

23.06.13

13 Deputy L.J. Farnham of the Minister for Treasury and Resources regarding the funding of multi-site healthcare facilities (OQ.112/2023)

Will the Minister explain how the multisite healthcare facilities, as presented to States Members last week, will be funded and will he also agree to seek States Assembly approval through a standalone proposition prior to putting any funding arrangements in place?

Deputy I.J. Gorst (The Minister for Treasury and Resources):

As referred to in the last Government Plan, the financing strategy for the new healthcare facilities will be reviewed based on the updated plans. A detailed budget and financing strategy will be brought to the States Assembly in due course. From my perspective, ideally in Government Plan 2024-2028 any funding above that already approved by this Assembly in the last Government Plan would need an approval from the Assembly.

3.13.1 Deputy L.J. Farnham:

Does the Minister for Treasury and Resources recognise that having a much bigger health facilities estate spread across multiple locations will cost more to build than the single-site scheme?

Deputy I.J. Gorst:

While I enjoy the Deputy's question, he is going to have his day in court - not yours, Sir - but this one where he will be able to decide.

[11:15]

I hope it will be in the Government Plan but it may take later, so we may have to have a standalone proposition, as the Minister described in his answer. That choice will be between reverting to the work that he did, and I pay compliment to him for that, but that proposal was premised on the basis that there was a new approach to healthcare and it was based upon that. This scheme is based upon the proposal whereby that care model is not in place, therefore has 130 greater beds. It can use modern construction. But from my perspective, importantly, it can deal with the issue of risk around the build and the cost of risk. That debate is going to be had and I hope it will be had later this year.

Deputy L.J. Farnham:

Sir, I am sorry but I believe the Minister does have a duty to answer the questions that are asked. I know he speaks very eloquently but I simply asked: does the Minister for Treasury and Resources recognise having much bigger facilities are going to cost more? A simple question and requires a simple answer and if he does not know that is all he needs to say.

The Bailiff:

That was part of the question, Minister. Are you able to address it in the manner that is asked?

Deputy I.J. Gorst:

We heard the Deputy's calculus in action earlier in questioning my colleague, taking the square meterage and using it at a cost of £804 million; a number I do not recognise because this Assembly has never agreed that. They have only agreed to borrow up to £700 million. The Deputy knows that the Our Hospital project cannot be delivered for anything under the £950 million. If we are going to create greater capacity, provide more beds and provide those facilities that were not in the Our Hospital proposal, but if we can provide them in a phased way then we can manage the risk and it is a different proposal. But using those simple calculus you could get to a greater number. But I asked the Deputy to wait for the detailed numbers to come forward, at which point he and every Member of this Assembly can make their decision.

3.13.2 Deputy M. Tadier:

How does the Minister for Treasury and Resources' response now about saying that he will come forward with a plan which is funded and transparent fit with the comments of the Chief Minister last week to the media who said that she would not be releasing the cost of the new hospital project because it is commercially sensitive and it is not wise to tell your contractors how much you are willing to pay? How do we square those 2?

Deputy I.J. Gorst:

The Chief Minister was referring to the outline business case and she is absolutely right, we do have and have in the past almost touted around the amount that we were prepared to pay for a capital project and, hey presto, what then happens is all bids come in either at that price or, in the case of the Our Hospital project, well above that price. She is right, there will be a point where those things can be published but we need to do more work before we do that. I am mindful, as Minister for Treasury and Resources, as the Minister for Infrastructure has said, this Assembly is supreme and they will need to make decisions and they will need the information that they require in order to make decisions. But we do not want to fall into that trap of straightforwardly saying to all contractors: "Come and get us, this is how much we are prepared to spend."

3.13.3 Deputy M. Tadier:

I suspect we are getting into the realms of sophistry here because the reality is that we know that it costs money to build a hospital, let alone 4 different hospitals spread all over the Island, and that it is not about what we are willing to spend, it is about what that hospital and those hospitals will cost. At some point Ministers need to start telling us and the public about what it costs to build the hospital and the hospitals that they are proposing.

The Bailiff:

Could I have the question now, please?

Deputy M. Tadier:

At what point before the proposition is lodged will that information about what the real costs are be made to the public?

The Bailiff:

Are you able to assist on that?

Deputy I.J. Gorst:

I think my colleague, the Minister for Infrastructure, did say earlier, he, together with members of my department, are working on those detailed costings and they will be appropriately provided in due course.

3.13.4 Deputy L.V. Feltham:

I am quite amazed by the amount of uncertainty both in the Minister for Treasury and Resources' answers to these questions and the Infrastructure's answers earlier this morning. I received an answer to a written question from the Minister for Treasury and Resources yesterday about the value-for-money programme in which he said that one of the key points of that programme is ensuring that major construction projects are delivered on time and on budget. Given the level of uncertainty, how will his officers undertake to ensure that a project that currently has no timescale and currently has no budget is delivered with best value for the Islanders?

Deputy I.J. Gorst:

The same way that we always do. We remind ourselves that we have got appropriate processes in place. This Assembly makes ultimate decisions but Ministers are equally mindful that sometimes in the past we have given the game away well in advance of when was necessary and, therefore, built up to a maximum price, rather than dealing with things in a value-for-money way. But I remind this Assembly, unlike has been indicated by some of these questions, there is no decision of this Assembly which would allow the Our Hospital project to go ahead today. It is not in place. There is no contract within any envelope or any funding requirement that previous Assemblies have agreed that would allow that hospital to be built. Let us not pretend that there are 2 options, one of which is certain and one is uncertain; that is not the case. Ministers will bring forward the information and, as I say, Deputy Farnham and his colleagues will get their day in court.

3.13.5 Deputy L.V. Feltham:

Can the Minister confirm whether he and his Ministerial colleagues have discussed and agreed on a timescale and a budget for the hospital programme?

Deputy I.J. Gorst:

We can keep asking the same questions and I can keep giving the same answers. I have got nothing more to add, other than what the Minister for Infrastructure answered in a question about 2 hours ago now.

3.13.6 Deputy R.J. Ward:

Can I ask the Minister for Treasury and Resources, it seems to me that the plans for funding of the new hospital and the new hospital may be incorporated into the Government Plan, does the Minister agree that that means there is a real risk that there is a not a separate debate on the hospital, as it becomes incorporated into a much larger plan, which if not agreed creates real problems for the Island?

Deputy I.J. Gorst:

I do not accept that premise. For me, if at all possible, all monetary matters and all matters that fall under the Finance Law should come together. Although I do accept, as the Minister for Infrastructure said earlier, that may not be possible and, therefore, it may need to have a standalone proposal dealing with funding. I would like to see it in the Government Plan; that may not be possible.

3.13.7 Deputy L.J. Farnham:

Does the Ministry for Treasury and Resources not agree that this sudden call for secrecy around costs is a complete red herring and that this is not a tender for an extension to a house or a block of flats? This is a process to build, arguably, the most important development this Island has seen in modern times. The correct way to do it would be to engage a delivery partner to negotiate with that delivery partner with the backing of professional cost consultants to build in an accepted profit margin to the project ...

The Bailiff:

This is funding in terms of a standalone proposition before putting funding arrangements in place. This question does not appear to be dealing with that at all. In fact it does not appear to be a question yet, Deputy. If you can ask the question that would be very helpful.

Deputy L.J. Farnham:

Thank you, Sir. I might have to start again, interrupted in mid-flow but ...

The Bailiff:

I am sorry for interrupting you but I thought it was rather important that we kept within the terms of the question. If you could ask your final supplementary within the terms of the question, please.

Deputy L.J. Farnham:

Does he agree because this was brought up in answer that he gave to questions from other Members, that the correct way to do it is to appoint a delivery partner to negotiate with the backing of cost consultants and other professionals a budget with a delivery partner, including an approved and agreed profit margin for them, knowing the cost of absolutely everything, to ensure they have negotiated the best value for money and then come to the Assembly, as the previous project did, as pretty much demanded by the previous Scrutiny Panel and the Assembly to get the budget approved? That is the way large, major capital civic projects are dealt with, not putting it out to tender like he would do for a block of flats.

The Bailiff:

That is the question, I think, Minister.

Deputy L.J. Farnham:

He does not have to agree with me.

The Bailiff:

I am not sure that he does.

Deputy I.J. Gorst:

No, the reality is I would dearly love to agree with the Deputy. The difficulty I have is that that is exactly what happened under the Our Hospital project. The Assembly were told, having gone through all that work, that a hospital could be delivered for £804 million and we would only need to borrow £700 million. We stand here today, as soon as this Government came into office, and we were told by those officials that they were not able to negotiate that with the proposed approach that the Deputy has just said. It would cost £950 million. We are going to need to think very carefully about how we engage and move this project forward to learn from where things have not worked out in the past. One of the things that has not worked out in the past is the relationship

between Government and the delivery partner because things were said, things were undertaken that in reality did not come to pass. We are working carefully in the best interests of Islanders. We are seeking to mitigate risk. We are seeking to provide the facilities that Islanders say they want that the Jersey Care Model did not provide. We will come back to this Assembly so that all Members can, ultimately, make their choice.