

STATES OF JERSEY



FUTURE HOSPITAL: PREFERRED SITE (P.110/2016) – AMENDMENT (P.110/2016 Amd.) – COMMENTS

**Presented to the States on 28th November 2016
by the Council of Ministers**

STATES GREFFE

COMMENTS

Summary of Comments

- The Council of Ministers believe that the States Assembly and the Public want a clear decision to be taken based on the evidence before them, not a choice that will result effectively in a significant delay. It is for this reason that propositions from the Council of Ministers always recommend a way forward not a choice.
- The approach proposed in the Amendment is not sensible and the Council of Ministers would not support it because of the significant delay, cost and risk it places in relation to our critical hospital services.
- On a matter of procedure, it is not reasonable to ask the Minister for the Environment to amend the Waterfront Masterplan because this would pre-empt the findings of the current review, which is, in any case, a formal and consultative process that may require more time than indicated or conclude differently to the view stated in the amendment.
- It is critical for States Members and the public to understand that what is being proposed in the Amendment is not the Waterfront Option short-listed by Ministers and has not been assessed on a like for like basis with other options as it failed the site screening requirements.

For these reasons, and those set out below, the Council of Ministers strongly urge States Members to reject the Amendment.

Detailed Comments

It is important to note that the Health and Social Security Scrutiny Sub-Panel Report does not align with the conclusions reached in the Amendment. Indeed, neither the Sub-Panel nor their Advisor's report conclude it is sensible to examine the site identified in the Amendment further.

Indeed, a key finding of the Sub-Panel is that the "*Failure of States Members to agree a site will severely compromise strategic objectives to provide a safe, sustainable and affordable hospital for the Island*" ([S.R.7/2016](#)).

The Council of Ministers welcomes the Sub-Panel's report and their independent advisor's (Concerto) final report, which reinforces the need for a decision now and not for further delay and reflects the project's own independent assurance, which suggests that the States Members should be clear that there is very little in terms of technical and financial performance between the 2 short-listed site options Waterfront Option D (comprising land to the south of Route de Liberation in St. Helier – Zephyrus, Westwater, Crosslands and Jardins de La Mer) and the Council of Minister's Preferred Site Option F (the extended General Hospital site set out as Appendix 1 to [P.110/2016](#)). For these reasons, the Council of Ministers believe that other matters set out in P.110/2016 should inform States Members decision.

States Members should not be confused by the assertion that the Council of Ministers consider Option D or any Waterfront site option to be "in the running". The Council of

Ministers, and previous Councils of Ministers, have consistently taken the view that Waterfront sites are unlikely to gather political alignment, which is a fundamental test as to what will achieve a successful site, identified from the insights offered by States Members.

States Members should be clear that agreeing the Amendment would not be a precautionary measure. To do so would increase the risk of an unsuccessful project significantly as identified by the Sub-Panel's own independent advisor in their recent report and other respected independents including the former Ministerial Oversight Group's Expert Panel, led by Sir David Henshaw, who recommended as a matter of public record in 2014 that the provision of a new hospital is pursued as quickly as possible.

Issues with the Appendix 1 site identified in the Amendment

States Members might be forgiven for being confused by the mixed presentation of different Waterfront solutions in the Amendment. Appendix 1 to the Amendment does not represent the Waterfront site (Option D) short-listed by the Council of Ministers. Indeed, the size of the site in Appendix 1 to the Amendment precluded its consideration within the site assessment process, being less than the 20,000m² +/- 10% stipulated in the site screening process.

At the time Concerto produced their report, the Connétable of St. John was a member of the Sub-panel. Concerto did compare options that had been shortlisted and against the evidence. The Council of Ministers welcome the Sub-Panel's Advisor's report for its fair reporting of the challenges and robustness of the site options process.

Therefore, the subsequent comparisons in the Amendment are by their very nature not evidence based –

- The Appendix 1 Waterfront Site in the Amendment may be cheaper than the Waterfront Option D site short-listed and assessed but the Amendment gives no evidence to substantiate this claim. Events have moved on since the Option D design was short-listed, not least the decision by the Minister for Environment to review the Waterfront Masterplan, a factor which might add to the risk, reduce the benefits and increase the costs of a hospital solution on the Appendix 1 site.
- The Appendix 1 Waterfront Site in the Amendment may be completed more quickly than the Preferred Site, however, the Amendment has no basis to substantiate this claim. Indeed, the programme for the Option D Waterfront site option probably significantly underestimated the programme, given the views of stakeholders relating to the need to re-provide lost parks and amenity in advance of construction of a new hospital.
- Similarly there is no evidence presented in the Amendment to justify the claim that the Appendix 1 Waterfront Site would perform better than the Option D Waterfront site option. Indeed, the site is unlikely to perform as well in terms of benefits and risks, given the constrained ground floor footprint, which is likely to result in less good clinical

departmental adjacencies and the need for more deep-planning of departments meaning less natural light is available for patients.

- The Amendment fails to refer to the remaining issues of the Appendix 1 Waterfront site, which include the need to undertake relocation works including relocating the existing temporary car parking to Elizabeth Terminal at a cost of nearly £6 million, to relocate major drainage, to work on a contaminated site and to develop flood protection measures, as well as the relatively poor parking and access and isolation of the site from the rest of St. Helier. This is not to mention the issues associated with securing the site in contradiction to the current masterplan and with uncertainty over the future masterplan. The opportunity cost of loss of the land cannot capture the full economic potential of the Waterfront site or the indirect benefits to public finances that it affords.

Consideration was given, as set out in public evidence to the panel and explained to States Members in workshops, to applying a special case to other shortlisted sites. However, there was no clear improvement over the shortlisted configurations to justify further expensive site assessment.

The Amendment falls foul, as would any site, which is promoted without proper reference to the formal like-for-like basis followed by the Future Hospital project site assessment process, a process identified as fair, consistent and comprehensive by the Scrutiny Sub-Panel's advisors. Clearly Concerto did not believe that further assessment of the Appendix 1 site in the Amendment was necessary.

Criticism of the Preferred Site

The benefits of the preferred site have been reviewed and confirmed as achievable and the risks manageable by the Scrutiny Sub-Panel's own advisor.

The footprint of the building for the Council of Minister's Preferred Site (Option F) is smaller than other options, but only because the integration with Patriotic Street car park enables a safe, sustainable and affordable hospital to be developed on a taller building but with level access at different stories from the car park for out-patients.

It should be clear that the Health campus resulting from the Preferred Site proposal is not a dual site option and it would be misleading to call it such. The Preferred Site approach is being supported by clinicians who understand that the location, scale and nature of the Long-Term Condition Centre at Westaway that make this very different from a Dual site and many clinicians are actively seeking to operate this model.

Contrary to the assertions in the Amendment, and as evidenced by Ernst and Young and Concerto, the cost basis has been consistently applied to all site options. Site assessment work did include an assessment of options A – F on the same cost basis i.e. Q3/2015 as set out in the commercially confidential reports available to the Connétable of St. John when he was part of the Scrutiny Sub-Panel. The costs for discarded options including Option D Waterfront were not updated to Q2/2016, because only the Preferred Site met both the political and technical tests set by the insights received from States Members.

Inevitable delay from the Amendment

Whilst the intention of the amendment may not be to do so, the effect will inevitably lead to significant delay –

- Delay and associated cost from procuring the significant design work and feasibility assessment required to enable the Waterfront site in the amendment to be developed in parallel to the Preferred Site. This is likely to be of the same order (£23 million) as proposed for the Preferred Site within Budget 2017 ([P.109/2016](#)) and one of the 2 site option development costs would be entirely abortive.
- Delay from the uncertainty caused to potential supply chain partners, who may doubt the commitment of the States of Jersey to proceed on either option.
- Delay from the uncertainty created to the development process, because it would be necessary for example to submit 2 outline planning applications in advance of the States Assembly debate proposed in summer 2017.
- Delay and cost from the subsequent impact of extending the programme to accommodate the review, Scrutiny and States approval of such a significant like-for-like development; if this were to be 6 months the order of cost could be as much as £6 million to £12 million in inflationary costs depending on prevailing contractual and other inflation.

Concerto made clear that the cost of delay was unacceptable in section 4.7 of their Final Report –

“Many of those interviewed identified the failure to secure and sustain approval to proceed with Option F as the top-rated risk to the Project. Should this materialise and the Project is subject to further delay, the strategic objectives identified in P.82/2012 and the Acute Service Strategy (i.e. to provide a safe, sustainable and affordable hospital for the Island) would be severely compromised. Continued delay will also result in increasing costs, and the collateral damage could be far-reaching (e.g. disenfranchising the clinicians and other key stakeholders, losing valuable staff and failing to attract and retain new ones due to the poor, deteriorating state of the current hospital buildings and the increasing risk to patient safety).” (Concerto.2016)

The fact that a consistent and robust site assessment has taken place, as independently assessed by the Sub-Panel’s advisor and Ernst and Young independently means that the Council of Ministers believe States Members can make an informed decision about the proposition before them (P.110/2016).

The Connétable of St. John has engaged positively via the Sub-Panel in the site assessment process, but may not have realised the full financial and manpower implications of his proposition as set out below. Potential international contractors and hospital key workers will be watching this decision to decide whether to invest time in

Jersey and the States Assembly should be aware of these implications when making their decision about the Amendment.

Whilst the Connétable of St. John may not have been aware of the implications, the Council of Ministers are sure that neither he nor any other States Member would wish to see them realised and therefore urge him to withdraw the Amendment.

Financial and manpower implications

The Cost of developing the site in Appendix 1 to the Amendment has not been specifically assessed, but, by its nature, is likely to involve a similar scale of investment to that proposed for the Preferred Site, as set out in Budget 2017 (P.109/2016), a total of £23 million. Inevitably, the costs associated with the investment in one site or the other would be entirely abortive.

As mentioned above, the cost of delay associated with 6 months cannot be predicted with certainty, but has been as much as £1 million – £2 million per month since the project commenced, resulting in a further risk of inflationary cost of between £6 million and £12 million.

However, as Concerto make clear there is also a risk that the clinical, patient, staff, stakeholder, design team, supply chain and reputational confidence in the States of Jersey is damaged by such a decision and could result in project failure.

The hospital clinical teams, supported by advisors, are scaling up to implement the complex changes required by the new hospital. For example, over 80 clinical briefing and planning meetings have taken place since July 2016. A similar and greater level of input will be required during the development of the concept design in readiness for the investment decision by the States in summer 2017. Similarly workforce plans are in development for each specialty in the hospital.

There is real concern that any ‘twin-track’ approach would raise significant risks to the project in terms of duplication of effort, manpower, abortive cost, uncertainty and a loss of goodwill from staff, patients and Islanders. The Project is aware of very few health economies where such a radical and expensive approach has been taken.