

Dear Scrutiny Panel,

Thank you for carrying out this funding review of the proposed Outline business plan for a future Hospital on the Overdale site. Here are my comments and observations.

1. Is the proposed budget of £804.5 million appropriate for Jersey and for this project.

It is difficult to comment on this, if it is appropriate or not as there seems to have been no other tendering or recent hospital builds to compare prices with. All we seem to have to go on is what ROC/FCC and the involved architects and contractors are telling us. Comparable hospital in the UK and Europe do seem to have been built at far less cost. Work is currently being carried out in the UK on hospital improvements and the prime minister has recently put out for tender for 8 new hospitals to be built. <https://www.gov.uk/government/news/pm-confirms-37-billion-for-40-hospitals-in-biggest-hospital-building-programme-in-a-generation>. So it will be interesting to see if we are getting value for money in Jersey.

It is clear however that £804.5 million seems a lot of money. As yet we have seen no final plans, no three-dimensional diagrams, no planning permission has been agreed on or granted, it remains unclear if the public will get the new hospital it wants and there is ongoing concern about how the functional brief for the new hospital appears to lack services that were previously provided as general hospital facilities, that no longer seem to exist under the proposed new Jersey Care Model. The Overdale build is also not without its problems and additional costs have been incurred mainly due to the extent of the compulsory purchase involved, restructuring of the road and eventual re-provision of a new Crematorium.

2. Whether £756 million of that budget should be borrowed by using public bonds and that borrowing of this scale should be used to finance a new hospital.

It seems unclear what these bonds will entail. What will be the interest rates and repayment period, how much ongoing interest will these bonds incur, will they be capped at a fixed rate of borrowing. Interest rates are currently very low, but no one can predict how they may rise in the future. How will these bonds be repaid, what is the plan for where the Government will find the money without seeking additional taxes from islanders," what other options have been explored as ways of funding this new hospital project.

3. Whether the investment returns of the Strategic Reserve should be used to pay debt financing costs, management and administration costs.

Taken from the freedom of information, The unaudited value of the Strategic Reserve Fund at 30 June 2021 is £1,052.3million (accounting is at month-end rather than the

start of a calendar month). From which the States hope to borrow a further 23 million, not including the 12.7 million that has already been borrowed from this fund. How will this continued borrowing be monitored and what will happen if they then want to borrow more money or there is an unpredicted overspend on the hospital. Even if it's capped, I'm sure there will be other hidden costs that haven't been properly accounted for. No one predicted Covid! and it's cost us millions.

4. Whether the proposition adequately addresses the economic risks or benefits • The conclusions of the Outline Business Case are reasonable.

I think there needs to be a much clearer, more transparent breakdown of how the money is actually being spent. This will be a very large dept that will probably also fall on subsequent generations to come. To date, it doesn't seem clear what the public are actually getting for all this spending.

5. Whether the Outline Business Case provides sufficient evidence to support the scale of the proposed project.

I currently can't see that it does. The project keeps changing, there also seems to be yet more compulsory purchases that were never initially highlighted in the original proposed hospital project. We could also be building a magnificent hospital, but the problems which are national, not just Jersey, haven't been properly addressed, namely Staffing and hospital accommodation. You could have a state-of-the-art hospital, but have real problems staffing it.

6. Whether it is sensible to use the Strategic Reserve [Rainy Day Fund] to manage debt and funding of the Our Hospital Project.

I'm not sure how else Jersey plans to fund the enormity of this project? But what will be the impact on other projects. We know already we're going to need a new Crematorium, what other funding means do the government have to put funds into what will be one of the biggest financial projects the Island probably ever undertakes. How will taking money from the Strategic Reserve impact other projects, this needs to be made known to the public.

**Christine Dukes**