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Future Hospital Review Panel

Our Hospital Project Outline Business Case and Funding Review

Witnesses: Deputy Chief Minister and the Minister for Treasury and Resources

Thursday, 16th September 2021

Panel:

Senator K.L. Moore (Chair)

Constable M.K. Jackson of St. Brelade (Vice-Chair)

Deputy D. Johnson of St. Mary

Deputy M.R. Le Hegarat of St. Helier

Deputy I. Gardiner of St. Helier

Senator S. Ferguson

Panel Advisers:

Ms. H. Pickering, Senior Director, Currie & Brown

Mr. D. Ross, Senior Director, Currie & Brown

Mr. M. Clark, Director, Currie & Brown

Mr. S. Fair, Consultant, Chartered Institute of Public Finance and Accountancy

Witnesses:

Senator L.J. Farnham, Deputy Chief Minister

Deputy S.J. Pinel of St. Clement, The Minister for Treasury and Resources

Mr. R. Banister, Project Director, Our Hospital Project

Mr. S. Hayward, Director, Treasury and Investment Manager

Mr. A. Scate, Director General, Infrastructure, Housing and Environment:

Mr. R. Bell, Treasurer of the States

Ms. G. Starks, Construction Project Manager, Our Hospital Project
Mr. A. Ross, Assistant Director, EY
Mr. R. Hanson, Director, Turner and Townsend
Professor A. Handa, Our Hospital Clinical Director

[17:30]

Senator K.L. Moore (Chair):
Good afternoon and welcome to this final public hearing for the Future Hospital Review Panel. Today we have the Deputy Chief Minister and the Minister for Treasury and Resources. We will kick off by making our introductions. If everyone could indicate their name and their roles please, that would be very helpful. We will start with the panel members. I am the chair of the panel, Senator Kristina Moore.

Constable M.K. Jackson of St. Brelade (Vice-Chair):
Mike Jackson, deputy chair.

Deputy D. Johnson of St. Mary:
David Johnson, Deputy of St. Mary, panel member.

Deputy M.R. Le Hegarat of St. Helier:
Deputy Mary Le Hegarat, St. Helier District 3 and 4.

Deputy I. Gardiner of St. Helier:
Deputy Inna Gardiner of St. Helier 3 and 4. Apology that I cannot be with you today but I will join remotely. Thank you.

Senator K.L. Moore:
And now our advisers, fi we can start with Currie and Brown.

Ms. H. Pickering:
Helen Pickering, senior director, Currie & Brown.

Mr. M. Clark:
Martin Clark, director, Currie & Brown.

Mr S. Fair:

Stuart Fair, consultant with Chartered Institute of Public Finance and Accountancy.

Deputy Chief Minister:

Senator Lyndon Farnham, chair of the Our Hospital Political Oversight Group.

The Minister for Treasury and Resources:

Susie Pinel, Minister for Treasury and Resources.

Director, Treasury and Investment Management:

Simon Hayward, director of Treasury and Investment Management.

Director General, Infrastructure, Housing and Environment:

Andy Scate, director general, Infrastructure, Housing and Environment.

Treasurer of the States:

Richard Bell, Treasurer.

Senator K.L. Moore:

Any others?

Deputy Chief Minister:

Yes.

Construction Project Manager, Our Hospital Project:

Gretta Starks, project manager, Our Hospital Project.

Assistant Director, EY:

Andrew Ross from EY.

Director, Turner and Townsend:

Ross Hanson, Turner and Townsend, G.O.J.'s (Government of Jersey) cost consultant on the project.

Deputy Chief Minister:

We have Professor Handa with us.

Director General, Infrastructure, Housing and Environment:

He is not currently online.

Deputy Chief Minister:

Somebody needs to find him.

Senator K.L. Moore:

If we could get started. We do have a lot to get through in an hour and a half so we would be grateful if everyone could be clear and concise in their answers, and we will endeavour to do the same with our questions. Firstly, Deputy Chief Minister, we began our last hearing by asking the Assistant Minister for Treasury and Resources a simple question, which we put to the public in our call for evidence for the review, and now ask you that question, which is: why is it that you need a budget of £804 million as the appropriate new hospital figure?

Deputy Chief Minister:

Of course, £804 million is a lot of money but it is a very large project that we are delivering. It is difficult to compare it with previous iterations of the project because it is completely different. I very much hope we can fund the delivery of the whole project without utilising all of that budget. If we are to look at how the budget is made up I believe there is scope to deliver at a lower value. Of course on the experts' advice, and the huge amount of work that has gone into compiling the budget in the outline business case, the indications are that we will work within the budget. While it is a large budget, it is a largely important project.

Senator K.L. Moore:

I would just like to ask one another question. Firstly, as the politician and political lead on this project it is within your domain to apply restraint to the budget and to cut your cloth accordingly if you felt that the £804 million envelope was excessive. Could you explain why you have not done that?

Deputy Chief Minister:

I have not said it is excessive. I said it is a lot of money. It is accepted by the oversight group, on the advice and the work that has been done, and lodged the proposition accordingly. Of course there were pressures and options to go even further. I mean if you look around the world the way medical science is evolving there are some extremely interesting opportunities, but also very expensive opportunities. I do not recall having used the word "world-class", I think it appears somewhere, we want to build as hospital that is fit for Jersey and is right for Jersey. We do not want to build a hospital that will just deal with something that is particularly average. We want to build a good hospital.

Senator K.L. Moore:

I think all of your paraphernalia has it as a world-class hospital, which is a downgrade between the iterations.

Deputy Chief Minister:

We always get chastised for using “world-class”, “first-class” but we do not want to build an average hospital. We want to build a good hospital and one that fits our future generations of Islanders. I think the budget we have put in place for the whole project, that is not just building the hospital, that is land acquisition and everything else that goes along with it, is appropriate.

Senator K.L. Moore:

I am going to hand over to Currie & Brown now for the next question.

Mr. M. Clark:

The first question relates to demand and capacity modelling. During the course of the review, as panel advisers we have met representatives of the project team to discuss the demand and capacity modelling methodology. In the Ministerial response of March 2021 to the panel’s review, the site selection process, it was stated that the design is predicated on a 75 per cent occupancy level. But to date, through our discussions, we have not been able to confirm that that was in fact the case. Can the Deputy Chief Minister please explain any deviation from the 75 per cent occupancy that was stated in the response, and indeed in the O.B.C. (outline business case), and confirm the occupancy levels that have, in fact, been used to model the various elements of the new hospital’s capacity, e.g. inpatient beds, hospital-care beds, day-case beds, theatres and so on?

Deputy Chief Minister:

I am afraid I cannot do that. Professor Handa would have to do that, if he’s available. Hopefully Ashok will come in.

Senator K.L. Moore:

If he is there, if he could introduce himself otherwise I would like to ask you, Minister, what discussions you had in relation to that very important question about occupancy levels. I would imagine that officers have briefed you and perhaps you have asked some questions about it. How have you signed that off?

Deputy Chief Minister:

We had numerous discussions about hospital capacity, number of beds, the division of beds and the modelling, which I believe takes us to 2036. All of the discussions have been based on the advice and the guidance we have received from clinicians, being largely clinically led. I think the biggest discussions have been around bed numbers and how modern medicine affects bed

numbers, how the stays in hospital are becoming shorter in duration. So we have covered the areas in quite significant detail in relation to the 75 per cent occupancy. For the exact detail I would have to defer to Professor Handa, who hopefully is with us now.

Our Hospital Clinical Director:

My apologies. I am having trouble with the connecting up. I believe the question was around the 75 per cent occupancy. We know that the demand and capacity modelling has been done by PwC. That is based on 75 per cent at 2036 on the basis that we would anticipate that over 20 years, 30 years, beyond that, that the demand may increase but within that we have got a flexible model where non-clinical spaces can be converted into clinical or changes in healthcare provision with increasing ambulatory care, preventative care, et cetera, we may well not need greater capacity overall. That is really based on the work done by PwC, aligned to changes in healthcare models, such as the Jersey Care Model.

Senator K.L. Moore:

Could I just ask what population modelling that was based upon please?

Our Hospital Clinical Director:

The population model is based on the statistics from the Government of Jersey and that report from PwC is in the public domain, as you know, Senator.

The Connétable of St. Brelade:

Has any progress been made on ascertaining the facility management and staffing cost increase from the potential hospital design?

Deputy Chief Minister:

Yes, I believe so. Can I hand over to Gretta?

Construction Project Manager, Our Hospital Project:

As has been discussed in some of the sessions that have been held with the panel, there is work ongoing on the facilities management costs that is in progress, and there has been progress made over the period of the review. That is subject to a separate business case and the findings from it will be reported in that business case. What we do know is that the costs of the F.M. (facility management) for the facility at the moment, and we know that because it is spread over several sights and because some of the estate is quite old, that there can be some significant costs linked to that. We do also have the life cycle costs that are forecast for the new build, which as you would expect, given that it is a newer builder, do provide us with the opportunity to maintain it in a way that

hopefully will enable a better life cycle cost for the people of Jersey. So that work is ongoing. We have made some progress but it is not concluded.

The Connétable of St. Brelade:

Given that in the proposition (d)(iv), you have asked for the authorisation of the transfer of £21 million from the Strategic Reserve Fund into the Consolidated Fund during 2021 to meet the additional cash flow funding requirements; why is that? Who has the hands on the purse strings?

Deputy Chief Minister:

If the Treasurer can come in; Richard.

Treasurer of the States:

The funding solution is that the borrowing will be placed within the Strategic Reserve while it is, if you like, held in the Strategic Reserve until such time as it is needed. The transfer in 2022 in respect of £21 million, was that the question?

The Connétable of St. Brelade:

Yes, indeed. The £21 million coming out in 2021.

Treasurer of the States:

That is on the basis of quite a conservative estimate of interest costs if we were to be able to get a bond away at the start of the year, plus bond issuance costs that we would have at that point. Those are in respect of, if I am in the right place of the financing, sorry that is 2022. In 2021 the number is the additional budget required to get us through the current year.

The Connétable of St. Brelade:

How much have we spent to date?

Treasurer of the States:

I have got that somewhere. If I can come back on that on how much to date. I could say that we have available budget of £48 million and current estimates are that, by the time we have the debate, we will have spent £2 million to £3 million less than that.

The Connétable of St. Brelade:

Will the costs be met within the existing revenue allocation to Health and Community Services today and is there enough certainty to continue with this over 40 years?

Treasurer of the States:

The budget, if you like, for Health and Community Services is the caring annual costs of running Health and Community Services. It is not related directly to the project.

The Connétable of St. Brelade:
Just going back to Gretta's point with regard to facilities management and costs; do you envisage a reduction in facility costs?

Treasurer of the States:
I will await the outcome of the work but there are a number of factors that Gretta has pointed to, such as, and in particular, a very aged estate currently located across a number of sites that suggest that we will find that the costs would be less than they currently are.

The Connétable of St. Brelade:
That is good.

Senator K.L. Moore:
May I just interject with one further question there? Will that information with regard revenue costs be provided before the debate?

[17:45]

Construction Project Manager, Our Hospital Project:
The likely timing for that business case work concluding at S.O.C. (strategic outline case) stage is in the new year. The S.O.C. stage is the initial stage of that business case so then it will obviously continue after that.

Deputy Chief Minister:
If I may, and we have discussed this, I think we need to get some sort of estimation, Gretta. I know it is difficult now because we are working on the detail but we are not looking at a hugely different envelope here. But I think one of the whole ideas behind having a single site was to take advantage of the logistical benefits. It was really just to say that we are not expecting anything untoward. We will need to refer to that in the funding debate.

The Connétable of St. Brelade:
I think it would only be fair on States Members to have some idea. I think you are right in suggesting that there is an expectation it will be less. We would be disappointed if it were to be more.

Deputy Chief Minister:

We also have to take a real long-term view over this.

The Connétable of St. Brelade:

Indeed. Will the new hospital be fitted with state-of-the-art or higher-end equipment? Are there additional higher-end costs to maintaining special equipment I suppose, is my question?

Deputy Chief Minister:

I will defer to Professor Handa in a second. As I alluded to at the beginning, when you start looking around the world at some of the technology that is available I think it would be easy to rack up a huge bill when you look at some of the marvellous inventions that are being utilised in other countries. But the aim is to have, as I said before, something that is fit for Jersey and have the best possible equipment where we can. Ashok, did you want to just put a little bit more detail around that?

Our Hospital Clinical Director:

I would echo what you are saying, that the plan and the strategy very much is on going for the higher end not the, if you like, cutting edge so-called probably experimental or innovative. The idea is to be early adopters on that bit of the curve, which is the safest place to be, and usually gives you the best both cost efficiencies and durability. So very much our strategy is using evidence base on becoming early adopters, not the innovators, not the cutting edge and absolutely not the experimental because that is the zone of danger and we want to be in the zone of safety.

The Connétable of St. Brelade:

We are keen to see that it is affordable. I am now going to pass on to Deputy Gardiner.

Deputy M.R. Le Hegarat:

Can I just ask something? When you talk about the equipment that we are using or going to buy, the usage of that equipment comparable to our population. So when you buy something, a piece of equipment for a hospital, for example, if you buy it for a million population there is a differential to buying something for 100,000 people. Are we looking to buy things that are compatible with the usage that we will have for such a small Island?

Our Hospital Clinical Director:

Absolutely. That is the intention. However, you do have to remember that you live on an Island, and I hesitate to say that in this esteemed company. So, for example, if you worked in a part of Oslo and your C.T. (computerised tomography) scanner use was for your population, you needed 0.8 scanner, then you would be one. In Jersey if you buy one C.T. scanner and it breaks down you will have no service. The contingency in Jersey, as is current, is that we have 2 C.T. scanners for that

reason. So the sort of contingencies you need by being an Island state are different and that sort of back-up is always cheaper in the medium and long run than closing your service, putting lives at risk, and putting people on a plane to go to Southampton or somewhere else, whoever may have a bed available or not. Yes, we would absolutely on those things, based on what is the demand and capacity need, we would project ahead to 2036 and then we say because we are an Island what contingency and safety would you want. For example, you would not build a hospital without a back-up generator but you could say that for 99 per cent of the time, when you do not need the back-up generator, it is a waste of money. It is like having an insurance policy. You could either live without insurance or you can live with insurance, and that is what you have to decide.

Deputy M.R. Le Hegarat:

Of course, and I assume that there are different scanners at different costs. So one assumes that there is a ... when you buy a car you might buy a BMW but there are different ranges within your BMW. What I am asking is when we go to buy our scanner or our 2 scanners, that we are going to look at ... of course some of that equipment may already be within this current hospital but what I am asking is, is that at what scale are we looking to buy that equipment? Top end or somewhere in the middle or lower down, if we are going to buy 2 for a very small population?

Our Hospital Clinical Director:

Thank you for that question and that really relates to the answer I gave earlier, which is if you look on the scale of do you want to be an innovator, do you want to be an early adopter, do you want to be further down the scale to be a late adopter, or do you want to be a laggard, or do you want to be someone who never changes and uses stuff that was being used 50 years ago and is not fit for purpose? The strategy for the equipment, and for the healthcare, is to be those early adopters and all the evidence from around the world is that the early adopters end up having better healthcare, better outcomes and, in the medium term, it is cheaper.

Deputy I. Gardiner:

I would like to go back and clarify a couple of details around ongoing revenue cost in connection with the facility management cost. The strategic business case stated that these costs would be assessed in the outline business case and they have not been. Why is that and why have we been presented with an outline business case without these details despite promises?

Deputy Chief Minister:

Gretta, can we go back to you for that?

Construction Project Manager, Our Hospital Project:

One of the significant areas of the F.M. - there are kind of 2 areas - one is what is the life-cycle cost of the building? What is the cost of replacing the bits within the building and there has been progress on that during the outline business case, and that is reported? The other element of the F.M. costs are the costs associated with looking after the building. The cost of the porters, the people who do the cleaning. There is a piece of work that has been ongoing within the Government of Jersey, originally it was broader than the hospital, that is looking at how those services are going to be procured. That is what is going to be captured in this business case. That is quite a big piece of work to think about. What is the best way to procure cleaners moving forward? Are they in-house, is that an out-of-house service? What is the best way to do it? That work has started, it has made progress but it is not concluded. It is that element of the F.M. that is not concluded but the life cycle has moved on and is reported in the outline business case.

Deputy I. Gardiner:

I think that if we are talking about ongoing revenue costs in connection with facility management costs, it is not just cleaners. I understand it is also cleaners, which is important. Do you consider that this borrowing requirement for the new hospital with potential adds to the revenue burden on the Government acceptable to bring to the Assembly without actually any sight? Whether the new hospital is affordable to maintain as presented on an annual basis?

Senator K.L. Moore:

I think that requires a political response.

Deputy Chief Minister:

I presume we are talking about the ongoing health budget primarily, and again that is not part of the project as such. It is important insofar as - and I have said before - the investment in the hospital when you look at it in the context of how much we are going to spend in running our health service over the next 40 to 50 years, which will run into billions and billions of pounds.

Senator K.L. Moore:

I think the Deputy's question was very clear which was: do you feel it is acceptable to bring this proposition requesting a considerable amount of borrowing, which will obviously require repayment, without knowing exactly what the ongoing revenue cost, and therefore the burden on this Government, but it will be future Governments, that will run parallel to the borrowing repayment?

Deputy Chief Minister:

Just to be clear, the question is in relation to the running costs of the health service now compared to what it will be with the new hospital?

Senator K.L. Moore:

Yes, which you do not know. The question is: is it acceptable to bring that to the Assembly when you do not know and you cannot tell the Assembly what the burden of cost will be?

Deputy Chief Minister:

I think it is acceptable to do that because we will know the ballpark figure of the costs. We know we are not going to be exceeding costs. We are looking to make savings. Given the time constraints it would have been very useful to have all of that detail but Gretta has explained I think why we have not got it and we are working on it, and we will deliver it as soon as possible. But we can safely say that we are not going to be increasing by any considerable amount the running costs of the health service. The idea of putting everything in one place over the next 40 to 50 years is to provide better value.

Senator K.L. Moore:

But, Senator, you give us no assurance one way or the other. Your previous sentence has contradicted your earlier one.

Deputy Chief Minister:

Can you explain how I contradicted myself?

Senator K.L. Moore:

You initially said all this was going to be cheaper but there is no assurance as to how and then, in that final statement there, suggested it may be more.

Deputy Chief Minister:

I did not actually say it was going to be cheaper. I did not use those words. I said the thinking behind having one site is to provide logistical advantages to running our health service. It is about having front line staff being onsite rather than having to travel across the Island to different sites to deal with certain issues. So the logistical benefits and that has to lead to cost benefits over the long term. That is impossible to compare what that will cost over the next 50 years with the doing nothing option. That is all the work that is going on now. We will provide that as soon as possible.

Deputy I. Gardiner:

I would like to share my concern with the Minister because when we debated back in November, we also discussed the strategic business case, where we were reassured that the facility management cost, basically the true cost of the ownership, will be in the outline business case. Now we are going to debate the outline business case that we already identified in previous hearings that does not meet the Green Book standard, and now we are also not having true cost of ownership included. Is

the outline business case misleading us? Or will we have another surprise that we will be delayed and we will vote again on something very partially?

Deputy Chief Minister:

No, of course the outline business case is not trying to deceive. A facility management business case is currently being developed to consider the future strategy and costs associated with delivering the new facilities. So that is an urgent piece of work in progress. Waiting for this piece of work to complete before presenting the outline business case will introduce significant delay to the project, and that is what we want to avoid. In an ideal world, if we had years and years to build this, we would wait and we would line it up properly but from the very start of the project we said we are going to have to be running some of these exercises in parallel, and that is what we are doing. While I do accept it is not ideal not to have these detailed costs in the outline business case, as we would have hoped to do initially, it is a work in progress and we will provide that as soon as possible. Efficiencies can and will be made to the Our Hospital Project using newer technology. For example, the way we are going to power, for example, the whole campus as opposed to the way we are powering it now. Then all the advantages of improved clinical adjacencies. Like I say, not ideal but it is due to the timeframe we are working, the team are working on this urgently to get that information as soon as possible because it is important information for States Members. I do accept that.

Deputy I. Gardiner:

Thank you. I will quickly run through 3 questions. Just to confirm that the RIBA stage 2 design report was finalised and the RIBA 3 stage design report did not include it in the contract with ROK FCC will be finalised before the planning application. Do we want to go into the planning application in November with a RIBA 3 stage design report finalised?

Deputy Chief Minister:

Thank you, Deputy. Gretta, would you be able to deal with that one as well please?

[18:00]

Construction Project Manager, Our Hospital Project:

Yes, Minister. The RIBA stage that we will be at, at the point of the planning application is RIBA 3(a). The elements of RIBA 3 that are relevant for the planning application will be progressed and the full RIBA 3 report will be available once the other elements of RIBA 3 are concluded, which will be after the planning application. The RIBA kind of work recognises that planning can be made during RIBA 3, so that is the plan for the project.

Deputy I. Gardiner:

Would you consider to tender for RIBA 4 stage and for the building? We do have this option once the planning application has been submitted.

Construction Project Manager, Our Hospital Project:
Would you like me to answer? As you know, with the tender process that took place to appoint our design and delivery partner for the preconstruction stage, they have been appointed for that stage and with the procurement route that we are going through what they are now doing is tendering all of the works packages. The way that that tends to work, as is typical in a building like this, is that for some of those work packages the design is available earlier, so they will start that process earlier, and then for some of the packages it is later in the design process as the information is available. That procurement will be happening and the outcome of it will be recorded in the full business case.

Deputy I. Gardiner:
Please correct me if I am not correct. ROK FCC has been contracted obviously for the first stage, which includes development and design and submission to the planning, and for the second part, which is actual building, so RIBA 3, there is an option to go to tender and not necessarily continue with ROK FCC, or I am not correct? We can continue if we want but we have also an option to go to tender and to see what is on the market?

Construction Project Manager, Our Hospital Project:
Yes, the original procurement anticipated that the design and delivery partner that was appointed would be the design and delivery partner that it was likely that you would want to contract with, and they will do the procurement of works packages to provide comfort around value for money. But there is an option not to proceed with them and with construction contracts you can terminate construction contracts, and ours is a standard contract that does have clauses. There are obviously contractual issues that come up when you terminate a contract, but that is possible.

Deputy I. Gardiner:
Do you consider this option?

Construction Project Manager, Our Hospital Project:
The reason for the procurement that takes place during this stage is so that everybody can have comfort that value for money is being achieved through the procurement that the design and delivery partner is doing. The procurement process we are using gives us real visibility of all of that procurement. So we would expect that we will see that we are getting value for money and that it is the right thing to continue working with our design and delivery partner, but we do have the transparency that enables the Government of Jersey and their advisers to highlight if there are any concerns as that tendering process happens.

Deputy I. Gardiner:
Just to clarify, did any tender process happen for the future contracts for actual building?

Construction Project Manager, Our Hospital Project:
Yes. The original procurement process that took place ...

Deputy I. Gardiner:
Sorry, apologies. You said that ROK FCC can go further and to tender for subcontractors to deliver through the project. Is this process for the subcontractors to deliver a process that is already happening?

Construction Project Manager, Our Hospital Project:
It will be happening during this stage, yes. As the design information is available they will be tendering and we will have visibility of that tendering process so that we can ensure there is value for money. It is what we call an open book process.

Deputy I. Gardiner:
Thank you.

Deputy M.R. Le Hegarat:
During the course of this review, our advisers have been directed to the information contained in the Jersey Care Model to determine how the bed numbers for the new hospital were calculated. However, these documents, C114/2020, do not appear to contain the detailed activity, length of stay and occupancy assumptions that have determined the bed numbers set out in the Deputy Chief Minister's letter presented to this panel on 27th August 2021. The J.C.M. (Jersey Care Model) makes reference to expecting hospital beds in the future to be in the range of 150 to 210. That is on page 63, but our advisers have been unable to find an audit trail that explains how the total of 294 beds in the new hospital relates to this projection. Are you able to explain why tables showing how the bed numbers were calculated are not included in the outline business case?

Deputy Chief Minister:
Do you want any explanation about the bed numbers or just as to why they are not included?

Deputy M.R. Le Hegarat:
Both would be very useful.

Deputy Chief Minister:

Okay. Ashok, if I can go to you on the first part of that.

Our Hospital Clinical Director:

I do not have any responsibility for the Jersey Care Model and I am not in a position to answer questions about the Jersey Care Model per se. The rest of the modelling on the beds was undertaken, as you know, by PwC. That report, as I have previously outlined, is in the public domain and your advisers were signposted to that at a meeting that I was at.

Deputy M.R. Le Hegarat:

When was that meeting?

Our Hospital Clinical Director:

That meeting was some time in the last couple of weeks but your adviser from Currie & Brown who was signposted to that is in this meeting today.

Mr. M. Clark:

Could I come in, please, at this point? I am sorry I cannot put my hand up for some reason on Teams. Yes, I was in that meeting, that is quite correct. Yes, we were signposted to the documents, that is quite correct. I have read all 493 pages of that document and not been able to find the information that we requested and that we have requested through this question. For example, obstetric beds, maternity beds are not referenced in the Jersey Care Model, all 493 pages of it. So if there is additional information, that has not been provided to us and we would expect to have seen that in the O.B.C. anyway regardless of whether or not it was in a different document and a different business case.

Senator K.L. Moore:

Do you have any response to that, Professor?

Our Hospital Clinical Director:

As you will know, and we discussed at that meeting, the initial modelling was based on the PwC report. Subsequent to that we have had 5 rounds of clinical user groups. We have challenged the clinicians on the numbers of beds, other facilities required, all the way through that process. Those processes each result in an output of change in design and amendment to the schedule of accommodation. The schedule of accommodation is aligned to that. We know that many of the services have changed the service configuration and profile and that has continued to inform that. The original schedule of accommodation, the first version that was made public in November 2020, was based on the PwC report. Since then, as I have said, there have been 5 sessions, including

earlier this week, of clinical user groups with a continuing challenge and addressing the changes in models.

Mr. M. Clark:

Can I confirm then it is that process that has resulted in 294 beds being determined as being required as opposed to the 150 to 210 figure that is quoted in the PwC report, to which you have just referred, as the basis for the bed modelling?

Our Hospital Clinical Director:

I do not recognise the 294 number. As I have outlined, that number continues to change and develop as we go through, as is normal in any other project of this kind, because we have had a huge earthquake called COVID and that has changed the way people have looked at it. The Emergency Department, for example, and acute care have come and changed their model and determined that and signed it off earlier this week. So it is a state of iteration and an iterative process, as I am sure you will recognise from projects you have been involved with elsewhere.

Mr. M. Clark:

Of course. Just for the record, the 294 figure was in the Deputy Chief Minister's letter in response to the panel after the last meeting.

Our Hospital Clinical Director:

That talks about beds, as I understand it, in its broader sense and understanding rather than purely inpatient beds. I think that was in the response from the Minister, to my recollection, but I am happy to be corrected.

Mr. M. Clark:

No, it was the total. I think what we are trying to get to is that the PwC report also suggested it was the total number. There simply is not an explanation in any of the documents we have been provided of how the bed numbers are calculated and that is what we would expect to see in an O.B.C., as we have advised the panel. But thank you for your explanations.

Deputy I. Gardiner:

I would like to ask Mr. Handa for an explanation between 2 answers just to understand the connection. When questioned previously about 75 per cent of occupancy and how we got to these numbers and the square metres, it has been stated that it is in connection to the Jersey Care Model. Now in the answer I understand that you are not involved directly with the Jersey Care Model; I personally did not have much development around the Jersey Care Model. So I would like to

understand how we estimated the occupancy and the size with connection to the Jersey Care Model when you are not connected to the Jersey Care Model.

Our Hospital Clinical Director:

What I said is that I do not have responsibility for the Jersey Care Model and I still do not have responsibility for the Jersey Care Model. What we have done is to use that as a strategic plan for the changing health of the Island. We also know that the aspirations for the Jersey Care Model are aligned with the most high-performing healthcare organisations and systems around the world, particularly in Canada, in Australia and in parts of Scandinavia. Those are aspirations for most healthcare systems because otherwise we know that there will be escalating costs for healthcare provision with the changing demographic. That is where we are with that and we have said that we are not, in the Our Hospital Project, building and designing a hospital purely on the Jersey Care Model. We know that over the lifespan of the hospital of between 40 to 60 years there will be a number of care models and changes in healthcare and that is why we designed it to have the futureproofing and versatility and flexibility. The 75 per cent is based on again - and we have discussed this before but I would be keen to reiterate it - that we were comparing with the targets in, for example, the U.K. (United Kingdom) N.H.S. (National Health Service). Where they have targets of 85 per cent occupancy, they end up with 95, 100, 110 per cent occupancy with the mess that the N.H.S. in the U.K. is in. Given that we are an Island where we do not have another hospital 10 miles or 5 miles or even 3 miles down the road where we can then in times of stress escalate to that, we needed to have that greater buffer for up to 2036 and beyond that. Depending on the healthcare need, we may need to flex up beyond that. We have made the design such that we can have additional clinical capacity or less depending on developments in healthcare. For example, large parts of surgical practice have disappeared with better medication. That may be the case with chemotherapy; large parts of cancer surgery may just disappear.

Deputy I. Gardiner:

I understand. The only concern that I would like to state is that I understand the connection with the inspiration and strategy of the Jersey Care Model. For me, the hospital is an infrastructure project that needs to serve, and I would like to see the connection to the infrastructure of the Jersey Care Model and not inspiration to the infrastructure. You mentioned the clinical users group. We questioned it previously. You continue to work with the clinical users group. I understand there are several clinical users groups. Are any records of these meetings available, at least on a confidential basis?

Our Hospital Clinical Director:

As far as clinical users are concerned, it depends whether you want to just talk about the clinical users or the overall clinical engagement strategy. As far as the clinical user groups are concerned,

for the main hospital project we have had 5 rounds of clinical user groups. There are around 25 groups looking at each service. For example, there will be one for E.N.T. (ear, nose and throat), ophthalmology, children's services, women's services, Emergency Department, and the list goes on and on and on. We have provided, as far as I am aware, the dates, the appointment times for those users and the invitees. Of course, these are not meetings but workshops. They are based and run on the basis of providing a confidential and safe environment for clinicians to talk about where they see the need for the safe delivery and high-end delivery of care for their patients.

[18:15]

That means that that forum is for both me to challenge them and critique them and provide that external review as well as for them to challenge me in return. Out of that process you can only have a process like that if it is done in a spirit of transparency, openness and confidentiality. Hence there are no minutes taken of those meetings. This is normal practice for these types of groups in other projects. What is an output of that that is measurable is the design changes. This is how it works. They come and tell us a whole lot of stuff. We challenge them. We ask them to provide us with evidence for their views. We give them evidence from other healthcare systems. We come to an agreement and we make the changes.

Deputy M.R. Le Hegarat:
Sorry, I am conscious that we are on question 9 of quite a lot of questions. Can we try and be a little bit more concise? We have got a lot of questions and it is already 6.15 p.m. I am going to move on to the next question, if I may, please. Do the bed estimates include those within the private wards and the mental health service?

Our Hospital Clinical Director:
The overall bed numbers do, yes.

Deputy M.R. Le Hegarat:
That is great. Can I ask a question? It may be that you cannot answer this question but I know that it is not only myself that is concerned about this. We seem to have doubled the number of beds in the private ward. Can we justify why that is, please, from somewhere?

Our Hospital Clinical Director:
The number of beds in the private ward is based on the feedback from the associate medical director, Dr. Simon Chapman, Judith Gindill who is the manager for surgical services and also James Mason who is the manager for medicine and Dr. Effie Liakopoulou, the A.M.D. (Associate Medical Director) for Medicine. It is their work that has determined that number. I have previously given

evidence in this panel that we also wanted to provide for escalation should there be either a pandemic or other breakout so that we can have a hospital within a hospital. In an ideal world you would have a 2-site solution, a hot site and a cold site, which is what we needed to do during COVID, which led to a very significant service discontinuity and disruption. This plan allows us, if we need up to 30 beds in a hot room, to have a separate hospital within the hospital or that could be the cold work. That is about futureproofing the Island's health.

Deputy M.R. Le Hegarat:

Okay, thank you for that. Just quickly on the basis of that, do we have or what capacity are we operating with the beds in the private ward now? Are we maximising what we have already without doubling it?

Our Hospital Clinical Director:

No, we are not and that is because of the overall infrastructure of the hospital. We are working in a building that is falling apart. We have said that before. The chair of this panel has accepted that and asked me specifically not to make that assertion again, so I am not going to repeat that. I am not going to go down that road again except to say that we know that the infrastructure ...

Senator K.L. Moore:

I am very sorry, we really need to keep this concise, but I just would prefer if you did not attribute comments to me that are not correct. If we could stick with Deputy Le Hegarat's questions, please.

Deputy M.R. Le Hegarat:

What I am concerned about is that we are doubling up the private wing where we are not fully at capacity in the wing that we already have. I would like to just get to this point to say that we fully accept that we come into a pandemic and if we were in this again we would be able to use this site. But bearing in mind the level of the budget that we are asking for, we are doubling the amount of the private wing and we need to be able to be satisfied that this is for a legitimate purpose for what we require.

Our Hospital Clinical Director:

Sure, and the short answer to that is it is a legitimate purpose and the reason for that is we know that a very large amount of private practice goes off-Island. Jersey money and patients are having to travel because the hotel services and the facilities are not adequate on-Island for the type of facilities that patients would want privately. This is about making a facility available, keeping the Jersey pound and patients on Jersey.

Deputy M.R. Le Hegarat:

Just quickly before we move away from that, Deputy Johnson would like to ask a final question on this.

The Deputy of St. Mary:

Yes, just before we leave this subject. Thank you for that. Earlier in this hearing reference was made to the flexibility of the hospital plan and how rooms, et cetera, could be changed. On that basis, I presume that if there was no immediate demand or urgency the private sector could be accommodated in the main building without a new block being built at this early stage?

Our Hospital Clinical Director:

It gives us the overall bed state for futureproofing and, of course, it would be used for public use should it be required, and they would always get the priority for that estate. That is the working model, as I understand it, and the director general has stated that openly in the past.

The Deputy of St. Mary:

Yes, I understand that, but all I am saying is that on a needs-must basis the private patients could continue to be served by the main hospital without the additional building if only as a temporary measure?

Our Hospital Clinical Director:

The feedback we have, Deputy Johnson, from the patients and the clinicians is that those patients say they are not being treated any differently so they do not utilise their paid-for insurance. The public purse loses that money. Only the insurance companies win out of that.

The Deputy of St. Mary:

I understand that argument, but it does involve the question that they could be accommodated within the main hospital if necessary.

Our Hospital Clinical Director:

Sorry, my answer to that was, no, they cannot, if you want to have a 75 per cent occupancy for an Island state and if you want to ensure that we would not be turning people away. So, no, it could not be accommodated simply by taking 30 beds out.

Deputy M.R. Le Hegarat:

Okay. The parking provision for the new hospital will be around 800 spaces. Is this amount of parking necessary for the throughput of patients through the hospital on a day-to-day basis?

Deputy Chief Minister:

That is something that is being revisited at the moment to restudy, given the feedback from the initial design and the initial car parking provision and following discussions with the planners. I am not sure which officer would like to discuss that. I apologise, we have not got anybody online to specialise in that.

Director General, Infrastructure, Housing and Environment:

I think it is fair to say the designs are still being developed, so there is still a continual debate going on with the team, with both the highways authority and the planning authority here, as to what those designs should be and what is needed for the development. That is still a journey that is being undertaken with a view to making sure the transport solution works for the application.

The Deputy of St. Mary:

I will just make a comment, if I may. I am, for my sins, a member of the Carbon Neutral Steering Group, which would have had a meeting this afternoon had it not been for the shenanigans in the States. It was seen that given the aims of that body, a car park for 800 vehicles would be inconsistent with the aims of that, so there is a conflict within Government if we did proceed.

Deputy Chief Minister:

That has been taken on board and, without giving too much away at this stage because, as Andy said, we are still running through the designs and the concepts, I would expect that number to be reduced in the next iteration.

Director General, Infrastructure, Housing and Environment:

Just to make a comment about carbon neutral, I think we also need to bear in mind this facility is going to be in existence for many decades beyond this point and how we travel and personal travel and how they are fuelled will change in that period of time. While a lot of our vehicles are carbon hungry at the moment, they may not always be carbon hungry moving into the future, so we will be seeing a lot more low emission vehicles or zero emission vehicles on our roads.

Deputy M.R. Le Hegarat:

The panel's advisers have been informed that comparisons of the area of the existing hospital, the existing capacity and the new hospital presented in the outline business case at page 68 are not like for like. Can you provide a correct comparison between the area of the existing facilities that will be replaced by the new hospital and the area of the new hospital?

Deputy Chief Minister:

I am not sure I fully understand that question.

Senator K.L. Moore:

I think technical people should understand that requirement for a like-for-like comparison. Do you want to add anything from Currie & Brown?

Mr. M. Clark:

Thank you. Just to state that there are square metre figures in the outline business case that basically indicate that the size of the new hospital will be significantly higher not just than the existing hospital but the existing hospital and the correct space standards, yet the bed numbers only change by 60. In the meeting to which the Professor referred, we were told that those numbers were not in fact like for like and there are other facilities that were not included in those figures, so we could not draw the conclusion that the space of the new hospital would be much higher. What we are asking for are the correct numbers so that we can reach the correct conclusion about the comparison between existing facilities and future facilities.

Deputy Chief Minister:

I will answer that by saying that the new hospital is 4 or 5 hospitals in one: acute, ambulatory, maternity, outpatients. We are just providing the facilities in a much more appropriate and useful and productive space, far better facilities, better thought out, much more effective and appropriate for Islanders to use.

Mr. M. Clark:

Yes, I can understand the principle, but the figures are 40,000 compared to 67,000 in the O.B.C. but then we were told those are not the right numbers. It is really what we expect to see in an outline business case is a factual comparison between existing space and future space and we have been told that those numbers are not correct but we have not been given the correct numbers.

Our Hospital Clinical Director:

Maybe I could add that the difference between Jersey General Hospital, which is the 40,000 figure that you refer to, does not include the following services. We have made this information available to Scrutiny in the past. It does not include the mental health facility, the sterile services, the pharmacy stores, the knowledge and education centre, fresh cooked food catering services, the facilities currently at Overdale that are going to be relocated into the main hospital, which includes the hearing aid resource centre, pre-operative assessment, urology, neurology, rheumatology as well as speech and language therapy, dietetics, and of course, as you have said, it does not include the current building standards and recommendations by H.B.N. (Health Building Note). So H.B.N. alone would bring the facilities from 40,000 to 54,000. When you then add in all of those other facilities it comes up to a number somewhere between 65,000 and 69,000. I do not have the exact number to hand. As we said earlier on, that is an iterative process. As part of the changes due to

COVID, we have reduced some areas through that check and challenge process of our user groups and we have not to date increased that. That will give you an update on all of the additional things. Comparing that 40,000 with the circa 65,0000 to 69,000 is literally comparing apples to grapes.

Senator K.L. Moore:
Deputy Johnson, would you like to set off on your next question?

The Deputy of St. Mary:
Yes. It is fairly straightforward really. The panel's understanding is that the proposed area of the new hospital is significantly higher than would normally be expected for a circa 300-bedded hospital. While we have been provided with some rationale for this, can the Deputy Chief Minister please provide details of the assurance process that has been undertaken to validate that proposed area and confirm that it is no greater than is necessary to deliver the planned clinical and non-clinical services?

Deputy Chief Minister:
I think Professor Handa probably answered that, did he not, in the previous questions about the consolidation of the whole health estate, including the functions that are carried out in Overdale, into one hospital?

The Deputy of St. Mary:
We should not be looking at it solely in the context of a 300-bedded hospital. You are saying it is ...

Deputy Chief Minister:
It is a number of hospitals in one building, is it not? It is not just a hospital as such. I am not sure how many times we have to repeat ourselves on this.

[18:30]

It is a health facility, it is a health campus that deals with … and Ashok can jump in and correct me if I am wrong, it is not just dealing with people that require meds. That is only a part of the function of this facility. All of these spaces have been designed with that in mind and provide a very good and adequate service.

Senator K.L. Moore:
The question is asking you as Deputy Chief Minister and the political lead on this project to identify the assurance process that you have gone through and if the size and scale of this project is correct and …

Deputy Chief Minister:

Can you just define the assurance process, please? Do you mean are we content as an oversight group?

The Deputy of St. Mary:

Essentially, yes.

Deputy Chief Minister:

We absolutely are. I mean, I cannot count the number of meetings and the hundreds of hours we all spent working together as a team pouring over the designs and having these conversations.

Senator K.L. Moore:

Based on what evidence?

Deputy Chief Minister:

Based on all the evidence provided to us by our own advisers on the project team.

Senator K.L. Moore:

Thank you.

The Deputy of St. Mary:

We will leave it at that then. Should the escalated costs associated with producing the full business cost through P.A.C. (Public Accounts Committee) be adopted, are you able to give a figure for those, please?

Deputy Chief Minister:

Perhaps Hazel or the Treasurer can help there. Is Hazel with us? Or the Treasurer? Could someone from the finance team please answer that question? If they cannot we will have to come back to you.

Senator K.L. Moore:

Perhaps they could inform us tomorrow.

Deputy Chief Minister:

We will come back to you on that one.

Senator K.L. Moore:

We will just move on. Senator, will Members be given any further opportunities to consider the project and its costs, in particular, given that there are still unknowns with relation to the project?

Deputy Chief Minister:

Sorry, just getting this straight in my mind. The plan now is to present the revised designs and road layouts to Members towards the end of next week and also we will be providing at that time the opportunity to run through the proposition in relation to the funding.

Senator K.L. Moore:

I am thinking more of will there be an opportunity for the proposition to come back to the Assembly, because the crucial or critical part is when we vote and give our backing to the project.

Deputy Chief Minister:

I am not sure, to be honest, off the top of my head.

Senator K.L. Moore:

Okay, thank you. We can move on.

Deputy Chief Minister:

I will come back to you on that. Possibly but it depends upon the debate, whether any amendments are lodged from P.A.C. So possibly, I get back to you on that.

Senator K.L. Moore:

Yes, so the panel has received submissions, as I am sure you are aware, indicating that the cost of the Our Hospital Project is double and up to 6 times more expensive per square metre than a build elsewhere, even applying an additional 42 per cent for inflation in Jersey, the weighting, to those prices. What is your response to people who are concerned about the cost per square metre of this project?

Deputy Chief Minister:

Well, I do not recognise some of those claims. I think some of those claims are grossly exaggerated. I would like to see some sort of evidence of that because all the costs that we are being given point to a completely different position.

Senator K.L. Moore:

Deputy Ash told us in the hearing that the cost per square metre is about £6,200. Other equivalent community general hospitals we heard that can be a maximum of £5,600, which obviously makes a vast difference when we are talking about 70,000 square metres.

Deputy Chief Minister:

I mean, it is difficult to say, we are not sure what we are comparing it with. If we want to make a detailed comparison and compare it we need to look at the details of what it is being compared to. You have to compare like for like, right down to the type of equipment that is being used, as Deputy Le Hegarat mentioned. We are not sure what spec of equipment …

Senator K.L. Moore:

Can we ask your team if they can provide us with some examples of equivalent projects that have achieved the cost of £6,200 or thereabouts per square metre?

Deputy Chief Minister:

We can certainly ask the team to look at that.

Deputy I. Gardiner:

Senator, very quickly, even taking the number £6,200 per square metre and we are at 70,000 square metres, we still come in at £434 million. It is a basic calculation. How are the associated costs, even with your £6,200, almost double the price?

Deputy Chief Minister:

I am looking at the capital cost breakdown that include roadworks, preliminaries, design and professional fees and …

Deputy I. Gardiner:

We will go with your figure £6,200, double £70,000, which is even a bit bigger, it is close to £434 million, so we have a big associated cost.

Deputy Chief Minister:

Okay, thanks. Can I hand over to our cost control adviser? Ross, would you like to …

Director, Turner and Townsend:

Yes, happy to assist on this. In terms of the information that has been shared, we shared some benchmarking information with your advisers, with Currie & Brown, during the Scrutiny process. We have to be careful because obviously in terms of sharing information some of that is confidential. But it is worth noting a few things. One is, as the Minister was mentioning, comparing like-for-like schemes is quite challenging to make sure … as has been mentioned, we have a number of facets that are included in the Our Hospital scheme in terms of different departments so it is key that when we are comparing projects, we are doing that with similar projects. So what we have done as the

Government of Jersey's cost consultants is to provide that benchmarking information from the vast repository of project information that we have. We have compared costs that we know, we have assured and we have checked are truly comparable to give confidence in the direct comparison of those schemes. As has been mentioned, when we are having other figures quoted to us it can … it is not completely useful unless we truly understand what those figures are based on, whether they are current in terms of the scheme, information, the dates it is based on, whether abnormal elements of the different schemes that are being compared have been taken in to account. We do accept it is quite complex and it is key - as with many things in life - in terms of making sure that we are comparing truly comparable data. But part of our role has been to provide and undertake that benchmarking. As I say, we have shared with the Scrutiny Panel's advisers and we are certainly happy to have further discussions about that information offline, if needed.

Senator K.L. Moore:

Of course we are interested in identifying means to restrain the cost of the project overall and areas where perhaps there is a general element of concern from the community that we may be paying over the odds for this project. Obviously we need to delve into that detail and help the public to understand if possible. One area that has been brought to our attention is the expectation of a profit margin. It has been suggested to us that the general maximum profit margin that could be anticipated on a similar construction project would be about 6.5 per cent, however 8 per cent has been allocated as a profit margin in this project. We want to understand why that is the case.

Deputy Chief Minister:

Is that something Ross would like to touch on?

Director, Turner and Townsend:

Yes, I am happy to pick that up. As Gretta had mentioned earlier about the tendering process for the project, in terms of when the design and delivery partner was appointed, that was a competitive tender process on the open market and the overhead and profit level for the scheme was part of that tendering process to make sure it was brought in competition with those parties who were taken forward as part of the tender process. That has been arrived at in competition in the market environment. That is part of their base appointment and contract.

Deputy Chief Minister:

Is that just profit … Gretta, did you want to add?

Director, Turner and Townsend:

That is overhead and profit.

Deputy Chief Minister:

Overhead and profit, thank you.

Senator K.L. Moore:

It appears if there was a competitive tendering process we would have driven the margin down towards that 6.5 per cent straight?

Deputy Chief Minister:

We did have a competitive tendering process. People are not queuing up to come and build us a hospital. There are a number of issues given the demand on hospitals around the world, in the U.K. and perhaps our track record with this particular project. It is always difficult as well … I say it is difficult, it is not an ideal position, is it, to be negotiating when the people we are negotiating with know what we budgeted. I am afraid there is no way around that.

Deputy M.R. Le Hegarat:

Hold on, what do you mean "know our budget"? How did they know our budget? Surely we did not have a budget?

Deputy Chief Minister:

We have to publish it all.

Deputy M.R. Le Hegarat:

So when they tender for it we tell them how much we are going to give them?

Deputy Chief Minister:

Well, it is in the public domain that we are asking for £804.5 million for the project, as we had to do.

Deputy M.R. Le Hegarat:

It seems an odd way round to do it to me.

Deputy Chief Minister:

It is an odd way round to do it, you are right. It is best not to have done it that way but when you are using public money it has to be a completely open process.

Deputy M.R. Le Hegarat:

Can I just ask a supplementary to that then? Why did we put it at £804 million?

Deputy Chief Minister:

I have to revert back, right to the very beginning of the project, when we ran through the tender process and started compiling all of the costs at that time.

Director, Turner and Townsend:

Minister, can I just clarify that the tender process, in terms of when that overhead and profit was set through competitive tender, the S.O.C. value for the scheme was not set? There was an indication of the project's size but not the detailed numbers at the time of that tendering process. Just to provide some assurance on that.

Senator K.L. Moore:

Thank you. Looking at the time, we need to move on. One other question we have about cost, the internal Government of Jersey team costs are near £40 million, can you provide an explanation?

Deputy Chief Minister:

Is the Treasurer with us?

Treasurer of the States:

I did not hear the question I am afraid. Could you repeat it?

Senator K.L. Moore:

Yes, could you explain, Treasurer, why the internal Government of Jersey team costs are near £40 million?

Treasurer of the States:

That has been built up from the experiences of previous projects and takes the project through to completion. In terms of the detail of how that works, I daresay the director general for I.H.E. (Infrastructure, Housing and Environment) has more experience to bring to bear on that. That has not moved considerably since the previous version of the project, from my recollection.

Director General, Infrastructure, Housing and Environment:

If it would help the panel, we can provide details as to what that figure is and what is in it. Effectively it is the creation of the team that we need to produce within the Government to obviously oversee our external consultants as well and our design and delivery partners. There is a team that we have to, so to speak, man mark the other consultants that we bring in and translate Government speak into our consultant team. If it helps, we can provide that breakdown as to what that money is being spent on.

Senator K.L. Moore:

I think a breakdown would be very helpful. The design and delivery contract is about £30 million. Thank you. Okay, Currie & Brown, I think you are up.

Mr. M. Clark:

Thank you very much. The question is relating to the benefits quantification, which we have asked before. We would expect to see benefit quantification in a business case of this scale. We have been given a number of answers as to why it was not undertaken. The most recent one was that there was not sufficient information analyst capacity available to provide the information needed for this exercise. The question is: can it be explained why additional information analyst resources were not made available or the timelines for O.B.C. production were not extended to enable the full benefits quantification to be undertaken to provide sufficient confidence for decision-makers concerning the case for a new hospital? Adding on that this benefits quantification was undertaken for the Jersey Care Model, so it is difficult to understand why it was not undertaken for the new hospital project.

Construction Project Manager, Our Hospital Project:

Yes, so the purpose of the benefit work in the O.B.C. was to help us to understand the comparative benefits of the options that we are evaluating.

[18:45]

The way that that has been presented in the O.B.C. is qualitative scoring. The benefits are identified and they are scored but they are scored qualitatively. To give an example, at some point we will want to measure those benefits and make sure that we can achieve them. One of the benefits we hope is that there will be an improved patient experience. A way to measure that would be to do a baseline survey of what patients feel now and then to do a survey in the future. If we did that baseline survey now in a COVID environment where patients are having a different experience it would not give a very good reflection, a very good comparator to what happens in the future. It would be a bit unfair really because obviously patients' experience is not great at the moment with COVID and all the restrictions. Sorry if the answer sounded like it was the actual data and in terms of the people to provide that data, it is partly that; it is partly a thing about data maturity and making sure that the data is collected but it is also about thinking when is the right time to collect this data so that it provides a really good baseline that we can compare against. On benefits where it was possible to quantitatively gather data like around social value, that work has made some quite good progress. There is a plan in place to make sure that all benefits can be measured. As is normal during the F.B.C. (full business case) stage, that would be a lot of work to make sure that all benefits can be measured, can be captured and can be evaluated.

Mr. M. Clark:

Yes, thank you. I think the question still remains because, first of all, it would be expected at O.B.C. stage, as is set out very clearly in the Green Book, and there are plenty of other projects who are managing to do that quantification, despite COVID. The follow-on related question was the Jersey Care Model was developed over a similar timeframe and the quantification, there is evidence in that of benefits quantification; there are numbers against the benefits. There are a number of benefits of the new hospital you would expect to have numbers against, not the one you referred to I accept, but there are others. We still do not have that explanation as to why that was not done. I will just add that it is not just about comparing options, it is about demonstrating value for money of the £800 million and that is the key requirement of the Green Book and it is missing without quantification of benefits or the full quantification of costs, as has already been discussed.

Construction Project Manager, Our Hospital Project:

What the qualitative scoring does is show further benefits that have been identified and there was a lot of work that went into looking at what all the different options for benefits could be and for developing that, and that has happened during this stage. It does help us to understand between the baseline comparator, and the new-build option is evidenced to be significantly greater and there was also a sensitivity analysis that showed even if that scoring is not quite correct there is so much difference between those 2 options that there is significantly more value for money from the new-build option. The work that was done on qualitatively scoring the benefits on identifying them on moving them forward has helped to show that O.B.C. where they could be quantified they were and work will continue to make sure that they can be quantified and measured.

Mr. M. Clark:

Okay, so just to be clear, thank you, you have just said where they could be quantified they were but that was not presented in the outline business case.

Construction Project Manager, Our Hospital Project:

The social value was the one that was presented in the outline business case, so it is the ones around social value where most progress was made and that was able to be presented and is in the case.

Senator K.L. Moore:

We will move on now to Deputy Gardiner.

Deputy I. Gardiner:

I will move to the funding solution and I would like to start that the lifespan of the new building and potential bonds are very similar. Is it possible that the value of the asset will not meet the value of the bond in 40 years?

Deputy Chief Minister:
I think we would expect the team to come in, please, but, Susie, would you care to …

The Minister for Treasury and Resources:
It is a long-term bond, so to 35 to 40 years. The value of the asset, I presume the Deputy is referring to the building, is expected to obviously last a lot longer than that clearly. The technology is what will change, clearly, over 40 years and it will all have to be reassimilated. But the reason for a long-term bond is that it can be acquired and secured at a much lower rate than varying the bonds, having short-term bonds. I think Simon would agree, I presume.

Deputy I. Gardiner:
I think I will agree with the Minister that usually we have a life expectancy of the building of more than 40 years but 40 years was put as the case. This is the reason that I am asking that the lifespan of the building and bonds are similar.

The Minister for Treasury and Resources:
That has been put out as the lifetime and the bond are similar but it is just as a comparative note; that the expectation of the building is more like 60 years than 40 years. It was just to compare the bond issue with the lifetime … like the cessant of the building, if you like, but there will of course, in 40 years' time, need to be changes. But the 2 correspond on the future forecast, as far as we can ascertain.

Deputy I. Gardiner:
Would the funding solution for this capital project we forge, in absence of relevant revenue cost for the assets, including future assets for improvements and repair that would be needed within the 4 years repayment period?

Director, Treasury and Investment Manager:
Sorry, I did not quite get the question.

Senator K.L. Moore:
Why would the funding solution for this capital project be forged in the absence of relevant revenue running costs for the asset, including future asset improvements prepared that would be needed within that 40-year repayment period?

Director, Treasury and Investment Manager:

Okay, so I think there is a danger of conflating 2 different matters here. The funding solution in the proposition is to create the expenditure for the capital in the initial construction of the building. Those revenue costs will come out of operational expenditure over the lifetime of the asset.

Senator K.L. Moore:

Thank you. We have been through that point and the lack of detail and ability for Members to question that and challenge it themselves, so we will not …

Deputy Chief Minister:

I believe the life cycle costs are in the O.B.C.

Senator K.L. Moore:

Thank you. I do not think so, there was more detail that was required. Deputy, would you …

Deputy I. Gardiner:

I would like the next question to the Minister for Treasury and Resources. This we have discussed with the Assistant Minister for Treasury and Resources but I would like to know your views: whether the Treasury is risking pressure on revenue expenditure or indeed for the tax issued investment of the Strategic Reserve Fund underperformed?

The Minister for Treasury and Resources:

Sorry, can I just get this straight, Deputy? You are questioning whether …

Deputy I. Gardiner:

Basically we are borrowing money and we are borrowing money not only for the hospital, we have several other borrowers that we are creating a debt around £1.7 billion, I think, in total last year, this year and going forward. The repayment is built on the Strategic Reserve Fund returns. If the Strategic Reserve Fund underperforms, are we not taking unnecessary risk or what risk we are taking or maybe we would need to raise taxes if the Strategic Reserve Fund underperforms?

The Minister for Treasury and Resources:

Okay, thank you. There are 2 or 3 very separate issues here. There is a revolving credit facility of £500 million, of which very little has been drawn down. £50 million could be available for the Fiscal Stimulus Fund, only £30 million has been used, so the other £20 million has not been drawn down. There is about £30 in addition, £28 million-something that has been drawn down to help with COVID

costs, the rest has not. One has to be very careful with using that £500 million, which has not been used in …

Deputy I. Gardiner:

But we did have extra with the other bonds with Andium. We are performing in deficit going forward, the Government Plan coming. There are several pressures around the finance and basically could the level of expenditure and borrowing negatively impact the stability of the Island's fiscal modelling?

The Minister for Treasury and Resources:

Yes, I understood what you were saying, I was just about to carry on. The Strategic Reserve is doing extremely well, as has been noted, and the panel and the people listening will know that. It stands now at about £1.1 billion. The idea of borrowing the £756 million for the hospital, specifically for the hospital development, will be to put that borrowed money into the reserve. The borrowing is estimated to possibly be about 2.5 per cent, it could be less but of course interest rates fluctuate by the day. It could be less but at the moment it is projected to be 2.5 per cent. The Strategic Reserve is earning in the revenue interest between 5 per cent and 7 per cent, obviously volatility from day to day, if not week to week. It makes complete sense to borrow the money, put it in the Strategic Reserve and use the investment revenue to pay for the borrowing.

Deputy I. Gardiner:

Are you comfortable with the expected investment returns for the bond funding modelling - you are saying around 7 per cent or 4.6 per cent at the last number that I saw but you mentioned now 5 per cent - will be achieved over the financing period? How confident can we be that it will continue returns as it is now?

The Minister for Treasury and Resources:

Yes, I am confident that it will but of course you could be confident before COVID arrived, who knows? Yes, but one has to take a view on this and I feel confident that this is a better way to address the situation inasmuch as there is a difference of possibly 4 per cent on the borrowing cost and the interest revenue coming in. I think this is the way to go. Of course keeping the reserve untouched does allow us to keep our credit rating and should that become a problem we still have that reserve to use.

Deputy I. Gardiner:

Will the proposed funding solution reduce the ability for the States of Jersey to gain credit in the emergency situation going forward, such as revolving credit facility during another pandemic if it will come?

The Minister for Treasury and Resources:

The revolving credit facility is only available - I have looked to Simon - I think for another year and a half, yes. Then the position, the borrowing, that is from 5 different banks is …

Senator K.L. Moore:

If I may, sorry, just to say the Deputy is asking about potential future eventualities, so if we had to go out to the market would it be something similar.

The Minister for Treasury and Resources:

Yes.

Senator K.L. Moore:

If you could refer to that question, please, potentially.

The Minister for Treasury and Resources:

I was, in saying that the revolving credit facility was available to us, firstly, because we are a Government and we have such good reserves and a very good credit rating, which was answering …

Senator K.L. Moore:

Yes, so your Government is about to publish its Government Plan, which will have a very large figure in it with regard to the amount of borrowing that you are preparing to conduct, in addition to the borrowing for this project. Therefore, the Deputy's question is future-looking with that position, how will it affect your Government or any future Government's ability to go out and borrow additional sums once we are locked into this borrowing and the other borrowing that you are proposing to, effectively …

The Minister for Treasury and Resources:

Yes, I understood the Deputy's question and that is what I was answering by saying that the borrowing for the revolving credit facility finishes in about a year and a half anyway. The reason that we had such an amazing rate on that is because of our credit rating and our reserves. I do not see at the moment that there will be a problem in the future with borrowing again for the same result.

Deputy I. Gardiner:

I think what we are all trying to get to, and I feel like we are speaking in parallels, for me we have a risk of downgrading our credit and it is a risk and we have discussed it. We will have a high level of borrowing debt we had before you got the revolving credit facility. We will run into deficit on our budget because our expenditure exceeded our income. We are talking about the option to borrow

such as if another emergency situation we were involved in. But I will leave it there because I feel that we are standing in a different position on this. Very quickly, the total cost of the bond in outline P.80/2021, if I am not mistaken, the total cost, if we are talking about the borrowing of £756 million plus interest rates, able to be at least £1.4 billion, approximately; could this be reduced?

Director, Treasury and Investment Manager:
Interest rate, well that …

Deputy I. Gardiner:
Not the interest rate, the total cost because we have a borrowing but in total all this borrowing will cost to the Island, if you are going over 40 years, £1.4 billion; this will be the total cost for this hospital. Could this be reduced?

[19:00]

Director, Treasury and Investment Manager:
The total cost of the borrowing is simply the capital plus the interest repayments, so it can only be reduced if you either reduce the capital sum borrowed or you are able to borrow at a lower interest rate. But you should not say that the total cost of the hospital is £1.4 billion because that is how much the borrowing costs are. That will be akin to saying: "I bought a house for £500,000 but it cost me £1 million because I have had to pay £500,000 in mortgage interest."

Deputy I. Gardiner:
There are different options. We do not have £756 million, we do have but we will not use it because the money should be per this. But there is always the option, for example, to borrow less. Yesterday we have heard that we have a payment from J.T. (Jersey Telecom), which £40 million, I think, was mentioned. Would it go towards, for example, reducing the borrowing? Would anything in the project that can reduce the capital cost that can bring lower borrowing and obviously for the lower total cost?

Director, Treasury and Investment Manager:
I think to the point about borrowing less you will need to find … I will not answer about project costs because that is not my area of expertise. But to the point of borrowing less, if you were, for example, to use reserves then we come back to the points that the Minister made that the flexibility for the future is retained fully by maintaining our reserves as they are, in the event any impact on those reserves reduces the Government's ability to react to future events. I think it is a fine balance but on balance at the moment we believe that maximising borrowing for this project is the most appropriate financial solution for the Island.

Deputy I. Gardiner:

Thank you. I will pass to Deputy Le Hegarat, please.

Deputy M.R. Le Hegarat:

No, I was hoping to move forward on others.

Senator K.L. Moore:

To Deputy Johnson.

The Deputy of St. Mary:

Okay. There appear to be delays in responses to our adviser's requests for information; they have been waiting for as much as 3 weeks for some data. Could you, Senator, please explain why, in the light of all the assurances the Our Hospital Political Oversight Group has given and intended to fully engage with the panel's view, why there have been these delays in the provision of information?

Deputy Chief Minister:

Yes. I have talked to the chair of the panel last week briefly because I was made aware by the team that they were working hard to get all the information as quickly as possible. I think time pressures and the sheer volume of work that has been requested has contributed to that. I apologise if there has been any delay but just to reassure the panel that we will do everything we possibly can to make sure that you receive the requested information in a very timely fashion, bearing in mind that there is a lot of information to collate and send forward.

The Deputy of St. Mary:

Thank you for your frank reply. In the course of the examination of the outline business case, the panel's advisers think clearly the preliminaries costs were not sought from the contractors at point of tendering and this, in turn, has contributed to a £34 million difference in cost assessment for preliminaries between the design delivery partner and the project costs consultants. There has been a deviation from the, I cannot recall, 10-week strategy, which was approved in November 2019.

Director, Turner and Townsend:

Can I run that one?

Deputy Chief Minister:

Have you finished, David? Yes, please, Ross, if you could deal with that.

Director, Turner and Townsend:

Yes. I think we have clarified this in terms of it is not a deviation from the procurement tendering process. The preliminaries were not tendered as part of the competitive tendering process. It was the overhead and profit that we have discussed and the pre-construction services agreement cost for the phase that they are currently working through the design and delivery partner. As Gretta mentioned earlier, it is a little unusual and a good thing to have the design and delivery partner on board at this stage. As part of the stage 2 cost plan and cost advice that they have provided, they had provided information in terms of the build up to their construction cost, one aspect of which is the preliminaries, and there have been discussions around that. We have shared the different views that we have had at this stage with the design and delivery partner with your advisers Currie & Brown. There is an ordinary part of the second stage tender process, which we are working through at the moment, the discussions will continue on those elements.

The Deputy of St. Mary:

Thank you. It is just so I can fully understand this, are you saying that there was not a £34 million difference in the 2 figures, as I suggested then?

Director, Turner and Townsend:

In terms of the O.B.C. submission there is a gap between us that we have talked through and shared the information with your advisers, and that is what is going to be worked through. The difference does not emanate from the tender stage was the clarification.

The Deputy of St. Mary:

Okay, so it is being worked through. All right, thank you for that.

The Connétable of St. Brelade:

Moving on to compulsory purchase land assembly, are you comfortable that, I am going to say, the maximum-stated figure for the acquisition of land and properties will not be exceeded, even though the fair and proper price for the purchase of some of the properties and land involved has yet to be determined?

Deputy Chief Minister:

I think, if I may, I will hand that over to Andy. When the estimates were put together that was all taken into account, the fact that to avoid compulsory purchase we had to make sure the offers were fair and appropriate. Andy, could you add?

Director General, Infrastructure, Housing and Environment:

Yes, I think that the answer is, yes, we are taking professional property advice into the project in terms of getting good value for those land acquisitions. Bear in mind it is public money being spent

and, therefore, we cannot overpay for a property. It has got to be a fair market value. I think certainly the property team that have been put into this are assessing that market value to form those figures.

The Connétable of St. Brelade:

Negotiations, are they ongoing or have they stagnated?

Director General, Infrastructure, Housing and Environment:

I think there have been a number of successful purchases that have gone through court; the sheer number of sort of transactions, about 14 have been undertaken. There are a couple still subject to C.P.O. (compulsory purchase order) and obviously we have the Parish lands issue as well. There are 2 private properties still to be concluded around a potential transaction, one is in train, that is 3, 14 have been transacted and then there is the question about Parish land.

The Connétable of St. Brelade:

When do you expect that to be concluded?

Director General, Infrastructure, Housing and Environment:

The Parish land one, we are in conversations with the Parish, I think it is fair to say. The Parish are bound by the requête that has been placed on it and the outcome of that requête. I think we are still hopeful that we will get to a solution of sorts, if not though obviously the compulsory purchase powers can apply to Parish land, as well as those other private properties.

The Connétable of St. Brelade:

Minister, just to drift slightly off with regard to Les Quennevais, in the context of Jersey's wider housing market, what consideration has been given by Treasury on the impact of removing homes on the Overdale site and the delay to the potential provision of housing at Les Quennevais as a result of the projects and temporary location of the services. What commitment can you make that the provision of housing at Les Quennevais will be acted upon in 5 years? Will work be undertaken with a housing provider to ensure the site will be spade-ready for housing and having the permits upon commissioning the new hospital?

Deputy Chief Minister:

I very much hope so, housing is our number one challenge, I believe. Andy will perhaps …

Director General, Infrastructure, Housing and Environment:

Yes, I think it is a good question and I think this is about balancing social benefits across our public land. Clearly, we are purchasing housing for health purposes at Overdale to create the hospital estate. That brings with it a huge amount of public benefit around health services and that campus.

We are also mindful that we have got other pieces of the public property portfolio, which could be developed and should be developed for housing as we go forward. Some of our health estate that is currently being used as health estate, which will relocate to Overdale, so there will be a net gain, I am sure, across other bits of public estate, whether that be the St. Saviour site or others, for instance. Indeed, Les Quennevais School, I think it is absolutely a residential site that will need to be developed out as such. I think we are currently in a conversation as to how we … once a site has been declared surplus, what do we do with it? I do think that we need to be a lot clearer with both the States Assembly and our processes internally but how we go about that and how we can signal to our 2 main arm's length bodies, whether it be Andium Homes or the development company, when they will get these sites so they can progress work in advance. I think it certainly is our intention that the Les Quennevais School, it will be subject obviously to further decisions at a point in time but would be a prime housing site that we would need to work with probably both Andium and maybe the development company on.

The Connétable of St. Brelade:
But, realistically, we do not want to see it languishing for 3 years once the facility moves back to Overdale.

Director General, Infrastructure, Housing and Environment:
Absolutely. I do think that it is a conversation we are currently having in another room with the Public Accounts Committee about how we fast forward and provide greater certainty on our public estate decisions, so that both our arm's length and the community have got greater understanding of what happens with these sites.

Senator K.L. Moore:
Deputy Gardiner had a question, I think.

Deputy I. Gardiner:
Yes, and thank you, Andy. I do think it is important that we will connect between the Public Accounts Committee, Infrastructure and the hospital because it is one and connecting dots. Are there any further decisions or indications about what is happening with the Bowling Club?

Director General, Infrastructure, Housing and Environment:
I can answer that. Yes, so we are still to find the final site for the Bowling Club. I think it is fair to say I think we have at least 20 sites for a potential relocation. There are still sites on our list which the club would be happy with, we would be happy with. There are owners' indicating that they are happy to sell and it is now coming down to a bit of a real estate conversation about price expectation and what we think we should be paying. I do think that there is positivity there. We have got one

site, for instance, and I will not mention the site or the person but the value aspiration is a lot, lot higher than the market value, even for a housing site, and we want to try and acquire it for a bowling site. There are some expectations to be managed from some of the landowners. We have also got some sites which are zoned in the bridging Island Plan, which can form a site which could be residential and community use. We are in very positive conversations with the club but also a number of owners.

Deputy I. Gardiner:
It will be within the budget that was expected for the purchases, so it would require use some of the optimism bias contiguous to extra funding.

Director General, Infrastructure, Housing and Environment:
Yes. The team within I.H.E. are working within that expected budget provision for the Bowling Club, yes.

Deputy I. Gardiner:
Can I have another very quick question, just factual? Would the demolition start before the planning application would be approved?

Director General, Infrastructure, Housing and Environment:
Would the …

Deputy I. Gardiner:
Demolition of the Overdale will start before the approval of the planning application or at least is it the plan to do this?

Director General, Infrastructure, Housing and Environment:
I think we need to be ready to roll and to start developing. We have got an imperative to get the main hospital site rolling as soon as the planning permission is achieved. It certainly is the aspiration. I think we have to progress with a demolition application. We have got an application for the reprovision down at Les Quennevais that is already in, so that work is underway and we will be underway once that planning permission has been granted. Demolition will come in next and then an application for the main site.

Deputy I. Gardiner:
Just a minute, we are going to spend the money to demolish Overdale before we will have planning approval to build at Overdale.

Director General, Infrastructure, Housing and Environment:
Yes. The intention is to relocate the services from Overdale into the former Les Quennevais School. The application for that has already gone in. We are undertaking expenditure there now to make that site ready for the planning application. Once that is approved the main works will commence. I do not think that is a risk because, ultimately, this is real estate which is a very valuable asset in any case. We do need to be ready to develop the site. We do not want to delay at Overdale because it will affect the delivery of the main hospital.

Deputy I. Gardiner:
When do you have this planned for?

Director General, Infrastructure, Housing and Environment:
To hit the 2026 timelines we need to be ready to start actioning the planning application as soon as it is received, effectively. The demolition application I do not have immediately in my head but it will be probably later this year.

Treasurer of the States:
The submission of the application October.

Director General, Infrastructure, Housing and Environment:
October, yes.

Treasurer of the States:
When we get consent we would start when we have done the building.

Deputy I. Gardiner:
I understand. Okay, thank you.

Senator K.L. Moore:
Thank you. I am very mindful that we have run over time and I apologise. We are very nearly there, everyone.

[19:15]

If we could just keep you a little longer it would be wonderful. Timing just seeped into that last answer there and would you agree, Minister, the political timeline, that was acknowledged to be very tight right at the outset of this project? That has constrained the process to such an extent that it has caused you to bring to the Assembly P.80 phase is unfinished.

Deputy Chief Minister:

Which piece of work are you referring to?

Senator K.L. Moore:

Your proposition and the outline with this case that was identified …

Deputy Chief Minister:

No, I do not agree with that.

Senator K.L. Moore:

Okay. You have said about the affordability envelope, obviously you are presenting a certain figure, if costs were running ahead of that figure. Is there a plan to drop certain parts of the project in order to constrain the cost to the affordability envelope if the Assembly agrees it?

Deputy Chief Minister:

To be honest, that is really the work we are doing now with the redesign from the initial designs we put forward, to the size, to the reviewable clinical and provision and that cost that obviously Turner and Townsend are overseeing. We very much hope that this work and the work that we are doing between now and putting in the final planning application we will drive out all the savings we possibly can. There is no anticipation at this stage of going over the £804.5 million, I hope we can come in under that. But I have previously said that we are seeing considerable increases in building costs and inflation …

Senator K.L. Moore:

Inflation was built into that £804.5 million …

Deputy Chief Minister:

Sure, so which is why we have got a high level of confidence on building a new hospital on time and within budget. Of course if our proposition P.80 is successful and was approved by the States Assembly, that is capped, which does not exceed that without coming back to the Assembly.

Senator K.L. Moore:

You would rather do that than look to reducing the scale or taking out aspects of the project.

Deputy Chief Minister:

Absolutely. That is what we are doing now in terms of scale and size and making sure that we have what we need. I think it is difficult to predict at this stage what we might do but we are certainly not planning to compromise the project on that.

Senator K.L. Moore:

Right. Will any of the aspect of that cost analysis be prepared and ready before the Assembly debate P.80?

Deputy Chief Minister:

Who would like to help with that?

Senator K.L. Moore:

Would you consider amending your own proposition to bring the cost down if you are confident that the costs analysis can deliver a cheaper alternative?

Deputy Chief Minister:

The proposition says we spend up to 30 per cent and we will spend that, so we have …

Senator K.L. Moore:

Not much of an assurance to …

Deputy Chief Minister:

I can assure you that we do not want to spend money for the sake of it. We are not trying to spend £804.5 million. We are all absolutely committed to delivering the right hospital at the right price.

Senator K.L. Moore:

If Members disagree and would prefer to see a lower spending envelope, what would be the plan B?

Deputy Chief Minister:

That is a hypothetical question, I would need time to consider that.

The Connétable of St. Brelade:

It might not be.

Deputy Chief Minister:

It might not be, no, but I think that is why we have to present the case and make Members very, very aware of the consequences of stopping the project at this stage, not just the financial

consequences but the long-term health consequences to our estate, and I think that is something that is going to make for a very important and interesting debate.

The Minister for Treasury and Resources:

May I just add?

Senator K.L. Moore:

Of course.

The Minister for Treasury and Resources:

The £804 million, which we are asking the Assembly to agree, that is the maximum level and were we to end up looking as if we were going over that we would have to go back to the Assembly, so that is the restriction on that. The estimated construction capital cost is £604 million but there are contingencies and optimal bias and all sorts of things put in to that extra £200 million, which we may or may not need but it gives us the flexibility then to not go over that £804 million. You have to build into that prospect the cost of what it is going to do to maintain the current hospital. We have just heard that it is going to be another £6.5 million to reconstruct, for want of a better word, the Maternity Unit. This is going to happen time and time again over the next 4 years because, as Deputy Johnson said earlier, the hospital is in a very bad condition and that maintenance will have to be applied. You have to balance the cost of maintaining the current situation, the current cost of maintaining the clinical staff in that situation with no clinical adjacency and keeping the staff is quite difficult because it is so difficult to run and balance that out with the initial cost of a new build. Of course it is a forecast, you cannot do anything more than that. This has been alluded to, there is inflation involved and we do not know what that is going to be. There are import costs of building materials, import costs of cranes, for instance. There is all that sort of construction cost to be put into that. It is very difficult to pin it down to a precise figure, so all we can do at the moment is give what the advisers have evaluated as a financial forecast, above which we cannot go.

The Connétable of St. Brelade:

Senator, the Treasurer indicated he had got the figure for the 2021 cash flow at hand now, I do not know if he is still there.

Treasurer of the States:

Yes, I am still there, thank you. Just in answering your question on the spend to date, the total spend to date, as opposed to in year, £47.6 million, consisting of £11.1 million prior to this year and £36.5 million in year to date. Including in there, which perhaps helps that question that you posed as to how much has been spent to get to here on the plans and such like, including within that £47.6

million, £19.7 million of site acquisition, which are, of course, not about the plans, they are about the site acquisition and £0.9 million of decamp work …

Senator K.L. Moore:

Unfortunately, you were breaking up.

The Connétable of St. Brelade:

Could we have the details sent, Richard? The tail end of the numbers disappeared and it sounds very cheap.

Treasurer of the States:

Okay. I will say it again and lean towards the screen. Spent to date in total, including previous years, £47.6 million. Total this year within that number £36.5 million. Within that £47.6 million there is £19.7 million site acquisition costs and £0.9 million of decamp costs. In terms of the forecast to October, in total, including previous years, £59.5 million, in year £48.3 million. In answer to your question on proposition part (d)(iv) - sorry, I misunderstood what you were asking - the £21 million that is in there is the amount that is required to fund what we expect we would spend in 2021 to bring the total budget to £70 million. Okay?

The Connétable of St. Brelade:

Thank you.

Deputy Chief Minister:

Can we send the detail, just that figure as well, please, Richard?

Senator K.L. Moore:

Okay, right. Thank you all for your time and we apologise for going over time to everybody who is involved but we are grateful. It is, I fear, all around a very important project and will, ultimately, have consequences for future generations and that is why we are very grateful for your presence and your answers and I now close this hearing.

Deputy Chief Minister:

Thank you very much.

[19:24]