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Deputy Sam Mézec
Chair, Future Hospital Review Panel

BY EMAIL

16 June 2023

Dear Chair,

Thank you for your letter of 13 June. Please accept my apologies for the delay in responding.

In a video entitled '[How will we ensure value for money](#)' produced in relation to the New Healthcare Facilities Programme and available on the Government of Jersey's Youtube channel you state that:

'We are going to be more pragmatic about the financial information we make public. We are absolutely committed to achieving a better overall cost for the facilities than Our Hospital and we'll share information with those who hold us to account. But we won't be publishing our business cases. We are the only jurisdiction globally that has published its outline business case which is a commercially sensitive document. It's not normal practice to tell suppliers your maximum budget and you won't get the best deal by doing so.'

Please could you explain what will be provided to Scrutiny, States Members and the public in relation to the cost and financing of all projects within the programme of work?

The NHF Programme will follow the Government of Jersey and States Assembly processes for approval of Government Plans, or amendments to approved Government Plans.

However, Ministers are keen to learn from lessons of the past when full cost details have been made available and have undermined the commercial position of previous projects with contractors. Ministers are, therefore, acutely conscious of the significant risks to the project of making full budget details available to a wide audience.

In this context, the full cost information will be provided to all internal decision makers through the governance processes of the New Healthcare Facilities Programme. This includes Chief Officers, Ministerial Group members and the Council of Ministers. There are various parties that hold decision makers to account with whom the information will also be shared confidentially, including the Future Hospital Review Panel. Reports including business case information will be presented to the States Assembly, to inform decision making, along with additional information to support Government Plan debates.

The financing of programme activity – at a larger scale beyond the current programme development budget for 2022 – has not yet been agreed. However, this will be either through general reserves, strategic reserve or through a credit financing facility; or a blend of the above. Any future financing arrangements will either be approved by the Minister for Treasury

and Resources, in line with his vires, future Government Plans, amendments to approved Government Plans, or standalone Propositions, as appropriate.

The Panel has found published outline business cases on the following developments. In light of these publications, please could you explain why you have said that Jersey is the only jurisdiction to have published an outline business case?

- [St-Georges-Health-And-Wellbeing-Hub-Outline-Business-Case-211122.pdf](#) (icb.nhs.uk) (published 2021)
- [Sherwood Forest Hospitals – Outline Business Case – Theatres and Critical Care Unit Redevelopment](#) (published 2020)
- [NHS Grampian Business Cases](#) (page published 2021)
- [Guernsey – Hospital Modernisation 2019 – 2028 – Programme Business Case](#)

The video published under the title ‘How will we ensure value for money’ was designed to provide viewers with a summary of the focus of Ministers and the Programme team on achieving cost effectiveness, and that this process would include not publishing the total available budget for the NHFP, which is common practice globally when tendering for capital projects.

It is difficult to compare the circumstances in which the external business cases referred to by the Panel were published, and the immediate risk that their publications presented to those projects. For example, we do not know the timing of their publication in relation to their associated tendering or procurement activity. As noted above, the position of NHF has been informed by learning lessons from past projects and the recognition that the commercial position of the Government of Jersey was compromised in previous projects, and that this did not translate into good value for money for Islanders.

From a review of the business cases referred to by the Panel, some cost information is published, but it is also apparent that they do not outline their total budget, or do not include all allowances including, for example, land acquisition, team costs, optimism bias and client contingency.

This is an issue when comparing any two business cases, and unhelpful direct cost comparisons with other hospital construction projects by some commentators, which have been a feature of previous projects: as other schemes seek to protect their own commercial positions, they do not publish like-for-like information.

On reflection, the line referring to the publication of the Our Hospital Business Case could have been amended to read ‘We are the only jurisdiction globally that has published its outline business case with total budgetary and costs information, which is commercially sensitive. It’s not normal practice to tell suppliers your maximum budget and you won’t get the best deal by doing so.’

Yours sincerely,



Deputy Kristina Moore
Chief Minister