



Deputy Sam Mézec
Chair
Future Hospital Review Panel

BY EMAIL

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Dear Deputy Mézec

Protocol for Procurement and Contracts

Thank you for your letter dated 7 August 2023 in which you have asked me to comment on any expectations the Jersey Audit Office would have on the protocol employed by Government in its procurement process for new healthcare facilities and the manner in which tendering and contracts are undertaken to ensure that the greatest value is obtained for the public monies spent.

As noted in my letter to you of 23 May 2023 the New Healthcare Facilities Programme is a Major Project and, as such, is required to comply with the Public Finances Manual. The Public Finances Manual requires Major Projects to comply with the Corporate Portfolio Management Office (CPMO) Frameworks for Major, Strategic and Other Projects.

In my Report *Learning from Previous Hospital Projects - a Follow Up Review (May 2023)* I note that it is planned to deliver the New Healthcare Facilities Programme in accordance with the CPMO Frameworks.

If the New Healthcare Facilities Programme is delivered effectively it will (amongst other things):

- deliver benefits to the public and to staff
- ensure that the buildings are appropriate for the intended clinical service models
- ensure that the resource implications, both in respect of the capital build and ongoing revenue costs, are affordable

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- ensure that the decisions about the buildings are made in the context of a feasible workforces strategy which can deliver the staff required to operate the new facilities; and
- ensure that the voice of the public is heard in the development of the Programme.

The procurement processes adopted, both in respect of *what* is procured and *how* it is procured should support the delivery of all of the above.

My Report *Learning from Previous Hospital Projects - a Follow Up Review* (May 2023) emphasises the importance of:

- ensuring there is clarity on the strategies and ambitions for delivery of Jersey's health services
- effective programme management including the identification and active management and monitoring of clear and consistent critical success factors
- a best practice approach to evaluating, monitoring and reporting on project level financial information and value for money; and
- effective and meaningful consultation with clinicians and other stakeholders at appropriate times.

The Public Finances Manual places obligations on Accountable Officers regarding procurement processes and I would expect these obligations to be complied with in full. I have noted in previous reports the level of procurement breaches and exemptions. In order to ensure that value for money is obtained I would expect the New Healthcare Facilities Programme to have no procurement breaches. I would also expect procurement exemptions to be granted only in exceptional circumstances and where best value can be demonstrated. Any procurement breaches and exemptions should be properly recorded, authorised and monitored at programme level.

Effective procurement is supported by clear and robust criteria to underpin decision making. I made the following recommendations that are relevant in my May 2023 Report:

R4 Ensure that effective mechanisms are put in place to review and, where appropriate, update the Functional Brief for key strategies which should inform capacity requirements as they are finalised.

R5 Establish clear and robust criteria to underpin decision making for the New Healthcare Facilities Programme. Document targets and tolerances and any weighting against the criteria.

R6 Clearly set out reasons for any deviation from the agreed criteria, the thresholds or the weighting and what has been done to mitigate the risks of the changes made.

R7 While recognising that risks and opportunities in health care constantly evolve, ensure that criteria for evaluation at any point in time fairly and reasonably represent a sustainable value for money position.

It is important for these recommendations to be implemented fully as the New Healthcare Facilities Programme moves into a procurement stage.

In addition, the nature of the New Healthcare Facilities Programme - with building work being phased and 'flexible' to accommodate the needs of a planned Island healthcare strategy - increases the risk that procurement processes will not be sufficiently 'joined up'. The Full Business Case should include sufficient detail to enable a procurement strategy to be set out, within which each procurement exercise can be seen as part of the whole picture.

Finally, where the New Healthcare Facilities Programme has a particular stated aim that the procurement process can contribute to, I would expect this to be considered and implemented in procurement decisions. For example, if upskilling the local construction industry is a stated aim then I would expect the procurement process adopted to take into consideration how this will be achieved.

I trust that you will find my response to be of assistance.

If you would like to discuss further, please do not hesitate to contact me.

Yours sincerely



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