

STATES OF JERSEY



OUR HOSPITAL SITE SELECTION: OVERDALE (P.123/2020) – AMENDMENT

Lodged au Greffe on 13th November 2020
by the Future Hospital Review Panel

STATES GREFFE

1 PAGE 2 –

Designate the existing paragraph as paragraph (a) and insert the following paragraph –

“(b) to request the Council of Ministers to present a report to the States prior to lodging any proposition seeking the Assembly’s approval of the Outline Business Case for the new Hospital, to contain the following –

- (i) the performance detail from the demand-modelling with all key demand and capacity assumptions linked to the sizing of the new hospital and how this links to the role and function of health facilities as set out in the Jersey Care Model;
- (ii) a statement by clinical specialty that senior clinical representatives have agreed and signed off their respective departments, both room areas via the Schedule of accommodation, and drawings that match the latest hospital plans;
- (iii) the proposed hospital total area including all main hospital street communication corridors, department circulation and non-roof plant, in order to provide a total inclusive Schedule of Accommodation;
- (iv) the calculations for all project cost including non-works costs, equipment costs, non-medical costs (including the whole life transport solution), inflation, optimism bias, a clear split of all project contingencies, the premium costs for materials and confirmation that all “current exclusion” are subject to at least the latest provisional sums;
- (v) an analysis that the aligned programme has taken account of both the programme impact, Covid-19 and Brexit;
- (vi) a full breakdown of the assumptions and amounts for recurring savings supporting the overall affordability of the project for both capital and clinical/support revenue; and
- (vii) forecast Cost at Completion, broken down into components identified in Paragraph 6 of the report accompanying this proposition.”

FUTURE HOSPITAL REVIEW PANEL

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

- (a) to approve Overdale as the preferred site for Jersey’s new Hospital, which is to be delivered within the boundaries illustrated on the plan in Appendix 1 to the report accompanying this proposition; and
- (b) to request the Council of Ministers to present a report to the States prior to lodging any proposition seeking the Assembly’s approval of the Outline Business Case for the new Hospital, to contain the following –
 - (i) the performance detail from the demand-modelling with all key demand and capacity assumptions linked to the sizing of the new hospital and how this links to the role and function of health facilities as set out in the Jersey Care Model;
 - (ii) a statement by clinical specialty that senior clinical representatives have agreed and signed off their respective departments, both room areas via the Schedule of accommodation, and drawings that match the latest hospital plans;
 - (iii) the proposed hospital total area including all main hospital street communication corridors, department circulation and non-roof plant, in order to provide a total inclusive Schedule of Accommodation;
 - (iv) the calculations for all project cost including non-works costs, equipment costs, non-medical costs (including the whole life transport solution), inflation, optimism bias, a clear split of all project contingencies, the premium costs for materials and confirmation that all “current exclusion” are subject to at least the latest provisional sums;
 - (v) an analysis that the aligned programme has taken account of both the programme impact, Covid-19 and Brexit;
 - (vi) a full breakdown of the assumptions and amounts for recurring savings supporting the overall affordability of the project for both capital and clinical/support revenue; and
 - (vii) forecast Cost at Completion, broken down into components identified in Paragraph 6 of the report accompanying this proposition.

REPORT

Background

1. P.123/2020, [‘Our Hospital Site Selection: Overdale’](#) (hereafter ‘P.123/2020’) was lodged by the Council of Ministers on 6th October and is scheduled for debate on 17th November 2020. The Proposition seeks the approval of the States Assembly for Overdale to be the preferred site for Jersey’s new hospital.
2. The Review Panel seeks to amend the Proposition to include an obligation for the Council of Ministers to bring a report back to the States Assembly by March 2021 clearly addressing the matters detailed in the amendment.
3. During its review of P.123/2020, the Panel found that in the absence of an Outline Business Case at this stage, there is very little detail as to the full costs of this project, beyond the headline figures. It is noted that a total development budget of £804.5 million has been proposed for this project. However, during evidence-gathering, the Panel’s expert advisers found that this figure is not based upon sufficient detail to make it robust and deliver confidence that it will not change as the project progresses. The advisers further explained that the design of the hospital is still at a pre-concept phase, the cost of land acquisition is still unknown and any technical challenges with the project remain to be revealed.
4. Furthermore, the advisers also found that the timescale identified for the ‘Our Hospital’ project is extremely challenging, and slippage will also lead to pressure on the overall costs. Therefore, as the project proceeds, there is a significant risk that the outturn costs exceed the total budget identified, unless strict management and governance procedures are put in place.
5. As stated above, the total development budget for the preferred site at Overdale is currently estimated as £804.5 million. This figure consists of £550 million of costs for the Design and Delivery Partner plus £254.5 million of other costs, including land acquisition and client contingency. During its review the Panel and its advisers were not provided with affordability calculations that confirm that this sum is affordable and how it will be financed. In this regard, the Panel agrees with its advisers that whilst cost and affordability would normally feature significantly in any options appraisal, it is noticeably absent from this site selection process. The Panel notes that the funding approval for the chosen scheme will be brought to the States Assembly via a separate finance paper, in the form of an Outline Business Case, in May 2021.
6. The Panel therefore proposes that ahead of the final delivery of the Outline Business Case, the States Assembly receives a report with the details as set out above and including the following:
 - Forecast Costs at Completion, broken down into the following components:
 - a) Construction of the hospital and ancillary facilities (works costs)
 - b) Furniture fixtures and equipment
 - c) Decant costs
 - d) Delivery Partner contingency
 - e) Site specific costs

- f) Pre-construction services agreement
- g) Site acquisition costs (+ reprovision of costs if any)
- h) Services and utilities
- i) Optimism bias and client contingency
- j) Migration costs (from exiting hospital to new facility)
- k) Pre-operational costs
- l) IT and specialist equipment
- m) Demolition of existing hospital
- n) Government of Jersey internal costs
- o) External adviser costs
- p) Total forecast development budget

Without a joined-up approach to the 'Our Hospital' Project, which includes strategic, design and clear inclusive capital assumptions, the States Assembly risks being placed in a position where it cannot have confidence in or appropriate assurance about the total cost.

Financial and manpower implications

It is not expected that adoption of this amendment will require any additional funding, or resourcing, in terms of personnel. It should, however, be noted that there may be implications in respect of the time required to undertake the additional work identified in the amendment. It is expected that this would be undertaken from within existing budgets and manpower resources.