### Watford Health Campus Update

**Agenda item:** 12/28  
**Lead Executive:** Kevin Howell, Director of Estates and Facilities  
**Author:** Tim Duggleby, Head of Estates

#### Trust objective:
- Tick as appropriate:
  - Achieving continuous improvement in the quality of patient care that we provide and the delivery of service performance across all areas;
  - Setting out our future clinical strategy through clinical leadership in partnership and with whole system working;
  - Creating a clear and credible long-term financial strategy.

#### Purpose:
The aim of this paper is to provide an update to the Board on the Watford Health Campus project, identifying any potential risks / issues for the Trust.

#### Previously discussed and date for further review:

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<th>Committee</th>
<th>Date</th>
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<tr>
<td>Trust Leadership Executive Committee</td>
<td>18 June 2015</td>
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<tr>
<td>Watford Health Campus Operations Board</td>
<td>9 June 2015</td>
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#### Benefits to patients and patient safety implications
The Watford Health Campus project will provide improved access to the Watford site, reduce traffic within the site and provides a development opportunity for the future delivery of healthcare services.

#### Risk implications for the Trust
- Project impacts adversely on the hospital’s operational activity
- Clinical strategy not developed (and funded) in time to take advantage of opportunity afforded by project

<table>
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<th>Mitigating actions (controls)</th>
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<td>Trust engagement on project Partnership and Operations Boards</td>
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<td>Regular updates to TLEC and Trust Board</td>
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<td>Development of Interim Estates Strategy</td>
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#### Links to Board Assurance Framework, CQC outcomes, statutory requirements
Included with Principle Risk 9 on BAF

#### Legal implications (if applicable)
Requirement to commit to future transfer of land through signature of a Section 38 Agreement for Access Road

#### Financial implications (if applicable)
Trust has committed £7M to construction of the access road with a long-term requirement to provide a further £2M. The Trust has a maximum liability of a further £3.7M based on the current Project Plan

#### Recommendations (delete as appropriate)
- To note: Following signature of the contract, work has started on the new access road.
- To note: The Trust will grant a 3 year license to enable construction of the access road across Trust land in the area of the visitor car park below AAU, and will be required to sign a Section 38 Agreement to commit to the future transfer of this land.
- For information: As the Project progresses into the construction phase and the detailed Business Plans are developed for each land parcel, the opportunities available to the Trust for the development of the hospital will reduce.
Trust Board Meeting, 2 July 2015

Watford Health Campus Project Update

Presented by: Kevin Howell, Director of Estates and Facilities

1. Purpose

1.1 This paper provides an update to the Board on the Watford Health Campus project, identifying any potential risks / issues for the Trust.

2. Background

2.1 The Watford Health Campus project is designed to support the development of West Watford through the provision of high quality homes, market facing commercial and employment uses, improving local connectivity and facilitating the re-provision of Watford General Hospital. The Watford Health Campus Partnership LLP (LABV), a 50:50 limited partnership between Watford Borough Council and Kier Project Investment Limited, is delivering the project. Planning approval for the project was granted in December 2013 and a hybrid masterplan approved in January 2015.

2.2 In June 2015 the LABV signed a contract with Volker Fitzpatrick for the construction of the access road to the south of the hospital site. The contractor is now mobilising. As a result, during the next 3 months the Trust will be required to:

2.2.1 Grant a 3-year license to the LABV to enable construction of the access road across Trust land in the area of the visitor car park below AAU.

2.2.2 Sign a Section 38 Agreement to commit to the transfer of the land at the end of the license in order to allow the adoption of the road by Hertfordshire Highways.

2.2.3 Through attendance at the LABV Partnership Board, Operational Board and site management meetings, ensure the activities of the LABV contractor do not impact on the operational activity of the hospital.

2.2.4 Monitor the LABV to ensure the current total number of car park spaces available for use by staff and visitors to the Watford General Hospital site are retained throughout the construction of the road; noting that WHHT has committed to the construction of a temporary car park on the Oak/Cedar site to replace the 72 visitor car park spaces due to be lost below AAU.
2.3 The LABV is currently reviewing and updating the overarching Business Plan for the project, together with the Plans for each individual package of land included in the Campus Agreement. These Business Plans, currently totalling 15, each impact on the Trust to a greater or lesser extent. At the strategic level these plans will provide the basis for any future development of healthcare facilities on the Watford site and include details of the Trust’s financial liabilities within the overall Campus Agreement. At the operational level these Plans provide details of timelines, management arrangements, proposed layouts and financing arrangements for each land pack, including those areas currently occupied by Watford General Hospital. As each of these Plans is submitted for adoption by the LABV the Trust will lose its ability to influence the direction of the project and therefore its opportunity to secure the space needed for any future development of the hospital.

3. Analysis/Discussion

3.1 After many years of development and planning the signature of contracts for the access and link roads in June 2015 marks the start of the construction phase of the Watford Health Campus project. Concurrent with the start of the road contract the LABV is firming up the Business Plans for the individual land packages included in the Watford Health Campus Agreement. On 19 June 2015 the revised overarching Business Plan for the project was adopted by the LABV, together with Plans for the Infrastructure and Industrial Zone South. The first 2 have a direct impact on the Trust and include:

3.1.1 Financial Provision. Under the Campus Agreement and overarching Business Plan the Trust is obliged to pay up to £9M towards the cost of the project infrastructure including the construction of the new link / access road and associated services. To date the Trust has already paid £7M, with the remaining £2 due, in full or part, if the total cost for the Infrastructure Business Plan exceeds £16.613M. The current estimate for the work exceeds £18.6M. On this basis the full £2M would be required from the Trust. Under the Agreement this money will be forward funded by Watford Borough Council, who will subsequently be reimbursed by the Trust through lump payments linked to the completion of clinical buildings built over the first 12 years of the project, or through annual instalments (timing and number not defined). Under the overarching Business Plan the Trust has a further maximum liability, capped at £3.7M, to support the remainder of the Business Plans included within the Agreement.

3.1.2 Land Transfer. Under the Infrastructure Business Plan the Trust is required to release land, initially under a 3-year license and subsequently under a Highways Act Section 38 Agreement, to enable the construction and adoption of the new access road. Work is currently programmed to start on Trust owned land in September 2015. Director of Environment and the Trust lawyers are currently working with the LABV to finalise details of 3-year license. Signature of the Section 38 Agreement to handover the land for adoption by the Hertfordshire Highways will require Board approval. The area to be transferred is situated to the south of the AAU and Surge buildings and will result in the loss of 72 visitor car parking spaces. This is covered in detail below. It is understood that the construction of the access road was a condition for the granting of planning consent for the AAU and surge developments.

3.1.3 Car Parking. Within the Campus Agreement provision was made to ensure that the Trust retained a minimum number of car parking spaces throughout the duration of the project, thereby ensuring the operational activities of the hospital were not adversely affected. Under the Infrastructure Business Plan there is a requirement to relocate 497 staff car parking spaces currently provided (under lease arrangements with Watford Borough Council) in the Cardiff Road car park, and 72 visitor spaces from the area below AAU. Provision, including funding, is made within the Plan to relocate the 497 ‘lost’ staff car parking spaces within the area of the vacated Cardiff
Road Industrial Estate. However, as the total number of staff car park spaces has grown by 117 since Financial Close on the Campus Agreement, in large part due to construction of the Surge units, it is understood that the Trust will now fund the relocation of the 72 visitor slots from below AAU. This is to be achieved through the creation of a temporary car park on the area vacated by the demolition of Oak / Cedar, and has been granted outline planning consent. The Director of Environment is managing this work. Under this Plan there will be no loss of car parking spaces for visitors or staff due to the construction of the road.

3.2 Business Plans. The Business Plans for the Central Area (including part of the area currently occupied by the visitor car park below Pathology, and the Farm Terrace Allotments are currently being reviewed. The later is the subject of a planning application that is due to be determined by the Minister in the next few weeks. Both areas have a significant interest on the Hospital, potentially impacting on current operational activity and on the ability of the Trust to take full benefit from the opportunities offered by the Campus.

4. Risks

4.1 The overall risk associated with the Watford Health Campus is embedded with the BAF Principle Risk 9, which identifies the development of a clinical and financial strategy as a pre-requisite for the development of a long-term estates strategy. In order to mitigate the risk associated with delay in the development of the clinical strategy, the Transformation Team and Director of the Environment are working on an Interim Estate Strategy. This will ensure the Trust is in a position to take advantage of some of the opportunities provided by the Campus development whilst not being exposed to unacceptable operational risk.

3. Recommendation

3.1 The Watford Health Campus project has now moved into the construction phase. This provides the Trust with both opportunities and potential risks. The Director of Environment and his team are engaged at all levels with the Campus Project Team and will ensure TLEC and the Board are provided with regular updates.

3.2 The Board is therefore asked to:

To note – Following signature of the contract, work has started on the new access road.

To note – The Trust will grant a 3 year license to enable construction of the access road across Trust land in the area of the visitor car park below AAU, and will be required to sign a Section 38 Agreement to commit to future transfer of this land.

For information – As the Project progresses into the construction phase and the detailed Business Plans are developed for each land parcel, the opportunities available to the Trust for the development of the hospital will reduce.

For information – During construction of the access road Trust car parking arrangements for staff and visitors will be subject to change but hospital will retain the total number of spaces currently available.

Kevin Howell

Director of Environment
23 June 2015