

**STATEMENT TO BE MADE BY THE MINISTER FOR INFRASTRUCTURE
ON TUESDAY 1st NOVEMBER 2022**

Our Hospital Project Review Report

As you might imagine, presenting a review of the most recent hospital project, creates something of an anxious moment for me, given its complex and long running background. Nonetheless, it is a review that was very much required, particularly in light of recent global events, that are already having a major effect on us, here in Jersey.

Over the past nine months we have witnessed a number of things that would have been unthinkable this time last year; war in Eastern Europe, a fuel and energy crisis, inflation at 10%, and the strong likelihood of recession. Severely disrupted supply chains are giving rise to long lead times for most materials, with corresponding increases in cost. And labour is in short supply, as a result of Covid-19 and Brexit. Against this backdrop, international contractors are extremely wary about under-pricing and taking on greater risk. As a consequence, fixed price agreements are likely to become a thing of the past, as they look to safeguard themselves in this new environment. This, I'm afraid, is the new reality for us.

When the funding model for the 'Our Hospital' project was first revealed, Jersey was hoping for an average return of 4.6%, over a 40-year period, on its billion-pound strategic reserve fund. That's 2% above the Fiscal Policy Panel's long-term RPI assumption. And borrowing costs were anticipated to be fixed at 2.5% for the duration. Whilst a period of 40 years is difficult to predict, it is fairly certain that we won't see a return to those halcyon days any time soon. The Strategic Reserve won't reach its target this year (by some margin, I am told) and the cost of borrowing is considerably higher. This change in circumstances, therefore, plays a big part in the review. And, perhaps unavoidably, frames some of the fundamental thinking, particularly the need for a more robust approach to risk management.

However, grim as it may be, the situation is not without some opportunity. For example, the amount of information and knowledge accumulated, and paid for, during the Our Hospital process, has enabled most of the review work to be undertaken by our existing, and experienced, local team. The only external assistance has come from the review's Principal Expert Advisor, Mr. Alan Moore.

By way of background, until his retirement in September last year, Mr. Moore was the Director of Strategic Capital Development within Northern Ireland's 'Western Health & Social Care Trust'. And in this capacity was the SRO (that's to say, Senior Responsible Owner), for the successful delivery of a £1 billion capital investment programme.

That responsibility included the delivery of the South-West Hospital at Enniskillen, the new Hospital and Primary Care Complex at Omagh, the North-West Cancer Centre, and the phased re-development of the Altnagelvin Area Hospital in Londonderry.

Whilst Mr. Moore's involvement was being arranged, an appropriate 'Terms of Reference' was drawn up and given the pressing need to progress matters, a decision was taken not to reopen the site selection process. Instead, a number of more practically deliverable options were selected and a comprehensive consultation process began, which included some 20 stakeholder meetings involving over 60 individuals.

Accepting that the current hospital may be required to stay in service for slightly longer than anticipated, the hospital's maintenance team were consulted at an early stage and assurances were given that all required resources would be made available to keep the existing hospital buildings safe, without the need for unnecessary bureaucratic processes.

With regard to the review, it is important to state that the focus has, first and foremost, been to ensure that the conclusion would lead to the best possible facilities for both patients and health-care staff, in all areas.

In the process, every effort has also been made to combine this focus with an emphasis on some form of 'project phasing' (possibly by way of a 'dual site' or 'hybrid' model) to spread the financial risk over a longer period, deliver better value for money to the taxpayer, whilst recognising the urgent need to progress as quickly as possible.

In addition, devising a scheme where buildings could be designed to a scale more compatible with their surroundings, requiring less impact on the existing environment, and offering better project access to local construction firms and associated building trades. Finally, to allow for future, cost effective expansion, using modern methods of construction.

As Members will now know, the recommended option is to develop facilities on two major sites: Overdale and Gloucester Street; this to be carried out in two distinct phases, to allow for a higher degree of risk management. In addition, to retain the use of the facilities currently being developed at Les Quennevais, in order to prevent unnecessary waste and reduce the area, and costs, required to replicate them on either of the two main sites.

Finally, to implement a swift but comprehensive review of Mental Health requirements in order to ensure the development of first-class facilities, appropriately located. Ideally, this work would start immediately.

These recommendations are unlikely to please everyone, but they have been reached after careful consideration of the evidence obtained. I firmly believe they set out the roadmap for our best chance of delivering the high-quality hospital facilities the Island needs, in a way that's both affordable, and achievable, in the shortest possible timeframe.

The causes of our dramatic change of circumstance lie some way from our shores. No-one on this Island is to blame for the fact that it is no longer safe, nor would it be responsible, to commit to an unstoppable project, the costs of which would fast be approaching £1 billion, were it to be commenced in its current form.

With this in mind, I would politely urge the Assembly to give these recommendations their most serious consideration. It is time to put aside the public discord of the past, and progress, at pace, in concert with our Health-care workers, Clinicians, Scrutiny Panels, Assembly Members, and all Islanders, including neighbours and interest groups.

Finally, I should like to offer my sincere thanks to the Principal Expert Advisor, those Government of Jersey officers directly involved in the production of this Review, (and those supporting its delivery in the background), the stakeholders who have provided evidence that led to its conclusions, and the individuals providing quality assurance.