- Many buildings have reached end of life and are no longer fit for purpose. Even with major refurbishment they **could not be considered suitable for clinical services.**



Insert photo



Insert photo

- A **severe shortage of facilities** such as waste disposal, linen storage and staff rest facilities adversely impacts on operational efficiency and staff and patient experience.

WHHT's current estate is a significant risk to business continuity and the cost of maintaining it are escalating

Over 68% of WHHT's total estate, and 80% of the WGH site, is assessed to be in 'poor' condition or worse and backlog maintenance is estimated at over £100m.

A number of serious business continuity incidents have occurred over the last year:

- Closures or restrictions of use for operating theatres at WGH and SACH due to **failures of ventilation systems**
- Loss of beds or clinical activity due to **water ingress** following heavy rainfall or failures in water distribution pipework (frequent at all sites)
- Frequent **sewage ingress** into clinical areas (Emergency Department, WACS and Radiology at WGH) due to failures of wastewater system



- **Road collapse** outside main entrance at WGH due to failure of underground duct
- Failures in steam distribution pipework leading to **frequent loss of heating and hot water** in clinical areas, particularly across WGH site

3. Estate improvements will support new ways of working, leading to both efficiency and quality improvements, improving WHHT's income and expenditure position in the long term

A redevelopment of the estate will provide WHHT with the opportunity to properly exploit advances in hospital care

The nature of acute hospital care is changing and so WHHT's estate must be redeveloped to allow exploitation of these advances, and provide flexibility for the future. For example:

Telemedicine

Cumbria and Lancashire Telestroke Network, Aberdeen Royal Infirmary

Description

- Consultants provide clinical advice using an HD camera and monitor.
- Can be used to provide advice to other healthcare professionals in remote locations or out of hours.

Benefits

- Consultants spend less time travelling between sites.
- Available 24/7, leading to faster diagnosis.
- Quicker initiation of the correct treatment.
- Improved recovery rates for patients.



Virtual outpatient clinics

Lancaster Royal Infirmary

Description

- Health professionals use HD video screens to have consultations with patients without being in the same room.

Benefits

- A proportion of consultation rooms can be ~50% smaller, allowing space to be used for other purposes.
- Faster access for patients.
- Reduced travel time and parking for patients.

A redevelopment of the estate will provide WHHT with the opportunity to properly exploit advances in hospital care

Barn theatres

Wrightington Hospital, Lancashire and Broadgreen Hospital, Liverpool

Description

- Open-plan surgical area with an ultra-clean air canopy to prevent spread of infection.
- Particularly appropriate for orthopaedic surgery, involving broadly repetitive processes.

Benefits

- Enables savings on overall floor space, and therefore cost.
- Allows surgeons to improve their knowledge and, in the long run, improve patient outcomes.



Endoscopy pods

Chase Farm Hospital

Description

- Each patient has their own trolley space, and ensuite toilet.
- The pod may have a fixed door or curtain to the front.

Benefits

- Space efficient method of eliminating mixed sex accommodation, in line with guidance from the Joint Advisory Group of GI Endoscopy (JAG)
- More privacy and dignity for patients.



Estate improvements are necessary to secure WHHT's financial sustainability

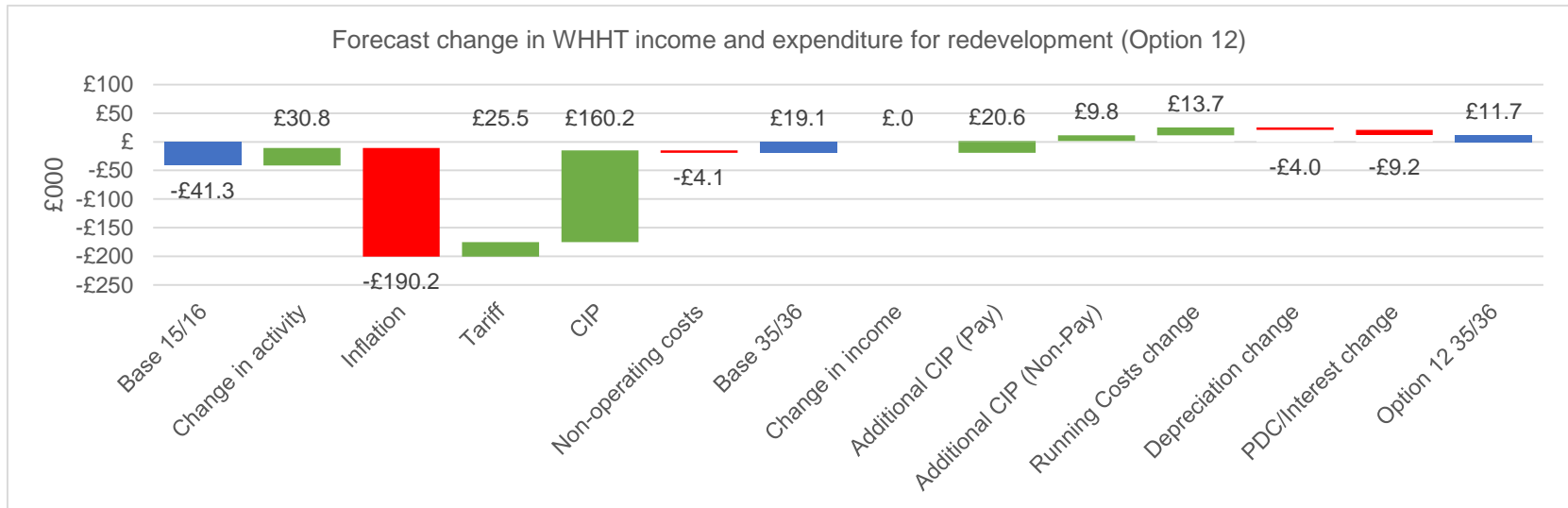
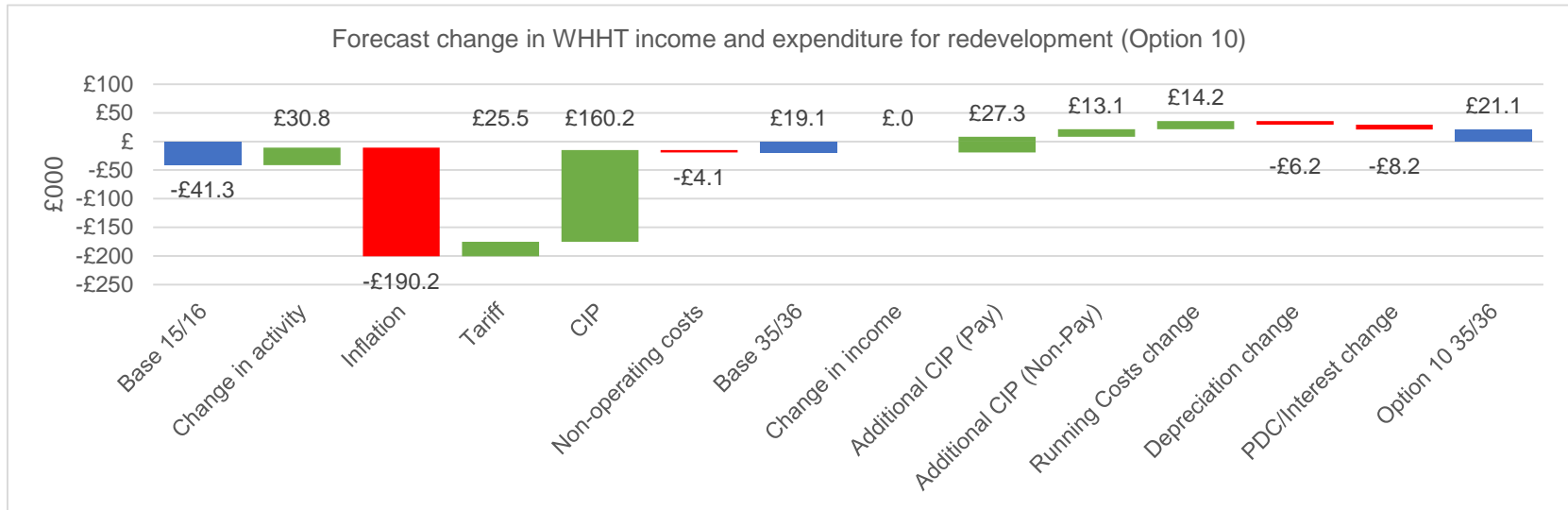
Investing in our estate will increase our annual expenditure:

- In the SOC we have assumed that the required capital investment can be funded by PDC:
 - PDC incurs a charge of 3.5% of the net asset value per year
 - The change in annual costs to service a capital investment of around £600m will be around £15m
- The change in annual costs would be different if the capital investment was funded through private finance (e.g. PF2):
 - The annual cost of capital would be higher, perhaps around 5% of the debt
 - However, this approach would enable risk transfer to the private sector partner, which should ultimately reduce the overall cost to WHHT

But, investment in our estate will lead to financial savings for WHHT:

- Reduced operating costs, as a result of increased efficiencies enabled by the new estate
- Avoidance of future high estates running costs due to the current estate deteriorating

Forecast change in WHHT's income and expenditure



4. The SOC rules out greenfield options and seeks approval to do more detailed analysis to confirm required works at WHHT's existing sites

The SOC provides evidence to rule out greenfield options but more work is required to confirm required works

The SOC considered:

- The future location of the emergency & specialised care site
- The future location of the planned care site
- Construction works required at both sites

A greenfield site has been ruled out for both the emergency & specialised care site and planned care site:

- **Affordability** – It would cost significantly more to develop a greenfield site than WHHT's existing sites, and it is unlikely that investment would be financially sustainable in the long term.
- **Value for money** – It would take much longer to develop a greenfield site and the potential extra benefits are not sufficient to justify the extra cost and additional risk involved.

The proposed preferred way forward is therefore for acute hospital services to continue to be provided from WHHT's existing estate at Watford and St Albans

- The SOC seeks approval to undertake more detailed design work to establish the implementation approach which is best able to balance value for money and affordability.
- This is likely to balance new build with redevelopment and refurbishment of existing buildings, aiming to achieve as close to new build as possible to ensure the best possible patient experience, with early benefits realisation.
- The Outline Business Case (OBC) will consider what works are necessary at each site to meet the requirements, considering the full range from 'Do Minimum' to full new build.

5. There is a spectrum of possible works to meet local requirements, but the SOC sets out two main options

New build on Watford General Hospital site (Option 10)



Note: illustrative only, preliminary design work underway

- A 100% new build option can be achieved on land adjacent to the existing WGH site.
- This is due to the flexibility offered by the Watford Health Campus redevelopment.
- The works could be phased, with existing facilities vacated as new facilities open.
- The main Princess Michael of Kent (PMoK) and Women's and Children's Services (WACS) buildings would be demolished and the land made available for disposal once vacated.
- The Acute Assessment Unit (AAU) and Shrodells unit would support transition and then could be disposed of if no longer needed.

Redevelop Watford General Hospital site (Option 12)



- A redevelopment of the estate would have to be phased, with existing facilities vacated as new / redeveloped facilities open.
- In this option PMoK and the AAU would be retained:
 - PMoK would undergo a major refurbishment and would contain inpatient wards and theatres.
 - AAU would be undergoing a medium refurbishment and provide inpatient ward space.
- The WACS building would be disposed of or converted to offices.
- Shrodells would support the transition and then could be disposed of if no longer needed.
- A significant amount of new build (57% of the final estate) has been factored in to this option for major clinical services.

Redevelop St Albans City Hospital site (Options 10 & 12)



- Both options involve a redevelopment of the SACH site.
- The Gloucester and Runcie Wings would be retained:
 - The Gloucester Wing would undergo refurbishment and would contain the urgent care centre, outpatients and radiology.
 - The Runcie Wing would undergo refurbishment and would contain day surgery and inpatient wards.
- The Moynihan block would be demolished to make room for a new build theatre block.

All options require significant capital investment

- We have developed an estimate of the capital investment required to pursue each option, based on advice from professional project and cost management consultancy Turner & Townsend.
- The work to develop these estimates follows HM Treasury and NHSI guidance, including an adjustment for optimism bias appropriate for SOC stage.
- The required investment ranges from £290m to £641m in 2016/17 prices, depending on the scale of works undertaken.

£m	New Build (Option 10)	Redevelopment (Option 12)	Do Minimum (Option 13/14)
NETT works costs	256	229	115
Typical abnormalities and risk	52	41	23
Non-work costs, equipment and fees	108	95	51
Optimism bias adjustment	104	92	45
Transition costs	15	13	7
VAT	107	94	48
Total	641	566	290

We want to gain support for our SOC so that we can move forward to OBC stage

- We have developed a SOC for our proposed acute transformation that:
 - Establishes a compelling case for change for the acute hospital estate in west Hertfordshire.
 - Provides a sense of scale for the size of acute hospital estate required over the next 20 to 30 years.
 - Rules out greenfield options as the future location of acute hospital services.
 - Confirms that there are a number of feasible options for redevelopment of WHHT's current estate to meet future requirements, and that these will improve our financial sustainability.
 - Sets out clear parameters to be addressed at OBC stage.
- We are now looking for support from our STP partners for this SOC, so that we can move forward to OBC stage:
 - We will refine the demand and capacity modelling, based on the work being done by the STP, to confirm the requirements of the future acute hospital estate.
 - We will then undertake more detailed design work to consider what works are necessary at both Watford General Hospital and St Albans City Hospital sites to meet these requirements, considering the full range from a 'Do Minimum' refurbishment to full new build.
 - This will allow us to establish the implementation approach which is best able to balance value for money and affordability, and confirm the most appropriate commercial approach to deliver it.