

AGENDA MANAGEMENT SHEET

Name of Committee **Health Overview And Scrutiny Committee**

Date of Committee **23 May 2007**

Report Title **Alcester Hospital Development**

Summary David Rose, Chief Executive of NHS Warwickshire, will make a presentation to the Committee on the Alcester Hospital Development. A copy of correspondence between him and Alwin McGibbon on this matter is attached.

***For further information
please contact:*** Phil Maull
Senior Committee
Administrator,
Tel: 01926 412834
philmaull@warwickshire.gov.uk

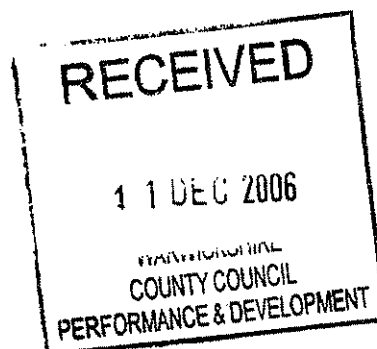
Our ref: DR/sb/jh

08 December 2006

Alwin McGibbon
Warwickshire County Council
Shire Hall
Warwick

Westgate House
Market Street
Warwick
CV34 4DE

Tel: 0845 8770700



Dear Alwin

Re: Alcester Hospital Development

I have been made aware of some concerns that have been expressed regarding the Alcester Hospital development. I am keen to reassure people about this project and to clarify any questions they may have.

As you will be aware, South Warwickshire Primary Care Trust and West Midlands South Strategic Health Authority gave this project the green light a few months ago. I can assure you that Warwickshire Primary Care Trust has no plan to change this position. The doctors' consortium is now in the driving seat and need to set in place contracts for the development to go ahead, which I understand they are proposing as planned.

With regard to the old building, the plans have always been to maintain a continuous service during construction. To enable us to achieve this the services will remain in place while the new development is erected behind the current building. When the new building is ready services will be transferred and the old building will be demolished.

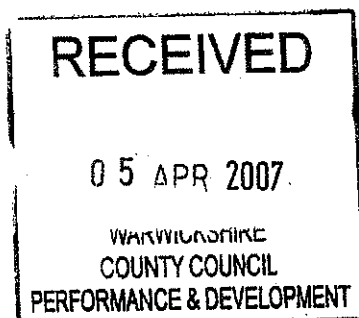
I hope that this clarifies the situation.

Yours sincerely

David Rose
Chief Executive

Westgate House
Market Street
Warwick
CV34 4DE

0845 877 0700



Ms Alwin McGibbon
Health Scrutiny Officer
Warwickshire County Council
Shire Hall
Warwick
CV34 4SA

04th April 2007

Dear Ms McGibbon

Further to our conversations earlier this year you will be aware we have been looking closely at the plans for the new Alcester hospital and concerns we had about the affordability and ability to deliver the project.

Discussion between NHS Warwickshire and Alcester Doctors Consortium showed that these were legitimate and significant issues that would best be clarified through an independent review. The outcome of the review was received in March and discussed with the Alcester Doctors Consortium. The advice received indicated that:

The structure of the deal as currently proposed is unlikely to offer value for public money because the ownership of the hospital would remain with Alcester Doctors Consortium at the end of the lease term. . Under a typical public private partnership arrangement, the ownership of the asset would revert to the NHS.

Having considered the new information and having discussed this with the Alcester Doctors Consortium it has been decided that when considered in detail the scheme is not robust enough to deliver the project. The scheme in its current structure carries a risk that could potentially affect the services

available to local residents and this is not a risk that Alcester Doctors Consortium or NHS Warwickshire are prepared to accept.

We have been working very closely with the Alcester Doctors Consortium and specifically Drs Lambert and Wallis to find a solution. However due to proposed changes to the structure of the previous agreement following the recent review, there would have been a significant amount of additional work to be undertaken by ADC to see if the proposal could be made viable at considerable financial risk to ADC and with no guarantee of success. ADC felt that they were not in a position to carry this risk and therefore could not proceed with the alternative proposal. Both parties have worked very hard in trying to resolve the concerns and share the disappointment of being unable to make this plan succeed.

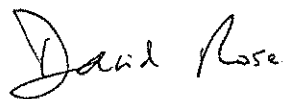
We are very aware that this has the potential to be very unpopular news but we are certain that although it is a difficult decision to make it is the responsible one. It is clear that we now need to decide on what action to take. The current GP facilities and the hospital do not meet the standards we wish to see delivered for our community and we will need to come up with alternative solutions.

We need to take some time to assess where this leaves us and draw together options for the future of the services that are needed by the population of Alcester and the surrounding area. We will want to involve local people in the discussions and the development of these options as well as any decisions about the future plans.

We will be convening public meetings to discuss ideas with people about our overall health strategy for Warwickshire during May and June. It is our intention to have a plan for healthcare services in Alcester that is widely known by October and will advise people of how they can get involved.

I have enclosed a copy of the press release that we will issue so that you are aware of the information that we have released and I would encourage you to contact me if you would like to discuss this further.

Yours faithfully



David Rose
Chief Executive NHS Warwickshire

01- 04-04- 07

Press Release

**Joint media release from Alcester Doctors Consortium and
NHS Warwickshire****Alcester Hospital Development**

Plans to build a new hospital and replace two GP surgeries in Alcester have run into problems. Whilst finalising details of the project Alcester Doctors Consortium who are running the project and NHS Warwickshire came across some elements of the plan that gave significant concern about the affordability and ability to deliver the project.

Discussion between NHS Warwickshire and Alcester Doctors Consortium showed that these were legitimate and significant issues that would best be clarified through an independent review.

The outcome of the review was received in March and discussed with the Alcester Doctors Consortium. The advice received indicated that:

The structure of the deal as currently proposed is unlikely to offer value for public money because the ownership of the hospital would remain with Alcester Doctors Consortium at the end of the lease term. Under a typical public private partnership arrangement, the ownership of the asset would revert to the NHS.

Having considered the new information and having discussed this with the Alcester Doctors Consortium it has been decided that when considered in detail the scheme is not robust enough to deliver the project. The scheme in its current structure carries a risk that could potentially affect the services available to local residents and this is not a risk that Alcester Doctors Consortium or NHS Warwickshire are prepared to accept.

Speaking on behalf of the Alcester Doctors Consortium (ADC) Drs Lambert and Wallis said that "Due to proposed changes to the structure of the previous agreement following the recent review, there would have been a significant amount of additional work to be undertaken by ADC to see if the proposal could be made viable at considerable financial risk to ADC and with no guarantee of success. We felt that we were not in a position to carry this risk and therefore could not proceed with the alternative proposal. NHS Warwickshire has been supportive in trying to resolve the concerns and we know shares our disappointment. We will continue to work closely with them to secure suitable facilities for both GP surgeries."

David Rose Chief Executive of NHS Warwickshire said,

"We are very aware that this has the potential to be a very unpopular decision but we are certain that although it is a difficult decision to make it is the responsible one. It is clear that we now need to decide on what action to take as the current GP facilities and the hospital do not meet the standards we wish to see delivered for our community."

"We need to assess where this leaves us and draw together options for the future of the services that are needed by the population of Alcester and the surrounding area. We will want to involve local people in the discussions and the development of these options and ensure that the local population will be involved in any decisions about the future plans.

We will be convening public meetings to discuss ideas with people about our overall health strategy for Warwickshire during May and June. It is our intention to have a plan for healthcare services in Alcester that is widely known by October and will advise people of how they can get involved."

[ENDS]

For further information please contact Gemma Coldicott on 01926 493491, extension 228.