

**WRITTEN QUESTION TO THE MINISTER FOR INFRASTRUCTURE
BY THE DEPUTY OF GROUVILLE
ANSWER TO BE TABLED ON TUESDAY 18TH JULY 2017**

Question

In relation to the new hospital development, will the Minister advise –

- (a) how the budget figure for the new hospital development was arrived at, given that architectural plans have not been finalised;
- (b) what is to stop developers from using the amount that has been specified for funding the new hospital as their absolute base line when tendering;
- (c) what standard of building is specified as part of the published budget figure and whether adoption of the European ‘EN standard’ is envisaged, thus opening the market to international companies; and
- (d) what criteria will be used to assess developers wishing to tender for the development and, specifically, whether the tender application process will be open to international firms outside Jersey and the U.K.?

Answer

- (a) The development of a modern hospital, or indeed any large scale modern building, involves the generation of increasingly more detailed costing as more designed detail and tendered construction price information is confirmed. In the early stages of a major construction project, significant contingencies and risk allowances are included within the project cost. For major public projects in the United Kingdom, these are based upon the real out-turn cost of many hundreds of previous building projects gathered by the Royal Institute of Chartered Surveyors Building Cost Information Services. In the specific case of National Health Service hospitals, specific Health Premises Cost Guides are used, which use all of the costing experience of the development of over a hundred major hospitals in the United Kingdom over more than a decade. A Jersey location factor is also employed on a discrete basis for certain cost elements to allow for prevailing local construction costs, again based upon the actual costs of local building construction reported to the Royal Institute of Chartered Surveyors and in line with proven best practice experience. As a result, the cost estimates are of increasing level of accuracy and considerable confidence in them can be assumed. By way of example, at the Royal Institute of British Architects Stage 3 Detailed Design phase of development for the Future Hospital, an 80% accuracy level is expected for the main construction works costs, with risk allowances to cover any unforeseeable issues arising.

The overall budget sum also contains allowances for property acquisition, enabling works, fees and other relevant ancillary costs, together with an estimate of future inflation, to provide an estimated outturn cost.

- (b) In short, nothing, other than this would be a high risk strategy in an environment where there is considerable competition for the work. In the case of the Future Hospital Main Works Construction contract which is currently in procurement, there have been 40 expressions of interest which means the success of such an approach is unlikely.

- (c) Building standards for a new general hospital encompass a multitude of different elements and therefore an exhaustive list will only be available once the technical design phase is complete, the detailed building specification produced and contract ready to be signed. However, in general, the Health and Social Service Department wish to procure a hospital that meets the standards and practices of a United Kingdom National Health Service Hospital, for reasons that the majority of staff are trained and experienced in using these hospitals. Therefore, the base hospital design is informed by United Kingdom National Health Service Health Building Notes and Technical Memoranda as well as other good practice. As companies sufficiently experienced in, and with sufficient standing to undertake, a major National Health Service hospital development will be of international status, the specification or otherwise of European Standards is not considered to be an issue of any concern. That being said, many of the building requirements will specify International / European / British standards, which are often aligned in any case.
- (d) A Detailed Procurement Strategy including selection criteria has been approved and has informed the pre-qualification and will then inform the Invitation to Tender phases for the Integrated Supply Chain Partner for the Future Hospital Main Works Construction Contract.

As an example, the Pre-Qualification Criteria already in the public domain on the Supply Jersey procurement portal, are as follows

Section	Question	Evaluation	Weighting %
A 1 to 19	Company Information	Mandatory	Pass/Fail
B 1 to 35	Declarations and Conflicts of Interest	Mandatory	Pass/Fail
B 36 to 41	Acceptance of Agreements	Mandatory	Pass/Fail
C 1 to 2	Insurances Cover and Confirmation of Insurance	Mandatory	Pass/Fail
D 1 to 9	Financial Status, Legitimacy and Legal Claims	Mandatory	Pass/Fail
E1	Case Studies	Scored	35
E2	Technical Capability	Scored	20
F1	Quality Management	Scored	10
F2	Health and Safety Management	Scored	15
F3	Environmental Management	Scored	5
F4	Building Information Modelling	Scored	15
	Total		100

The precise Invitation to Tender selection criteria will be refined following receipt of the Pre-Qualification submissions in accordance with best procurement practice.

The tender was notified through a Prior Information Notice via the Supply Jersey portal as open to international firms, not just those from Jersey or the United Kingdom. That said, companies without experience of developing a major National Health Service hospital are unlikely to be able to demonstrate sufficient technical capability or competence at the Pre-Qualification stage.