

States of Jersey
States Assembly



États de Jersey
Assemblée des États

Future Hospital Review Panel



Future Hospital Project Follow-up Report

Presented to the States on 9th April 2018

S.R.6/2018

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1. Introduction

Context and Background

The Future Hospital Review Panel presented its [report](#) on the Future Hospital Project on 6th December 2017. The report focussed mainly on [P.107/2017](#) “*Future Hospital: Approval of the Preferred Scheme and Funding*” lodged by the Treasury Minister on 31st October 2017. P.107/2017 asked Members to approve the preferred scheme (a new build hospital on a part of the current site and a new build facility at Westaway Court) and the proposals for funding the new hospital.

The Panel agreed to present a follow-up report following the Environment Minister’s decision in January 2018 to refuse planning permission for the outline planning application. As part of its work, the Panel held a Public Hearing with the Ministers for Health and Infrastructure on 26th February 2018. The purpose of the Hearing was to ask the Ministers what their plans were for the hospital project and the implications of the planning refusal in terms of preferred location for the hospital and funding for the project.

Section 1 of this report provides background information and a timeline of the Future Hospital Project since P.107/2017 was lodged by the Treasury Minister. Section 2 provides further detail on the revised scheme and explains the differences between the new scheme and the previous one. Section 3 explores progress of the funding proposals since the planning application was refused. Finally, section 5 presents several matters any future Scrutiny Review Panel may wish to consider as a result of the Panel’s follow-up work.

Refusal of Planning Permission

During its review of P.107/2017 the Panel (with the assistance of its advisor, Concerto) identified three short-term risks to the successful delivery of the project:

- Risk 1:** P.107/2017 is not approved by the Assembly
- Risk 2:** Planning permission is refused
- Risk 3:** A main contractor is not appointed

In relation to **risk 2** the Panel raised concerns about the sequence of decision making. In November 2017 Mr Philip Staddon, an Independent Planning Inspector, conducted a Public Inquiry into the planning application for the hospital. The Panel noted that States Members would not know the outcome of the planning inquiry and subsequent decision by the Environment Minister before the debate on P.107/2017.

It was the Panel’s view that if Members approved the scheme and planning was not granted, this would leave the Assembly in an unsatisfactory position in relation to the project - politically and in terms of public perception. The Panel felt strongly about this sequence of decision making and made the following recommendation in its report:

RECOMMENDATION 1: The Panel is of the opinion that the Treasury Minister should consider delaying the debate on the preferred scheme and funding (P.107/2017) until the first States sitting after a decision has been made on the planning application.

In his [Ministerial Response](#), the Treasury Minister rejected the Panel's recommendation stating, amongst other reasons, that the decision in front of the Assembly was not dependent on the outcome of the Outline Planning Application Process.

The debate on P.107/2017 went ahead in December 2017 and some Members raised similar concerns about the sequence of decision making. A Proposition was made by Deputy R. Labey to defer the debate until 30th January 2018. The Proposition was rejected (19 pour, 25 contre).

The debate on P.107/2017 continued and was approved (30 pour, 16 contre).

Independent Planning Inspector Report

The Planning Inspector's findings were published on 2nd January 2018. His [report](#) said¹:

"In terms of its siting, scale and mass, the development would be grossly out of scale with its immediate surroundings and with the wider townscape. It would appear as an over dominant, obtrusive and alien structure that would harm the St Helier townscape and detract from visual amenities in many locations"

"The application site area is far too small to accommodate successfully the amount of floorspace proposed. The parametric 'design' that results is fundamentally unacceptable in townscape and urban design terms. I consider that these are not matters that can be finessed away by clever design at the detailed Planning ('reserved matters') stage"

"The proposal would cause harm to the settings of numerous protected heritage assets. The harm to the immediate setting of the nineteenth century Grade 1 Listed hospital building ('the Granite Block') within the application site would be particularly severe, as it would be overwhelmed and overshadowed by a very large, tall and imposing modern building"

"In terms of the overall Planning balance, I consider that the spatial and locational factors that weigh in the proposal's favour are heavily outweighed by the significant negative impacts that arise in terms of townscape, visual amenity, the settings of heritage assets, and the amenities of existing residential properties"

Planning Decision

On 9th January 2018 it was announced that the Environment Minister refused to grant planning permission for the new hospital. At this point, the States had already approved P.107/2017 (the preferred scheme and funding). As outlined in his [Ministerial Decision](#), the Environment Minister agreed with the conclusions of the Inspector. The Minister concluded that, whilst the location is spatially appropriate for the hospital, the scheme was not the only possible solution. The application

¹ Report to the Minister for the Environment by Mr Philip Staddon. Proposed New General Hospital Jersey, p.2/3

site proposed was too small to accommodate a building of its size, but other combinations of land and/or project phasing, could result in a different outcome².

During a States sitting on 16th January 2018 the Minister for Health and Social Services told the Assembly about the next steps for the project:

“...it is quite clear the inspector has said that he feels the height, despite advice from officers in Planning, is not right for that part of the site. It seems to me that if we go sideways then you lower the height. So we are looking at our options around that. [...] it may be therefore that we might have to phase the development. I do not know the answer to that. I am going to get some ideas from officers, from experts, from people who know what they are doing, who have worked very hard to develop a scheme for Jersey. I am getting that advice next week”³.

² General Hospital - Replacement: Planning Application (PP/2018/004): Planning Inspector's Report. MD-PE-2018-0004

³ [Hansard](#), 16th January 2018

2. The Revised Scheme

During the Public Hearing, the Panel was told that the project team had been working on a revised scheme in order to address the issues raised by the inspector:

Representative, Jersey Property Holdings:

“Yes, when we received the Minister’s decision and the inspector’s report, we looked at what the concerns were that were raised by the inspector, saw where the scheme was unacceptable and we started work with our designers to try and address those issues. We also looked at the report to see what was acceptable. There were quite a few things that were acceptable, including the location of the proposed hospital. So working with our designers we started to amend the scheme and see how we could change, see what things had changed outside that process, because there had been a lot of work that had been taking place during the consideration of the planning application. That work allowed us to see what alternatives were available and how we could try and address those issues. We have been working on those solidly since that time”⁴.

On the 12th March 2018 the Future Hospital Project Team presented the revised scheme which made significant changes to the original outline plan. It is understood that a new planning application is due to be submitted in April 2018. The revised scheme aims to address concerns about the scale of the proposed hospital and its impact on St Helier. The scheme includes:

- a lower, wider footprint, significantly reducing the height, while maintaining the overall size for the whole project at 50,000 square metres
- a three-storey base, with more storeys set back from the base to a height of six storeys in the centre of the site, close to the 1980s block. This compares with the previous scheme of nine storeys
- the maximum height of the new building will be lower than the height of the existing 1980s block
- a wider basement supporting improved movement of goods within the building
- one extra half-storey to Patriotic Street Car Park, instead of two⁵

The Panel notes that the revised scheme differs significantly to the previous scheme, particularly the footprint and the project sequencing which will be completed in phases. This is explained in more detail in the following sections.

⁴ [Public Hearing](#) with the Minister for Health and Social Services and Minister for Infrastructure, 26th February 2018, p.4

⁵ Information obtained from <https://www.futurehospital.je/revised-hospital-plans-unveiled-12-march-2018/> accessed 20/03/18

Increased Footprint

During the Hearing, the Panel questioned the Ministers on the increased footprint of the building and was told that the intention was to utilise a greater proportion of the site⁶ which would increase by approximately 15 - 20 per cent:

Deputy J.A.N. Le Fondré:

“Do we know roughly, 10 per cent, 20 per cent, 25 per cent, whatever, how much greater the footprint is likely to be extended at this stage? Ballpark”.

Director of Estates, Department for Infrastructure:

“At this stage I cannot give you a precise number but it is into an area which is approximately the engineering block together with the Gwyneth Huelin block. So if I was to estimate it is somewhere between 15 to 20 per cent”⁷.

The images⁸ below illustrate how the revised scheme differs from the previous scheme, including a visual of the increased footprint:

Previous Scheme, as approved:



Revised Scheme, as presented:



⁶ [Public Hearing](#) with the Minister for Health and Social Services and Minister for Infrastructure, 26th February 2018, p.7

⁷ [Public Hearing](#) with the Minister for Health and Social Services and Minister for Infrastructure, 26th February 2018, p.9

⁸ Information obtained from <https://www.futurehospital.je/revised-hospital-plans-unveiled-12-march-2018/> accessed 23/03/18

The Panel notes that, legally, there is no obligation for Ministers to lodge a new Proposition seeking approval of the revised scheme. The Panel is of the opinion, however, that States Members should be given the opportunity to debate and approve the revised scheme, given that the footprint of the building has changed significantly since 2016.

Phased Approach

The revised scheme will now be delivered in a phased approach. A phased approach was not possible within the previous scheme because it included a large energy centre. The revised scheme proposes to decommission the existing oil-fired energy plant and use the space as part of a lower, wider, fully electric hospital⁹.

Timeline

2019 - 2022 - Block A and Westaway Court

- Acquire and demolish Kensington Place properties
- Provide temporary/permanent plant zones
- Demolish existing energy centre
- Construct Block A
- Construct Westaway Court
- Construct temporary link from 80s block to new block A
- Decant all services within Gwyneth Huelin and central laboratory block into Block A and Westaway Court

2022 - 2024 - Block B

- Demolish Gwyneth Huelin Wing, Peter Crill House and central laboratory block
- Construct Block B
- Decant existing facilities from remainder of existing hospital in Block B
- Temporary entrance to new hospital

2024 - 2026 - Main entrance and admin block

- Demolish 60s and 80s blocks
- Construct main entrance
- Conclude refit of Granite Block

The Panel notes that a phased approach differs from the previous scheme outlined in P.110/2016. P.110/2016 is supportive of a single phase construction: *“This would be more attractive to construction companies than a multi-phased solution, and facilitates a shorter, more efficient and less costly construction than previous schemes considered on the site, avoiding excessive disturbance to the adjacent operational Hospital during construction”*¹⁰. Therefore by approving P.110/2016, it is the Panel’s view that Members approved a single phase construction.

⁹ Information obtained from <https://www.futurehospital.je/revised-hospital-plans-unveiled-12-march-2018/> accessed 22/03/18

¹⁰ [P.110/2016](#)

The Panel acknowledges that there will always be a level of disruption when construction is undertaken in close proximity, however, the Panel remains concerned that the phased approach of the revised scheme may carry a more enhanced risk of disruption to staff and patients. As identified in P.110/2016, a single phase construction would avoid excessive disturbance to adjacent operational sites.

In terms of funding for the construction, there is also a greater risk that a phased approach would cost more as identified in the quote above. The Panel questioned the Ministers on this issue and was told:

Director of Estates, Department for Infrastructure:

“A phased approach would see expenditure spent in a different way because some of the temporary facilities that would be required were we to build out the scheme that was submitted to planning would not be required in this approach, other cost may be required in addition because of the nature of the build. We are some way away from determining that but we are satisfied that it should cost no more than was previously proposed in the previous application and the cost envelope that the States approved”¹¹.

During a States sitting in January 2018, the Health Minister advised that Members would only be advised of the cost implications of a phased project if it exceeded the cost envelope agreed through P.107/2017:

Deputy J.M. Maçon:

“.....will the Minister present to the States Assembly the cost implications of any new phased processes that may be desired in order to achieve the new application?”

Senator A.K.F. Green:

“Only if it exceeds the envelope agreed by this Assembly”¹².

Therefore a Proposition would only come back to the States if the revised scheme exceeded the £466 million funding approved in 2017. The Panel explains the funding aspects of the scheme further on in the report.

States Approval of Revised Scheme

In terms of decision making, the Panel believes that a precedent has been set in seeking States approval for the strategy; preferred site and location; and preferred scheme that have changed and adapted since 2012:

P.82/2012: Health and Social Services: A New Way Forward

“to request the Council of Ministers to co-ordinate the necessary steps by all relevant Ministers to bring forward for approval (i) proposals for the priorities for investment in hospital services and detailed plans for a new hospital (either on a new site or a rebuilt and refurbished hospital on the

¹¹ [Public Hearing](#) with the Minister for Health and Social Services and Minister for Infrastructure, 26th February 2018, p.8

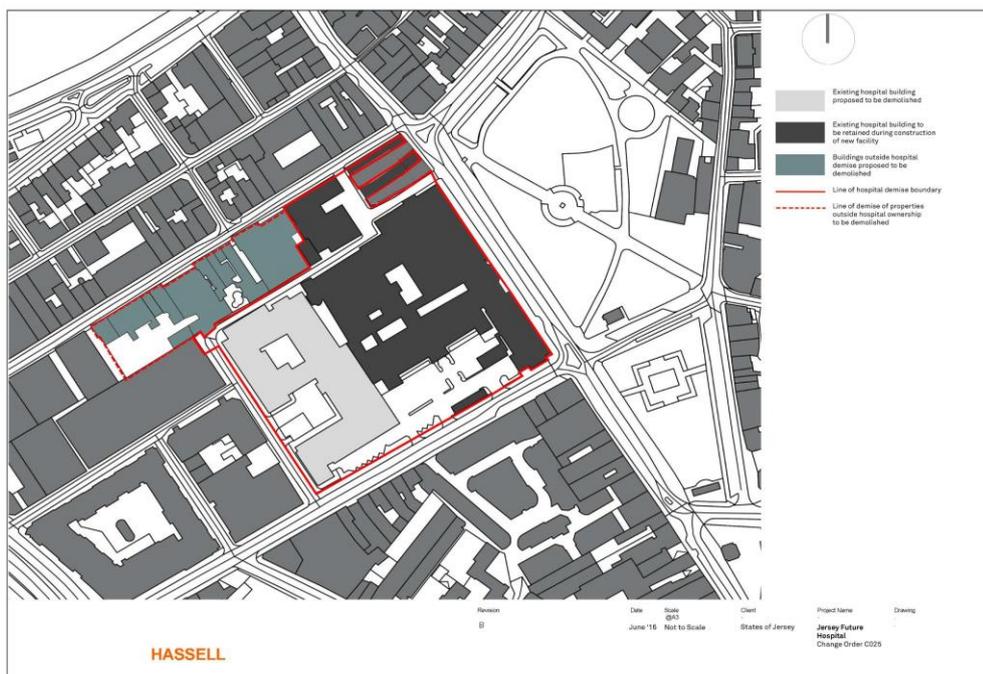
¹² [Hansard](#), 16th January 2018

current site) including full details of all manpower and resource implications necessary to implement the proposals, by the end of 2014.”

P.110/2016: Future Hospital: Preferred Site

“to approve in principle as the site location for the new General Hospital the current Jersey General Hospital site with an extension along the east side of Kensington Place and other nearby sites, including Westaway Court, in accordance with the Map at Appendix 1 in the Report accompanying this Proposition, with detailed proposals to be brought back to the Assembly as set out in Section 6.3 of the accompanying Report”.

Appendix 1: Map



P.107/2017: Future Hospital: Approval of Preferred Scheme and Funding

to refer to their Act dated 23rd October 2012, which requested the Council of Ministers to bring forward proposals for a new Hospital, and their Act dated 1st December 2016, which approved in principle the site location for the new General Hospital; and –

- a) to approve the Preferred Scheme contained within the Future Hospital Outline Business Case with a capital expenditure budget of up to £466 million;

RECOMMENDATION: The Panel believe that States Members should be given the opportunity to debate and approve the revised scheme, given that the footprint of the building has changed significantly since 2016 and that the project will now be delivered in a phased approach. The Council of Ministers should lodge a Proposition in order to seek States approval of the revised scheme.

3. Funding

The States approved a capital expenditure budget of up to £396 million with a contingency of £70 million giving a total of £466 million¹³. [P.107/2017](#) proposed that a blended funding solution comprising a £275 million bond with the balance of the £466 million budget being drawn from the Strategic Reserve. The issuance of a bond of up to £275 million was a major decision for the States Assembly as it commits the States to a substantial level of debt over a long-term period.

The funding strategy in P.107/2017 explained that it was expected that the bond would be issued in the first half of 2018. The Corporate Services Panel held a Quarterly Hearing with the Treasury Minister on 12th March 2018. The Panel asked the Minister whether a bond had been issued:

Deputy S.M. Brée of St. Clement:

“Minister, the States Assembly approved the finance plan for the hospital [in December 2017]. Have you issued the bond yet?”

The Minister for Treasury and Resources:

“No.”

Deputy S.M. Brée of St. Clement:

“Why have you not done anything about it when the States Assembly gave you a clear direction?”

The Minister for Treasury and Resources:

“I made it clear that I gave it as an undertaking to the States Assembly that we would not progress the issuance of the bond until the outcome from the review following the planning perspectives published report confirmed that the budget that was agreed at £466 million was still relevant. I have made it clear that if there are any changes that were likely to breach that budget, then we would have to be returning to the States so on that basis, it was not prudent or sensible to progress.”¹⁴

During its review of P.107/2017 the Panel’s advisor (Opus) considered the timing of the bond and noted three “powerful” factors in favour of an early issuance, namely the predicted superior returns of the Strategic Reserve over the bond interest rate, the current historic lows for bond yields and the tactical advantage of borrowing early while the hospital project is on time and on budget¹⁵.

The Panel notes that recently, interest rates have risen in the UK. The Panel believes that there is uncertainty around the arrangements for issuing the bond particularly if interest rates were to rise further. During the Quarterly Hearing with the Corporate Services Panel, the Minister advised that no arrangements will be put in place until there is clarity about the budget for the revised scheme. The Panel believes this supports its view that planning approval should have been sought before the States was asked to approve the scheme and funding. The level of uncertainty around the budget has resulted in an unsatisfactory position in terms of making arrangements for issuing the bond.

¹³ P.107/2017 [amendment](#)/P.107/2017 [second amendment](#)

¹⁴ Corporate Services Scrutiny Panel, Quarterly Hearing: Minister for Treasury and Resources, 12th March 2018, p.3

¹⁵ S.R.13/2017 Future Hospital Project, 6th December 2018, p.46

4. Future Matters

The Panel has identified the following matters that any future Scrutiny Review Panel may wish to investigate or verify as the Future Hospital Project moves forward.

- **Phased approach:** The revised scheme will be delivered in a phased approach. This differs from the previous scheme outlined in P.110/2016 which was supportive of a single phase construction stating that it would facilitate a shorter, more efficient and less costly construction than previous schemes. A future Scrutiny Review Panel may wish to consider how the phased approach would work in practice, and assess the cost of constructing the new hospital in this way.
- **Mitigation of noise, vibration and dust:** As noted in [S.R.7/2016](#), disruption to staff and patients during the construction phase of the Future Hospital should not be underestimated. Comprehensive planning will be needed to mitigate the disruption. A future Scrutiny Review Panel may wish to explore how the Project Team plans to mitigate noise, vibration and dust, particularly in relation to sensitive equipment used in certain clinical areas such as pathology.
- **The location of the Pathology Laboratory:** As explained in P.110/2016, pathology services were originally going to be provided in the main hospital to ensure close co-location of critical support services. The Proposition outlining the preferred scheme (P.107/2017) explained that pathology would be provided in a separate location at Westaway Court which would reduce the risks associated with retaining the service on site during construction work. The revised scheme explains that pathology will now remain on the main hospital site. A future Scrutiny Review Panel may wish to consider the impact of the pathology service remaining on site during the construction phases of the new hospital.
- **Cost of the project and the use of contingencies:** Within P.107/2017, the States approved a blended funding solution comprising a £275 million bond with the balance of the £466 million budget being drawn from the Strategic Reserve. The costs of the revised scheme and the use of contingencies will need careful monitoring. A future Scrutiny Review Panel may wish to review the cost implications of the revised scheme and the risks associated with the delay of issuing the bond.

5. Conclusion

The Panel considers that, given the issues mentioned in this report, the Council of Ministers should lodge a Proposition detailing the revised scheme and its funding for formal approval. It is noted that the revised scheme differs significantly since the preferred site was approved in 2016 (P.110/2016).

The Panel also hopes that this follow-up report will support any future Scrutiny Review Panel.

6. Appendix 1: Review Panel Membership

Deputy Simon Brée, Chairman

Deputy Richard Renouf, Vice-Chairman

Deputy John Le Fondré

Deputy Terry McDonald

Deputy Kevin Lewis

Senator Sarah Ferguson