



## Hospital Review Panel

### Review of the New Healthcare Facilities Programme

## Witness: The Minister for Health and Social Services

Wednesday, 16th October 2024

**Panel:**

Deputy J. Renouf of St. Brelade (Chair)

Deputy S.M. Ahier of St. Helier North

Deputy A.F. Curtis of St. Clement

Deputy K.M. Wilson of St. Clement

Connétable M. O'D. Troy of St. Clement

**Witnesses:**

Deputy T. Binet, The Minister for Health and Social Services

Mr. A. Scate, Chief Officer, Infrastructure and Environment

Ms. J. Hardwick, N.H.F. Programme Director

Ms. C. Newman, N.H.F. Healthcare Lead

Ms. D. Bratch, Interim N.H.F. Business Lead

[9:32]

**Deputy J. Renouf of St. Brelade (Chair):**

Okay, thank you. Welcome, everyone. Thank you for coming. Welcome to this review hearing of the Hospital Review Panel. Usual rules, it is being filmed. The transcript will be made available and the recording will be made available afterwards. Mobile phones to silent. When you speak, I think we will do introductions so people should know who you are before we get going. If somebody comes up from the back, if you could introduce yourself when you sit down. I will not introduce you,

I think you are off camera at the moment, so it will not help. Introductions on our side first. I am Deputy Jonathan Renouf. I am the chair of the Hospital Facilities Review Panel.

**Deputy S.M. Ahier of St. Helier North (Vice-Chair):**

Deputy Steve Ahier of St. Helier North, vice-chair.

**Deputy A.F. Curtis of St. Clement:**

Deputy Alex Curtis, review panel member.

**Deputy K.M. Wilson of St. Clement:**

Deputy Karen Wilson.

**Connétable M. O'D. Troy of St. Clement:**

Marcus Troy, Constable of St. Clement, review panel member.

**Deputy J. Renouf:**

Minister, perhaps you could introduce yourself and your team.

**The Minister for Health and Social Services:**

Deputy Tom Binet, I am the Minister for Health and Social Services.

**Interim N.H.F. Business Lead:**

Deanne Bratch, Interim N.H.F. (New Healthcare Facilities) Business Lead.

**Chief Officer, Infrastructure and Environment:**

Andy Scate, the Chief Officer for Infrastructure and Environment

**N.H.F. Programme Director:**

Jessica Hardwick, N.H.F. Programme Director.

**Deputy J. Renouf:**

Good, okay. We have got 2 hours scheduled. I am going to start, Minister, if I may, with just an opening question on whether you could provide us with an update on progress. Any significant developments that have happened recently that you could provide us with just an update on progress.

**The Minister for Health and Social Services:**

The only substantial development, obviously, has been the submission of the planning application, which has been processed and is now open for comment. That is the most recent major development.

**Deputy J. Renouf:**

I think it was stated in that planning application that delivery had slipped to 6 months. Could you elaborate on that?

**The Minister for Health and Social Services:**

I think what that means is, from my understanding, that the construction may well be finished within 2028, but the commissioning process is going to take several months, and that could run us into 2029 before it becomes operational. There is a difference between when the last brick gets laid and when the first patient moves in. There is a whole commissioning process which will take several months, but I am happy to hand over to ...

**Deputy J. Renouf:**

I think it would just be useful to have clarification on what changed.

**The Minister for Health and Social Services:**

... Jess that can actually detail that.

**N.H.F. Programme Director:**

I do not think anything has changed. I think that in the article itself, it talked about the fact that the programme really was a function of the contractor that we might well get involved with in the main works down the line. Obviously we have set out an initial timeline from the start. We have been talking about an initial timeline, especially for that kind of second phase of the programme where we have construction going on, because it is going to be a function of how somebody might choose to develop the site. I guess if we constrain ... we could constrain ourselves. We could say to the contractor: "This absolutely must be delivered and operational by the end of 2028." In doing so we are setting a constraint and so, at the moment, it is hard to understand why we might set ourselves such a constraint. Operationally we know we want to deliver as soon as we possibly can; that is what we have been doing, that is what we have been working very, very hard to achieve. However, we have always said that there is going to be some flexibility in terms of the programme down the line in terms of the delivery stages.

**Deputy J. Renouf:**

Okay. Shall we move on to the first section?

**Deputy K.M. Wilson:**

Minister, the commercial case of the outlying business case contains information about the procurement approach to be taken by the team. At the last hearing, you referred to formalising the procurement process for the programme. Can you provide an update on the status of this procurement process for us, please?

**The Minister for Health and Social Services:**

I can say that, as you know, in terms of local procurement, there has been a programme of engagement with local contractors, and the team have, in recent months, been engaging with U.K. (United Kingdom) contractors. The detail of that, you are much better off listening to them to update you fully on what they have been doing, so I am happy to hand over to either Jess or Deanne to fill in the gaps.

**N.H.F. Programme Director:**

I think that the procurement strategy has been something that we have been very openly discussing with the local supply chain, with the wider supply chain. We know the more people that we can get excited about delivering this programme of works, the more commercial tension that there might be. But we also understand that there is a balance in that. Obviously, the more time we take up of contractor time, that is more time that they have got to commit to bidding, and the more concern that they might get about any particular programme, because it costs them money to start really intensely engaging with us. The strategy is, as we have previously set out, we have been doing some soft engagement. It has turned into some more formal engagement, which is obviously the prior information notice that has been issued. As a consequence of that prior information notice, there will be some webinars where we talk about the programme. We set out some outline procurement strategies in terms of when we might anticipate that there might be an invitation to tender, which would be towards ... well, firstly, there will be a selection questionnaire, P.Q.Q. (pre-qualification questionnaire)-type period, for a couple of months. We are hoping to get feedback on what the procurement should exactly look like. What we are very aware of is that the healthcare market in the U.K. and worldwide is quite unstable. You will know that there is a very large main contractor in the U.K. who stopped operating recently. You will also know that a few years ago there was one that stopped operating. We are not really in ideal waters for procurement at the moment. Obviously what we are trying to do is take feedback and design whatever process we have to work really well with the market so that we can get as many attractive bids as we possibly can.

**Deputy K.M. Wilson:**

What changes do you think you will need to make to the strategy that you have got at the moment?

**N.H.F. Programme Director:**

It perhaps will not be the strategy itself insofar as in general terms it is going to be very familiar because we are a public body. We are bound to follow good practice in terms of procurement and all of the procurement guidelines that there are in the U.K. and certainly enshrined with our P.F.M. (Public Finances Manual) within the procurement toolkit, all of those things. They very much define what we can and cannot do. I suppose it will come down to the detail of that and things like contractual terms, things like how long we might work alongside somebody before we might be able to agree on a fixed price, what that fixed price looks like, how fixed it will be, if there are elements that we can fix because they are quite certain and there are elements where there might be some risk. So if we try and fix that either we are going to pay more money to fix the risk or people are just going to say: "No, I do not really fancy that contract, thank you." It is all of those sorts of things that we are hoping to solidify more, I suppose, within the next period as a consequence of the questionnaire that will follow, the prior information notice webinars that we have, that will help us better mould it so that the procurement process itself can be as attractive as it possibly can be.

**Deputy J. Renouf:**

I just want to come in with the engagement with non-Jersey contractors. What level of engagement have you had with non-Jersey companies?

**N.H.F. Programme Director:**

I would like to be really cautious here because we are in a procurement process and obviously there are rules around procurement processes that mean that people want commercial confidentiality. People do not necessarily want to have it in a public forum. But, in essence, all we have done is presented the scheme. We have recorded those meetings so that there is a good record of those meetings and we have started to have initial conversations around those things that I have just pointed out that we understand are risks to the market at the moment, in particular with very, very large construction, especially healthcare construction projects.

**Deputy J. Renouf:**

I am not after the names of any companies, but I think what we are trying to get to the bottom of is the balance between off-Island and on-Island. Do you still anticipate that this will be a largely ... the main contractor will be an off-Island contractor?

**N.H.F. Programme Director:**

We have a prior information notice out at the moment that is open to all comers, and anybody can participate in that process, and I believe lots of people are.

**Deputy K.M. Wilson:**

Can you confirm if any contact has been made with particular contractors in the U.K. specifically?  
Have you targeted that particular market at all?

**N.H.F. Programme Director:**

Well, there are frameworks that exist in the U.K. for healthcare services and obviously, since Brexit, there are different rules around procurement in the U.K. so perhaps some channels that would have been open to us previously are not open as a consequence of that process. But we have obviously ... somebody gave me the wise advice of trying to make your own luck and I think that what we know is that we have a large scheme, by anybody's standard, to deliver on the Island and we want to maximise the number of people who are aware of that opportunity, aware of the opportunity of working in Jersey because it is a fantastic place to live and to work, and obviously we really, really need these healthcare facilities delivering.

**Deputy K.M. Wilson:**

Thank you, Jessica. So have you actually specifically talked to some of those contractors in the market to actually provide the context? Have you had prior discussions with people about what it is you are trying to do?

**N.H.F. Programme Director:**

Yes, I think in answering Deputy Renouf's question I have indeed confirmed that there have been individual conversations with parties who are interested.

**Deputy K.M. Wilson:**

Okay, are you able to give us an idea of how many interested parties?

**N.H.F. Programme Director:**

I really honestly think that that might compromise our procurement process by disclosing that at this stage. Of course there will be opportunity ...

**Deputy K.M. Wilson:**

Is it more than 10 or less than 10?

**N.H.F. Programme Director:**

I really honestly ... I do not think it would be right for me. I am not sure if anybody else would disagree with that but I do think there will be opportunity down the line to be able to disclose that information. But right now our aim is to absolutely maximise the number of people who are interested through our prior information notice, and that is ongoing. Today there may well be people listening.

**The Minister for Health and Social Services:**

I just wanted to say that between us I am comfortable with the approach that has been taken, if that helps to ... it has been explained through to me and I think the approach is entirely appropriate in the circumstances, if that helps.

**Deputy K.M. Wilson:**

Andy, did you want to say anything?

**Chief Officer, Infrastructure and Environment:**

No, I was just going to say there is interest, as we would expect. I think we are in a position of we have got to encourage interest because we are ... there is a big hospitals programme in the U.K., clearly under review currently with the Labour Government, so there are a lot of big companies who build a lot of big things, especially health facilities, who are looking at that programme. We have got to also raise our flag and say we are here again. I think that is the dilemma we have got. We have been on a journey here with this particular project, but part of a programme of possibly ... we are number 4 now, you see. We have got to re-engage with the market again saying we are back.

[9:45]

We have got something that is very deliverable, we have got something that is now currently in Planning, we are confident about our position and then we have got to re-engage with the market again. So there is interest.

**Deputy K.M. Wilson:**

Thank you. That is what we have been trying to establish.

**Chief Officer, Infrastructure and Environment:**

There is interest in the U.K. and there is certainly interest locally. We are hoping for some form of blended solution, I think, as we move forward. But that will all come out in detail as we go through this process.

**Deputy J. Renouf:**

So you do not have, just to confirm, any preferred bidders in mind, you have not reached any prior agreements with anyone, there is nothing in place at all at the moment?

**Chief Officer, Infrastructure and Environment:**

No, we are not at that stage yet.

**Deputy K.M. Wilson:**

Could you just remind us when the closure of the prior information notice deadline is?

**Interim N.H.F. Business Lead:**

It is 24th October for the P.I.N. (prior information notice). Then obviously the webinars and then the information questionnaire follow on after that.

**Deputy J. Renouf:**

When you go and see people, do you have a standard contact method? Do you talk to them with the same information wherever they are, whoever they are?

**N.H.F. Programme Director:**

Yes, so we have got an information pack that we share and talk around. As I say, all of the conversations that we have had with parties are recorded so that we have notes of those meetings. We are very mindful that we have to tell everybody all the same information, which of course is part of any procurement process. There are different stages in procurement and I guess this stage is getting people excited about delivering on Jersey. That is what we have been seeking to do.

**Deputy K.M. Wilson:**

Thank you. Can you just reassure or tell us how you are going to reassure potential bidders that there will be no particular bias in the procurement process? I think to Andy's point about you trying to generate interest and how that might be perceived in terms of your approach.

**Chief Officer, Infrastructure and Environment:**

I think the key thing is consistency of information given to all parties, being really clear what the process is, being very transparent about how to engage, where to engage, what to engage with. As Jessica said, we just need to ensure that every party has the same information. We are not picking A over B or B over C, we are all ears at this point in time really. We want to encourage contractors to engage with us at all levels. There is a lot of work that we need done, but we are all ears. At this point, the best thing for us to be is very open, transparent, get that information back from people and the next series of events through webinars. It is just basically more information sharing really. People out there will say to us: "Yes, we are interested." That sort of puts their marker on the table really and that allows us now to have some further conversations after the notice closes. There will be a lot of questions they will ask us about where we are, what it is and how ... especially if they are an off-Island contractor, how do things work here. They will also want to understand what the on-Island contracting capability is, because that is a sensible thing for them to understand. Again, I think it is going to be a period of a lot of information sharing. We will receive a lot, they will receive



a lot. Then we get to the sharp point really about: “Okay, well, after you have heard all of that, are you still interested?”

**Deputy K.M. Wilson:**

Is there any particular learning from the previous iterations that you have applied to the way in which you are approaching this particular procurement?

**Chief Officer, Infrastructure and Environment:**

I think there is always learning from the previous projects. Certainly the immediate previous project, the Our Hospital scheme, was a much bigger scheme. The size of the scheme invariably means that some of the issues are magnified. I think we are continually assessing how things went previously either in number 3 or number 2, and what that really means. I think it is probably an iterative process. Jessica wants to add something.

**N.H.F. Programme Director:**

Thank you, Andy. Just to add to that point, you will understand because of where we are on the fourth scheme that we have tried to deliver that we have probably been equally optimistic about at this stage. Some of the contractors have asked us directly: “Have you got a favoured partner?” So I do suspect that there might be people in the market who might be suggesting that there is a favoured partner, but that is certainly not any conversation that we have had on behalf of the programme. We have made it very clear that we are doing things very differently this time, as a consequence of those lessons, as you say, from those previous proposals. We have absolutely set up a different team than we have previously. You will know that we have a lot more Government of Jersey employees on the scheme. That is a decision because we are civil servants, we look after the public purse first and foremost, and that is always in our mind. We decided not to get contractors involved quite so early because we think having done this before so many times, actually the experience, the expertise sits with us at this stage. Of course there are benefits from having contractor involvement; early contractor involvement is very, very important. We know that it is one thing to design a building, it is another thing to build it. That is why part of our team has been that construction advice. Of course, we can also look back to all of those previous projects where we have had that construction advice, and members of our team have been part of that contractor effort and so understand that different dimension of thinking that needs to come to the proposals. I would like to say there have been lots and lots of lessons that have been learned by previous procurements. I think part of that is also trying to have a very open tender process. Actually, historically, I think people felt that they had to form partnerships with local contractors in order to do work on the Island. Now we are not saying that that might make sense, but what we are saying is we do not want to limit ourselves. We want to, as we were talking about earlier, have it as open as we possibly can be, minimise the constraints because as soon as you have a constraint you will

have a contractor pricing risk and risk then costs us money. So it is all of those strategies that we are really trying to bring on board.

**Deputy J. Renouf:**

I am just going to say, we have got a lot of questions to get through, so if answers could be ...

**N.H.F. Programme Director:**

I am sorry, there is a lot to say.

**Deputy A.F. Curtis:**

We were going to move on specifically around engagement with local contractors because of course the panel understand that part of the phased approach in the new healthcare facilities, one of the benefits highlighted would be greater engagement with local contractors. Please could you provide an update about engagement that has taken place between government and the local construction and supply sector following the November 2023 construction forum in relation specifically, of course, to the first phase of the programme?

**The Minister for Health and Social Services:**

I am just wondering, has anybody got a schedule with them that they could identify the number of engagements and the start of those engagements?

**N.H.F. Programme Director:**

Yes, we do have a schedule of all of the engagements that have taken place. Actually, we have had really good feedback from the market. We sent out a questionnaire after our previous one, to say that ... I think it is 67 per cent of the people who replied to our questionnaire felt that they were well informed about the N.H.F.P. (New Healthcare Facilities Programme) after the engagement session that we had held with them, which was two-thirds of them.

**Deputy A.F. Curtis:**

What percentage:

**N.H.F. Programme Director:**

Around 70 per cent. The other people neither agreed nor disagreed. I think one person strongly disagreed. But I think that, Deanne, perhaps you have a list of all of the engagements that have taken place.

**Deputy J. Renouf:**

You do not need to read it out, do not worry.

**Deputy A.F. Curtis:**

I think what we are looking for is also to understand, for those also listening, how that engagement is going and what substantive kind of discussions happen that enable local suppliers to understand what role they can play and how they can engage within procurement.

**Interim N.H.F. Business Lead:**

Yes, so the overall strategy - I think Jessica has replied already in her answer - is to try and have as many engagements as possible in as many forums as possible. So it has been a broad strategy of having face-to-face engagements in a group setting, as well as a lot of publicity on social media to point to opportunities, a lot of publications in terms of signalling where the programme is going. So it has been a broad strategy of trying to get the local market to understand what the opportunities will look like. I have been trying to say to them that while it is important that we do engage with the main contractor and think about how that will impact on a healthcare building provision, because it is a specialist provision, there are still an awful lot of opportunities for local contractors to engage in that process. The idea of this time and the thing that perhaps is different from other schemes, the strategy is to break it down into lots of different projects and then think about how those procurements work at a project level as well as at a programme level. I think that is an important point to really understand, that while it seems like an amorphous programme, there are lots of opportunities at many different levels.

**Deputy A.F. Curtis:**

Do you think that is clear to those who are in the industry, especially locally, who are looking at work? Because as you say, it seems amorphous, a large project, but if we do not see it, do you think they see it?

**Interim N.H.F. Business Lead:**

On the response we got from the engagement survey back in June, 80 per cent of respondents felt that the N.H.F.P. offered suitable opportunities for local businesses. That is 80 per cent of people who answered felt that they could identify suitable opportunities for them. That is quite a strong number, I think. The panel also note and has been made aware of stakeholder submissions about a designers and advisers engagement session held on 11th July 2024. We note mixed feedback from stakeholders about the session. From your side, could you advise what feedback you have received on the designers and advisers session?

**Interim N.H.F. Business Lead:**

I understand that there has been some ... are you referring to the letters that were published on your website? So we saw some published responses to the engagement and it was definitely a mixed

response from the letters that you received. However, that really was the only negative feedback that we received, were the letters that were published on your website. Apart from that, we had either no feedback or good feedback about the opportunities as presented. It was quite a big session. I am unsure about how many people actually attended, but it was a significant number. From our perspective, we felt that it was quite a successful engagement session.

**Deputy A.F. Curtis:**

What has the team learned from that session that might inform or update the procurement process?

**Interim N.H.F. Business Lead:**

One of the things we discuss continually is about how to ensure that the process of procurement is fair and transparent and that what we do is offer the same opportunities to everybody. One of the things we think about is should we or could we hold more focused sessions, for example, by theme or by type of person. So designers or architects, would they have individual sessions or should we keep it so that it is larger group sessions and then everybody hears the same message. We continually think about that tension between focus, which helps local companies understand what their individual opportunities are and transparency making sure that the message is the same. While it might appear that we are doing quite a lot of group sessions, we do continually think about that focus. One of the points that we are moving forward with is the webinar sessions where we will be giving yet another good information session on the opportunities that stand. Then obviously we have had some projects go into delivery, so we continually think about how those tenders and those local opportunities appear on Proactis and other software.

**N.H.F. Programme Director:**

I do think it is important to add that actually that learning that Deanne has talked about was already demonstrated there, so instead of having one group where we had people who were more construction-minded and advisers all together, we chose to separate it into 2 groups. I think some of the queries have been around the programme, and it would be nice to have more certainty over the programme in order that those people could better plan their work, I suppose, or plan their resources in order to respond to any bids. Obviously, you will understand that this is a very complex programme, that we have had feedback in terms of procurement processes. We have taken time to review our procurement processes so that they are better.

**Deputy A.F. Curtis:**

I think we have got to where we need to on that one.

**N.H.F. Programme Director:**

In the end, that all takes time, does it not?

**Deputy A.F. Curtis:**

It does, but I think we have ...

**N.H.F. Programme Director:**

But fundamentally, what I would like to say as part of this is we can offer information, but then part of this is also the local industry being able to absorb that information. There is an ability with the information that we have provided for them to work some of these things out themselves. I think that hopefully they will be going away and doing that.

**Deputy J. Renouf:**

I have got just to pick up one thing you said, was that it did sound like from your answer that you said there would also be opportunities for local contractors to be involved. Does that confirm that essentially you think the main contractor will be off-Island?

**Interim N.H.F. Business Lead:**

No, I think Jessica already answered that. The prior information notice has gone out, it has been published in the U.K. and it has been published in Jersey. People can register interest, there are no preconceived ideas about who the main contractor would be. But it is fair to say that this is a one-off project for Jersey. It is the biggest thing that will be built for a significant period of time, perhaps ever. It is important to realise that healthcare facilities have specialisms. It does not mean that there are not local opportunities within that main acute facility, but it is important that Jersey makes the right decision in terms of the technical nature of that building, and the standards by which it has to be built are significantly tougher than any normal office block or any normal residential unit, that is fair to say.

[10:00]

**N.H.F. Programme Director:**

It is also fair to say that there are plenty of schemes. The reason that Deanna specifically said that would be available to local contractors is because there is every reason to assume that a local contractor would have the capacity and capability of delivering those because they are the sorts of schemes that they come along and do every day of the week.

**Deputy J. Renouf:**

It was the main contractor, which is what I was getting at, and it was your reference to "also"; there being also opportunities for Jersey companies that maybe asked that question.

**Interim N.H.F. Business Lead:**

There are no preconceived ideas at this point.

**N.H.F. Programme Director:**

And there is every opportunity throughout.

**Deputy J. Renouf:**

The local supply chain is also going to be an issue in terms of the ability to supply into the project. Have supply chain issues formed any part of your thinking?

**N.H.F. Programme Director:**

Absolutely, and I know ... unfortunately I was unwell earlier in the week, but members of the team were able to go and visit people very much talking about that because, as you say, it is absolutely fundamental to the programme. That is what comes with that contractor thinking is also the logistics, but obviously what we are thinking about is making sure that we have done as much thinking as we possibly can to make that as easy for them and anybody as possible in building this project. As the Government of Jersey, we should be able to do that.

**Deputy J. Renouf:**

In terms of procurement processes, have they been developed, tested against best practice elsewhere?

**N.H.F. Programme Director:**

Absolutely. Obviously we have done this 3 times before, or certainly twice. We have ended up with a delivery partner. Planning we have done 3 times before. There is nothing really different in the approach in that way, that there are certain procurement rules. We will continue to follow those procurement rules. But as I have said, what you can choose to do is play tunes on those procurement policies and rules, but also always remaining within them.

**Deputy J. Renouf:**

We have talked so far, I think, exclusively about the Overdale acute facility. Can you describe any procurement activities that might be underway in relation to either the Kensington Police ambulatory facility or the St Saviour's Health Village?

**N.H.F. Programme Director:**

We are currently preparing proposals in terms of those 2 other areas. They are not publicly available as yet because, as I think we have said previously, we have got some meanwhile use on Kensington Place. We really would like to be able to offer the public better accessibility between Newgate Street

and Kensington Place, for example, so that offers an opportunity to be able to do that with our temporary site there. It is a pretty small job. We have also, obviously, procured the buildings on Edward Place. There is work to do there and we need to prepare some tender documentation in relation to that. We also know that there is the further development of the R.I.B.A. (Royal Institute of British Architects) 2 concept design for those sites that were signalled in 2023 - as far back as - that we do need to progress as well, likewise the Health Village. So, they all need procurement.

**Deputy J. Renouf:**

What is on the way at the moment? Can you advise ...?

**N.H.F. Programme Director:**

No. So, they are in development, so we are currently preparing the documentation in order to then publish it.

**Deputy J. Renouf:**

But you are attempting to procure the fields relevant to the St. Saviour Health Village, is that correct?

**N.H.F. Programme Director:**

Again, they are in private ownership, as you know. I think, again, we need to be careful about what we say in a public domain and not because they are obviously third-party owners to those fields, but it has been clear that we have a land agent and those fields would be important in terms of any development at the Health Village.

**Deputy J. Renouf:**

Can you advise when you will know when procurement activities will start? Have you got any idea of when procurement activities will start?

**N.H.F. Programme Director:**

We have signalled that the reason for some of our forecasts being low at the moment is because we want to be able to make commitments on those points before the end of the year and, obviously, we have to have a ceiling in our budgets in order to do that.

**Deputy J. Renouf:**

Do you have contingencies in place around procurement if things go wrong? What are your fallback plans?

**N.H.F. Programme Director:**

Of course we would have to have fallback plans, but again, given the nature of procurement, I am really not sure it would be wise to go through what those fallback plans might be at this stage. We have got every reason to believe that they would be successful.

**Deputy J. Renouf:**

Okay. All right. I am going to move on a bit to focus a little bit more on the non-Overdale parts of the project. During its public hearing with the Minister for Treasury and Resources on 4th October, the panel heard that it is: "A balance between transparency in relation to the aspects of the programme that are confidential." For those listening in, the outline business case which has been shared with the panel is a confidential document. I am asking the Minister here particularly, please can you advise why the non-Overdale parts of the project, Kensington Place and St. Saviour Health Village, need to remain confidential?

**The Minister for Health and Social Services:**

In the first instance, the sums of money that have been attributed to them in the overall budget, as you well know, need to remain private and in terms of what is happening on the site, in many respects it is not just down to them having to remain confidential, but there is not total clarity yet as to precisely what will go on those sites. I think we have got to avoid getting caught in the trap of being pushed into coming up with overall designs that are not inclusive of all the things that we need. We are in the very early stages of reviewing all health facilities right across the piece, every single property and building that is involved in health with the view to rationalising those and seeing what might be done in terms of selling older buildings and replacing some of those on various of the sites so that we have taken a full overview. The beginning of this, there was a fairly large rationalisation process in place and now we are looking at it and thinking: "Well, there are a lot of old buildings around that that are dotted around in different places and there is a great opportunity, particularly on the Gloucester Street/Kensington Place site, to get some of that consolidated." It is going to be a big site, and it seems to make sense to make very good use of it if it is a one-off development.

**Deputy J. Renouf:**

You started off by saying, obviously, the figures for Kensington Place and St. Saviour Health Village that are in the outline business case have to remain confidential. I understand why that holds with a huge project like Overdale, but why does it hold with these 2?

**The Minister for Health and Social Services:**

Because if you reveal what those figures are, then people can very simply work out what the balance is and what is available for Overdale, so it makes sense to maintain that position for the time being. This is ongoing work. Once things are contracted, once things are underway, you can start to take



a different view, particularly as the development process starts to evolve for the other 2 sites. Once we have got total clarity on what we are doing with them.

**Deputy J. Renouf:**

But just testing that logic for a moment, if those figures were to become public, it would reduce the sums that were allocated to Overdale or it would give a smaller figure than the total £710 million.

**The Minister for Health and Social Services:**

In the fullness of time, yes.

**Deputy J. Renouf:**

It would reduce that figure, so I wondered if you could explain how you feel that that would lead to potential overbidding or increasing costs for Overdale?

**The Minister for Health and Social Services:**

No, it is all about what would be revealed about what is available for Overdale and the whole purpose of keeping this in a single number is to avoid that situation.

**Deputy J. Renouf:**

Yes, I guess I am still not clear why that is such a ... if you were to expand the amount then people might think: "Oh, there is more money and we can bid more." But if we are shrinking the amount that is visible to contractors, why would that lead them to bid for even more?

**The Minister for Health and Social Services:**

We are not making any indication at all to contractors to what is available and that comes back to the very purpose of keeping those numbers bundled into a single figure ...

**Deputy J. Renouf:**

But we have £710 million.

**The Minister for Health and Social Services:**

... so when we go out to contract, people have to put their best price forward and they have not got any indication of how much money we have got to spend.

**Deputy J. Renouf:**

Well, they have £710 million.

**The Minister for Health and Social Services:**

They know that we have got £710 million to build an acute facility and make a meaningful start on the 2 other sites. That is all they know. The rest is guesswork.

**N.H.F. Programme Director:**

They also know it is a total price which is very, very, very unusual to have in a public domain. So, if we were in the U.K., obviously there would be elements of all of our budgets that people would not have clarity and transparency over because you have got the Treasury function who have all sorts of pots of money. We do not have that. We have the Public Finance Manual. It is very transparent. I understand all of the reasons for that, and we understand the constraints of what we are working within, but it is unprecedented, I believe, to have a number that includes everything in the public domain. I think that it is far better to keep that competitive tension if the less information we provide that ... and as the Minister says, what that then means is that we get the best possible prices in all things. Now, procurement is not just about price. It is about many, many other things too and it is obviously about the behaviour of any contractor that we would like to work with as well.

**Deputy J. Renouf:**

I will move on. Can you advise what information you can share about potential plans for Kensington Place? It is described as meaningful progress in the official documentation. Where are you at the moment with what is going to happen at Kensington Place?

**The Minister for Health and Social Services:**

We have to accommodate all of the existing outpatient functions that take place at the ... virtually anything that is not moving to Overdale has to remain on site. There are no plans for that to be disbursed to anywhere else, but I think the opportunity for us is what else we can add into that situation which may be helpful.

**Deputy J. Renouf:**

Have you got any ideas about that?

**The Minister for Health and Social Services:**

Yes, I mean there are a number of things that are floating around at the moment. The possibility of having some facilities for consolidating charitable activity where there are shared facilities where instead of having lots of small charities renting buildings and finding themselves in financial difficulty, they could be facilitated in a suite of buildings that would allow them to share facilities and so on to reduce their operating costs, which I think would be quite useful. But also doing work with Public Health about developing a new strategy for illness prevention and there may well be that there is a centre for that activity on the site as well.

**N.H.F. Programme Director:**

In terms of the new healthcare facilities, all of the activities that form part of the ambulatory site were provided in the feasibility study with the schedule of accommodation that went with it and, as the Minister says, it is the re-provision of those services on that site.

**Deputy J. Renouf:**

I guess what I am trying to get at is there is an allocated sum in the outline business case for Kensington Place. What is that money going to be spent on? That is what I am trying to get to.

**N.H.F. Programme Director:**

In the outline business case it sets out an option. Obviously, there is some budgetary information available on that, but we have also said previously in the ... I accept the private briefings that in essence what we would really like to do is continue on with our work in order to determine the best possible use given that things have moved on a bit. It is right to review the brief that was set out in the feasibility studies and check again what the best use of that money that is set aside would be on that site. But the overall aim is no different from the strategic outline case and the strategic outline information update that was published in June and November of last year setting out the 3-site solution with the ambulatory, the acute and the Health Village still using the Enid Quenault Health and Wellbeing Centre.

**Deputy K.M. Wilson:**

I think some of the clarity that we are seeking is it is very difficult to explain to the public where services are going to end up. At what point are you going to be able to give some clarity about that and also the timeframe for how you are going to deliver that total solution? Because it seems as though it is a bit of a moving feast at the moment.

**N.H.F. Programme Director:**

Certainly in terms of the overall scope across the 4 facilities, that has been set out, I think, since Christmas or June of last year, so the previous Christmas. All of the services that were going to be collected together in each of those different locations have been set out for a long time. In fact, if we have been poor in communicating that long-term ambition, then we can certainly ... I know that there is confusion around the word "acute" and sometimes that is a bit mysterious to people. So, we can definitely do more work on that.

**Deputy K.M. Wilson:**

Just to clarify though, Jessica, we have just heard this morning that ... and it may well be this is the plan to move various facilities that are providing currently health services across the Island. What

we are trying to understand is where are you planning and where in your design have we got a shape and a configuration of services that will fit within that £710 million overall budget?

**The Minister for Health and Social Services:**

I think in terms of public visibility, I like to think we have been reasonably clear. We have made it plain that the Enid Quenault Centre, instead of being demolished in 4 years' time, it is going to be there for the longer term. It may well be that one or 2 of the services changed proves to be convenient or otherwise to the public. All of the acute services are moving to Overdale and the non-acute or ambulatory services are staying in town. I think as an overview that is pretty clear and I think we try and explain that in terms of inpatient and outpatient care in the main, so as far as the public is concerned if they are going for an operation and there is an overnight stay, that is at Overdale. If they are going for day care, that is in town, that is at Kensington Place/Gloucester Street.

[10:15]

**Deputy J. Renouf:**

We understand the overall thing. I think it is about the fact there is money allocated for something specific, but it is not clear what that thing is.

**The Minister for Health and Social Services:**

I think I can explain that by saying that you go through a planning process, you go through an evaluation process and all of that needs funding and this money is sitting there to fund all of those initial ... all the same processes that we went through to get to the point where we are now requires funding. We have to go through those 2 processes again for the 2 other sites and the money that we have got there is to see us through that process.

**Deputy A.F. Curtis:**

May I just quickly ask, one element of moving to a phased approach - and this is phase one and phase one financing - was about risk and about changing economic circumstances? Are you still happy, Minister, that if we reach the end of phase one and a decision has to be made that that is the only phase to proceed that we will have from what is planned for the 3 sites, and obviously as you say the continuance of the Enid Quenault facility in St. Brelade, we will have a fully functioning healthcare estate after phase one?

**The Minister for Health and Social Services:**

Well, a lot depends on world circumstances. If things kick off in the Middle East and things become terrible and oil prices soar, we may find ourselves in a difficult position, but we will find ourselves

with a brand new acute hospital and all of the current facilities that you could run in a part acute hospital and all the ambulatory facilities. I think we would have to be pretty severe if we do not make any progress anywhere, to be honest with you, because we have got demographic problems in terms of the ageing population. We have got an increase in dementia. We have got a need for specialist dementia care so I think some of those things have to be taken into consideration and, unless things are pretty desperate, we would have to make some moves in some directions. But everything will depend on where we are. I mean we have gone from being in a very stable global situation to being in a pretty unfortunate and pretty unstable situation, so we have got to adapt to that, as everybody else is throughout the world, but we have got to proceed as if we are going to be stable and balanced going forward and we have to adapt and adjust if circumstances change.

**Deputy J. Renouf:**

Coming at it from a different angle then, when we commit to meaningful progress, will that mean that at the end of that 4 years' time in the budget, we have passed the point of no return on either Kensington Place or St. Saviour's, that those projects will have to go ahead because so much has already been spent on them?

**The Minister for Health and Social Services:**

No, I think this is a progressive arrangement. Over the 4 years we will see things evolve. We will be looking at world circumstances. We will be looking at the state of our own economy and the stopping or starting of any of that will depend on the circumstances that relate at the time. We can only predict so much. We are all human, so we can only act in good faith for as long as we are able to do so.

**Deputy J. Renouf:**

But we could be spending millions of pounds on facilities ... the public will not know what they are because it is confidential what that money is being spent on and yet we ...

**The Minister for Health and Social Services:**

You are saying the public will not know what they are. I mean we are quite happy to be open about every stage of the development process, so in the same way as the plans have been available throughout. I think there has been total transparency throughout this whole process other than the things that really relate to commercial confidentiality. So, the public will see those plans as they progress on both sides.

**Deputy J. Renouf:**

Let me refine the question. The States Assembly is going to be asked to approve allocation - that is a global allocation - which includes a certain amount which is private for each of those facilities

without knowing what they are and without knowing whether they commit to a definite expenditure beyond that point or not.

**The Minister for Health and Social Services:**

Well, I do not want to keep talking but ...

**Deputy J. Renouf:**

I want to hear; it is a political point.

**The Minister for Health and Social Services:**

As I say, I can go through the same thing again. We are where we are. We are going through a process. We will be completely open and transparent about that process and, as things evolve, we can make more information available and once we are underway and once we are contracted and so on, all the dynamics change as we move. It is a moving process. What we are doing is looking at effectively refreshing all of our health facilities over a period of time and I think, you have to correct me if I am wrong, but are we not obliged to make best use of public money? Would we not be deemed to be irresponsible if we went around waving a flag saying: "Come and spend all this money for us." I put the question ... I know it is not for me to question you, but it is a question we all have to ask ourselves and it is a question the Assembly has to ask itself. Does it want to have total transparency at the cost of putting taxpayers' money out unnecessarily? I would defend our position wholeheartedly.

**Deputy J. Renouf:**

I think there is a question about whether there is an overcautious attitude on your side. I still do not feel I have heard a satisfactory reason why a slight narrowing in the £710 million envelope would cause a problem for value for money.

**The Minister for Health and Social Services:**

Well, then we have to probably agree to disagree, I am afraid.

**Deputy J. Renouf:**

We will.

**Deputy A.F. Curtis:**

Could I very quickly on that transparency? Minister, you mentioned that you have been transparent about what is going where in the programme and the panel and public have the feasibility study that details the preferred option with acute at Overdale, ambulatory at Kensington Place and has a lot of detail around the size and quantum of each facility. But that was issued in June 2023, so is it for us

to understand that the substantive expectations of what is in the feasibility study with regards to Kensington Place and St. Saviour's has not changed to date since no publication has been made?

**The Minister for Health and Social Services:**

The substantive intentions are the same. All that we are saying is there is an opportunity here that we should not waste looking at other smaller elements and saying: "Is this a good opportunity?" while we are planning it, while we are investing to rationalise some of the other parts of the estate. You are quite correct in saying that in comparison to the main project, they are relatively minor, but I think it is quite important to take the opportunity to rationalise where we can.

**Deputy K.M. Wilson:**

Would you accept that the Assembly would want to know the detail behind that to support a decision?

**The Minister for Health and Social Services:**

I am very happy for the Assembly to have access to every part of the process as we go forward but we cannot give the Assembly information that has not yet been defined because we have got to assess things. You have got to look at them and say: "Is that worth moving? What would be the consequences of that? How much would you realise for that? What benefit is there in moving some of these smaller elements into Kensington Place?" But I think we are very happy to be completely open and transparent about the whole process, as I genuinely believe we have been over the course of the last 2 years.

**Deputy K.M. Wilson:**

It may be the case then that if Assembly Members do not have that content that they do not feel ready to consider the O.B.C. (outline business case) in the round. Is there a consideration to be given as to whether or not we need for more time the O.B.C. to have more data, more information, more detail around what needs to be done?

**The Minister for Health and Social Services:**

I do not believe that is necessary at all. I believe there is a real risk in things being held up for the sake of things that in my view are relatively minor. I consider it my job to have to sell that to the Assembly and there are 49 Members. If people look at it and say: "That is not for us" then I cannot control the legal process but I can certainly do my best to guide it and I am, I have to say, as I think you all know, been very comfortable about the approach that has been taken and about the competence of the team of people that are doing the job.

**Deputy J. Renouf:**

Can I ask particularly about St. Saviour's, to what extent are you looking at value for money in the development of that facility?

**The Minister for Health and Social Services:**

I would like to think that the answer to that would be the same as the answer to everything else. I think we are looking for value for money everywhere. That would be a blanket statement about the whole process.

**Deputy J. Renouf:**

You have made reference during this hearing to a very large health estate at Gloucester Street and Kensington Place. Would it not make more sense in value for money to at least examine the possibility that those facilities might be better located on the existing health estate rather than buying yet more fields to ...

**The Minister for Health and Social Services:**

If you look at - I am just talking in general terms here - the relative price of purchasing land as a percentage of the overall cost of this entire scheme, it is, I have to say, negligible - entirely negligible - and really this about putting the right stuff in the right place. I think all the work that has been done to date pretty much indicates that where we are looking to put things is the places that people want them to be.

**Deputy J. Renouf:**

But have you considered that it might be better value for money ... has it specifically been explored about whether a better value-for-money option might be to look at Kensington Place?

**The Minister for Health and Social Services:**

We have gone through an evaluation process that says that those various elements should be where they are and the cost of developing in open land in the countryside is a lot cheaper than developing in town, so if the initial decision process indicates that, that is where it should be. There would be, in my view, a commercial benefit in freeing up land in the middle of town because obviously as development that is worth more than development in the countryside, but I think the first thing to do is to make sure that you have evaluated where the people that work in the health industry and the people that are treated in health want to have their facilities, and I think we should base our decisions essentially on that in the first instance.

**Deputy J. Renouf:**



But value for money is surely a factor that would come into it, so if there is a tension between value for money on the one hand and an assessment that says that people would like to be in the countryside on the other, which side are you going to come down on?

**The Minister for Health and Social Services:**

I am very fortunate in that all the indications are that people want those facilities in the countryside, and the truth of the matter is there is a cost benefit as well, so there is not a tension, there is not a dilemma because the 2 things fit together very nicely. We are very fortunate the decision for those things to go there means that this is probably going to be a cheaper build cost and, if anything, it will free up valuable land in the centre of town, if indeed it frees up any at all. I cannot make that as a statement.

**N.H.F. Programme Director:**

I think what you are suggesting is, in essence, that there are many, many, many, many different factors. Of course, we have to deliver value for money, but the whole purpose of something like an outline business case and indeed the strategic outline case before that where it explored a number of different options against a number of different criteria and then determined what the best configuration of service was. That work was done there, and it was then, with the evidence that the Minister is talking about as well as the information from our client, who is Health and Community Services, that their preference was for the Health Village at St. Saviour.

**Deputy J. Renouf:**

I understand that. I know the history. I think what I am trying to get at is what if somebody were to come along and say: "There is less money than you thought and therefore should you not look at putting it somewhere cheaper?" What I am hearing from you is you do not think it is cheaper to put those services in town.

**The Minister for Health and Social Services:**

No, I certainly do not. I think we are in the fortunate position the decision made runs in our favour from a commercial point of view rather than the other way around. If you asking the question back to front then there would be a dilemma because you are saying: "Well, the option we have chosen is the more expensive one." But it is not, so we are just in the fortunate position that there is no tension, as I see it.

**Deputy J. Renouf:**

So, the question that arises at the end of this line of questioning is: would you be prepared to create separate heads of expenditure for the non-Overdale projects at any point?

**The Minister for Health and Social Services:**

I think we would have to, would we not? At some point eventually you have to develop separate heads of expenditure but by that stage you are far enough along in the process for it not to matter. I mean am I saying the wrong things here? That strikes me as common sense.

**N.H.F. Programme Director:**

I think, Minister, we did have that conversation with Treasury perhaps a year ago or so and we talked about whether we did need to do that or not. I believe you questioned the Minister for Treasury and Resources on this last week or the week before. I think that she identified the fact that if you created separate heads of expenditure then of course the thing that we are seeking, which is to have flexibility, but of course the downside of that is the fact that it is not entirely transparent. There is lots of transparency, however, in all of the auditing, in all the financial reporting, in all of the escalation that goes on within the programme. So in the end, I think, we had several conversations about whether it should or should not be done, but in the end, right now, today, the reason it is one head of expenditure is to be able to retain that commercial tension. I think the Minister for Treasury and Resources or the Treasurer identified other areas where it was done in a similar way, such as the infrastructure rolling vote, for example, or other property for exactly the same reasons that you do not necessarily want contractors knowing exactly how much you have allocated to something which may or not be construction cost, because that is what we have here is lots of different types of cost.

**The Minister for Health and Social Services:**

There is a difference between creating head of expenditure and making it public because when you are doing the calculations, you have to know exactly where you stand but how much you choose to make public and the way in which you choose to make it public is a different discussion, and that is the very discussion that we are having here.

**Deputy J. Renouf:**

The logic would be that once the bidding process is underway, the figures become ... the commercial tension argument disappears in that the people have made their bids.

**The Minister for Health and Social Services:**

Well, the next round of commercial tension continues throughout the course of the next 2 sites, so if you adopt that principle, you have to maintain that principle all the way through.

**Deputy J. Renouf:**

But this would be unprecedented. I mean every other capital project in the government programme has a figure next to it, say, the Youth Centre, Mont à l'Abbé School, they all have a figure next to them. Are you saying that Health should never have figures put against them?

**The Minister for Health and Social Services:**

I think eventually everything can come into the public domain but not ... in my view, it should not come into the public domain until such time as it does not prejudice the chance of getting the best value for money.

**Interim N.H.F. Business Lead:**

It is not unprecedented because if you think about the infrastructure rolling vote, which has many projects below it, in the capital table within the Budget, it is a single line, and I think there are some schools' projects where they amalgamate the types of that work.

**Deputy A.F. Curtis:**

Respectfully, there are examples where budgets require capital allocation, infrastructure rolling vote is one, but the Assembly does not, to my knowledge, approve a budget of, for example, the consolidated amount for schools and youth centres and say: "Schools and youth centres." So, do you see where there could be a tension that ... for the most part many of us are, as States Members, looking to understand where an allocation is and then be able to evaluate for what the public fund is law defined as a major project ...

**Interim N.H.F. Business Lead:**

It is a major project, yes.

**Deputy A.F. Curtis:**

... and do you think that if you separated each element out, each of those would constitute a major project, should they have their own head of expenditure?

**Interim N.H.F. Business Lead:**

I think we have already spoken about the head of expenditure and I think there has been a general agreement at this point that it will be a single head of expenditure, .

[10:30]

Just to answer that point, and then it is not unprecedented because you do have rolled up heads of expenditure, so that is a second point. Then in terms of transparency, the capital table sets out lots of different capital projects and there is detail - narrative detail - around those that enable Members of the Assembly and the public to understand what is going to be spent.

**Chief Officer, Infrastructure and Environment:**

I think, yes, in terms of the capital programme, we do have ... for instance in the C.Y.P.E.S. (Children, Young people, Education and Skills) area, we have a group head of expenditure in C.Y.P.E.S. We have a group head of expenditure for infrastructure rolling votes, so there are other group heads of expenditure. I think the problem the current capital programme does have is exactly the issue we are highlighting here. If you are too specific in your published documentation, it does signal to the market how much money you have for any project, whether it be a £1 million project or a multimillion-pound project, so there is a wider conversation about how we publish the capital programme and what we put in it. That is probably for another day. It is not part of this hearing, but you are right in highlighting we have got 2 approaches in the capital programme. We do have group heads, but we also have specific project lines. I think in publishing specific project lines, it does give us a commercial problem when we go out to tender because people can read the Government Plan and know how much money we have got for each project, which is the point we are raising here.

**The Minister for Health and Social Services:**

What we are trying to avoid here.

**N.H.F. Programme Director:**

I think you have got to look to the U.K. in this, so it would be very interesting to know for one of their major projects if you were able to identify to the level that you are looking for us to provide against those major, major projects that are being undertaken in the U.K. what each of those pots of money are. I think that they have probably got enough projects so that there is not the transparency that we get here. Now, I get the transparency, but I guess it is that compromise and if in the end that transparency is leading to a lack of value for money. You asked us about lessons learned previously. We believe this is a lesson that we should not publish that information. Unfortunately, the commercial tension does not add at the point of award of contract, it continues and I suppose we have to think about the wider procurement as well. Why do contracting companies go bust? Why are contracting companies not making any money? There are lots of different factors to this kind of discussion and it is in taking in account all of those that we then have to think about: "Well, have we been doing this well in the past?" I guess what we are trying to do is learn lessons and say: "Perhaps we are not. Perhaps it is really hard to deliver in that circumstance so we might create a better environment for our project."

**Deputy A.F. Curtis:**

I did ask a question that I do not think I quite got to the answer of, that if there were separate heads of expenditure for each project, and we currently know of roughly 3, would you foresee those within a budget being identified as major projects? Each one in their own right if they were to have had their own project line, would they be treated as major projects?

**Interim N.H.F. Business Lead:**

So, we know the rules around what a major project is, which is a major project is something defined as in excess of £5 million. Those are the rules, and I think if I discuss that more fully then I am alluding to figures that are in the O.B.C. that we have not disclosed.

**Deputy A.F. Curtis:**

Okay.

**Deputy J. Renouf:**

Do you want to keep going?

**Deputy A.F. Curtis:**

Okay, we will move on. Of course, the panel is keen to ensure confidentiality of the O.B.C., but what is public is the supporting information for the Budget 2025 to 2028 and in that - page 6 - details some of the financial benefits contained within the O.B.C. and make those public, including capital receipts of up to circa £10 million could be achieved through the reprovisional redevelopment of buildings that could become vacant. So, please could you provide some more information about how this figure has been calculated?

**The Minister for Health and Social Services:**

Are you happy to cover this?

**Interim N.H.F. Business Lead:**

Yes, I am happy to answer it. So, when we were putting together the O.B.C. and we were thinking about the release of land and the release of buildings, we did an exercise that looked across the estate and tried to think about a figure that might represent some of the capital receipts that we may or may not receive. So, it was a figure that was a very low estimate based on the release of certain aspects of the health estate. It does not represent a definite list of properties. It basically was an up to figure and trying to signal that we would receive some amount and "we" as in the wider government, not the programme, just to be clear in terms of capital receipts. So, it was a general and broad exercise, not a definitive list of specific assets.

**Deputy A.F. Curtis:**

In reaching it, were assets considered more likely or less likely? It sounds like they might have been. You said there were some things identified.

**Interim N.H.F. Business Lead:**

There was not an exercise that said more likely or less likely. It was really just an estimate based on looking at costs of the overall value of the health estate in general.

**Deputy A.F. Curtis:**

Did this kind of assessment, given this forms part of the O.B.C. that is public, does this form follow any best practice for assessing financial release of capital assets?

**Interim N.H.F. Business Lead:**

By best practice you mean in terms of valuation, method and looking at ... no, it really was a very general estimate based on the overall health estate. It was trying to give an indicator of the amount of capital receipts that may or may not arise. It could be a much bigger number depending on the outcome of the future phases of the project.

**N.H.F. Programme Director:**

And it could look differently, could it not?

**Interim N.H.F. Business Lead:**

It could look differently.

**N.H.F. Programme Director:**

For example, instead of releasing those assets, you might choose to rent. I mean I do not think it is these assets that form part of that but there are alternatives in terms of renting and I think that what ... none of this has been netted off against the request, so in that respect that is why we have not followed any kind of comprehensive valuation procedure for them. It is just trying to identify that there are benefits and that some of those are financial benefits and we would like to expand on that list, I believe, in recognising that there will be property that will become free. Again, I think it is learning from our hospital project where the whole of the Kensington Place site, for example, was going to become free and there was no recognition that there might be a financial benefit to that. Of course, there might not be because it is full of healthcare buildings at the moment. So, it was just trying to say: "Look, there might be some financial benefits." We have not cashed them though.

**Deputy A.F. Curtis:**

So really that figure is not based on an evidence methodology, and it could be, as you say, far higher.

**The Minister for Health and Social Services:**

There is no evidence methodology that is available at this point in time.

**Deputy A.F. Curtis:**

So you have not looked at ...

**The Minister for Health and Social Services:**

It is a best guess scenario given the ...

**Deputy A.F. Curtis:**

But it sounds quite conservative. It could be higher in theory.

**The Minister for Health and Social Services:**

There is still fine tuning, so ...

**Chief Officer, Infrastructure and Environment:**

In terms of valuation of assets that are being realised, you do not crystalise the value until you exactly know what you are going to be using that asset for. If, for instance, you are going to do a full redevelopment for a certain use, you will get a gross development value. You take off your costs; you get a value in a simple equation. If it is a re-use of an existing building or a refurb, that will give you a different value. It really does depend on the end use and then your residual valuation will follow. So, until you do that on a site-specific basis, you do not really know the number.

**The Minister for Health and Social Services:**

And market values at the time ...

**Chief Officer, Infrastructure and Environment:**

And market values at the time and market costs at the time.

**The Minister for Health and Social Services:**

... because you could see a distinct change in property values that could have a profound effect on that.

**The Connétable of St. Clement:**

Your greatest asset is to be the Gloucester Street hospital. Is it your intention eventually to use all elements at Gloucester Street hospital or might you consider selling off chunks of that to underpin the financial spend that you are anticipating for the 3 projects because it seems to me those are very viable pieces of estate?

**Chief Officer, Infrastructure and Environment:**

I think we have got to go through a process, as the Minister has outlined, in assessing what services remain and what opportunities are on Gloucester Street to either attract new services and free up

value elsewhere or to not do that and free up value at Gloucester Street. I think there is a bit of a jigsaw process to go through on the Gloucester Street site. Certainly, from a practical perspective if you free up big chunks of real estate in town, as the Minister said, that will have a higher value than a greenfield site somewhere else potentially. I guess the question around value realisation and spend, the expenditure will come before the value realisation, so we are going to need to expend money ...

**The Connétable of St. Clement:**

There is a card up your sleeve.

**Chief Officer, Infrastructure and Environment:**

... on the acute hospital before we realise any value on other sites.

**Deputy A.F. Curtis:**

Okay. We will move off capital receipts to agency staff costs and one financial benefit is up to £2.2 million a year in reduction in agency staff costs. Please could you advise whether this figure has been informed by a workforce plan or what methodology was used?

**Interim N.H.F. Business Lead:**

So, the methodology used was we looked at the financial cost up to the end of 2023. This is the basis of quite a lot of the modelling. So, taking the ledger from the existing healthcare expenditure for up to 2023 and then we did an exercise that looked across that ledger and took a percentage of that as a saving on the basis of the expenditure that occurs within that ledger. Sorry, I look like I have confused you. So, we took a view of actual expenditure and then we thought ...

**Deputy A.F. Curtis:**

Agency expenditure?

**Interim N.H.F. Business Lead:**

Agency expenditure. We took the whole of the Health ledger and then looked at ...

**Deputy A.F. Curtis:**

Expenditure over a year.

**Interim N.H.F. Business Lead:**

... expenditure over a year. Then we looked at aspects of that within the ledger, took a percentage and came up with that as a saving.



**Deputy A.F. Curtis:**

How does that link to the provision of the acute facility at Overdale? Is it specific to a change in how the facility is run or is this just about the health service in general?

**Interim N.H.F. Business Lead:**

So, it is a mixture in general, and again, it is a moving feast. We are 4 years away from provisioning it but the thinking behind it was that if we provide a better facility, if we provide a nicer place for employees to work then theoretically one of the benefits is that we get a greater degree of retention of staff. On that basis, theoretically then you would need much less agency staff to fill those vacancies and therefore that is the upward effect of having a better and modern healthcare facility.

**Deputy J. Renouf:**

That does sound like a bit of a guess in terms of when you came up with a percentage; you said you came up with a percentage of the total spend. What informed that percentage?

**Interim N.H.F. Business Lead:**

It was an estimate based on discussions within the team. Again, we are far out from thinking about how the workforce will work within the new facilities. You can say guess, but you can also say estimate. You could say conservative estimate. It is just a view at this point in time. None of these figures can be definite. We could have made it much bigger or much smaller. We have come to what I think is a reasonable view of that. Modelling is modelling, is it not? It is a theoretical exercise. We are trying to put a value on benefits realisation. In the grand scheme of healthcare spending overall, that is quite a small benefit, and we have not put those within our cost expenditures. We are basically just trying to marker and signal what may or may not be a benefit and we will see over time whether they become realised or not.

**Deputy A.F. Curtis:**

I think the reason we are asking these questions is because the O.B.C. in its full-fat version is there to both critically evaluate the path you are on and understand whether it is correct and to what extent the methodologies in there are rock solid, or speculation or, as you say, to what extent within it it may or may not flag the methodologies used. Okay, we will move on.

**Interim N.H.F. Business Lead:**

No, it is a completely fair question, but I think I must be very clear that all of the estimates we have put in the O.B.C. are conservative in the benefits realisation. They are estimates at this stage and they are perfectly normal within an O.B.C. as it is developed at this time. So, that is an important point of clarification.

**Deputy A.F. Curtis:**

Okay. No, that is helpful. Well, I will ask about one more estimate if that is possible ...

**Interim N.H.F. Business Lead:**

Okay, that is fine.

**Deputy A.F. Curtis:**

... which is gross value add and social value and the supporting information made public highlights up to £59.2 million could be released through construction jobs, apprenticeships and student opportunities. What will be the 5,000 student opportunities identified?

**Interim N.H.F. Business Lead:**

The whole point of the programme is that it is partly a legacy for the Island but one of the major benefits is that it helps in the economy and part of that is trying to think about the best ways to help the economy and help young people or help certain sections of the population that perhaps do not have the opportunities of others. So, in terms of the opportunities for students, the idea is that we will have a rolling programme over the 4-year period of construction that looks at various ways that we can interact with the population. One of those would be thinking about opportunities for young people and how those workshops and other opportunities can be realised. So, an example of this is during this half term we have got one of our first ones which is we are working with Skills Jersey in terms of a skills camp for years 7 to 8 and year - I think it is - 9 to 10 over 2 sets of 2-day periods. We have got volunteering opportunities not just for the team in G.o.J. (Government of Jersey) but with the wider advisory team. So there is a team of circa 20 volunteers doing that, and that is available to all children in Jersey.

[10:45]

That is just an example of the first one. It would be those sorts of opportunities, so it will be working with construction partners, advisers and the G.o.J. team. That is how those opportunities will be created.

**N.H.F. Programme Director:**

It is enshrined through our social value that comes through our procurement and obviously something that we, ourselves, sign up to as a Government of Jersey team. It is fair to say that the Design Engineer Construct Course, I think, again, was something that emerged out of previous hospital projects, for example, but was not necessarily declared.

**Deputy A.F. Curtis:**

No, I see. Okay. I think Deanne was really helpful and clear on that, but I think we have to move on.

**Deputy J. Renouf:**

Yes, that is social value. The 450 job opportunities that are mentioned are presumably gross value added rather than social value.

**Interim N.H.F. Business Lead:**

Well, yes, we did a calculation on gross value add and tried to come up with a number based on a solid methodology which is an estimate.

**Deputy J. Renouf:**

But just to be clear that 450 construction jobs, those are, sort of, one-off jobs.

**Interim N.H.F. Business Lead:**

It could be a mixture of new or retained within the industry depending on how ... we spent a long time thinking about whether it is new or retained because it is difficult to know, depending on how the commercial approach works, but in our view there would be those opportunities associated with the programme.

**Deputy J. Renouf:**

So, you are expecting about 450 local jobs.

**Interim N.H.F. Business Lead:**

Yes, either new or retained within the industry.

**Deputy S.M. Ahier:**

Sorry, as an outside contractor, how many people do you think the outside contractor will bring in or will you be relying on them to hire local people?

**N.H.F. Programme Director:**

I think we have said that at this stage the procurement is completely open and that no decisions have been made yet in respect to any contracting partner.

**Deputy S.M. Ahier:**

Just the concern, obviously, that if we can get 450 jobs locally that would be wonderful but I know in the previous scheme the majority of jobs were expected to come from ... the construction industry was supposed to be bringing their own employees over and there was even a suggestion that we

might build temporary homes to accommodate that. So, you are not foreseeing any of those problems arising?

**N.H.F. Programme Director:**

I think it is really difficult, is it not, because what we are talking about is a procurement process and at the moment ... historically, that procurement process happened very, very early on and so obviously that contractor was onboard and they were able to predict how they were going to do it. At this stage, we do not know how various different parties are thinking about delivering the work but what we are saying, and we are saying here, is that we think that there will be at least 450 jobs that are generated as a consequence of the works that we are doing. We think that that is a really good number, and we think it is a really conservative number.

**Deputy J. Renouf:**

Okay. We can move on to S.M.A.R.T. (specific, measurable, achievable, realistic and time-bound) objectives.

**Deputy K.M. Wilson:**

Okay, so we know that one of the key things of the outline business case is the delivery of the objectives that are outlined. Just as a starter, can you tell us when they were last updated?

**Interim N.H.F. Business Lead:**

I think they were from the strategic outline case; we have a review in the O.B.C., but it is fair to say that I do not think we amended them from the strategic outline case.

**Deputy K.M. Wilson:**

Are you intending to?

**Interim N.H.F. Business Lead:**

The objectives are a continual and evolving thing, are they not, so we spend a lot of time thinking about how to measure ourselves appropriately, not just with the published document of objectives but generally in terms of, what are we as a programme team trying to achieve? That is a mixture of financial reporting and then time reporting. So, everyone's objective is to deliver the programme on time and on budget. Our objectives at the highest level are to achieve those 2 things, with the sole intention of delivering the programme that gives fit-for-purpose healthcare for generations, in fact. We hold that responsibility very seriously. While the objectives in an outline business case look like they look, it is a much more nuanced view internally. We take a great deal of time and effort in our internal work through things like our monthly highlight report, where we have a lot of aspects of our

own performance on almost like a matrix view that try and pinpoint the areas where we have to make sure that we are delivering our highest level of strategic objectives and those that sit below.

**Deputy K.M. Wilson:**

Clearly, one of the things that the public will want to do is track this because this is the content that gives them the indication that things are happening and are on plan. For the benefit of the public, if I could just say that these contain 4 or 5 dimensions. One being “Specific”, which is to outline with a clear statement what precisely is required. “Measurable”, which is to include a measure to enable the organisation to monitor progress and know when it has been achieved. “Achievable”, which is to ensure that failure is not built into what it is you are trying to do. “Realistic”, and you have mentioned them being delivered on achievement, as to whether or not they are focused on outcomes and not just processes. And the issue around “time-bound” and the timeliness by which those objectives must be achieved. I apologise for teaching you to suck eggs on that, but I think it is important ...

**Interim N.H.F. Business Lead:**

No, it is a very good reminder for everyone.

**Deputy K.M. Wilson:**

... for the public to know. You just mentioned that they have not been updated since the strategic outline case. We have been looking at the objectives within the strategic outline case and they do not really clearly define the terms expressed in the objectives. We were trying to establish how you are going to improve on that and how you are going to be able to communicate to the public what your intentions are, moving from the strategic outline case to the outline business case. Could you just help us with that?

**Interim N.H.F. Business Lead:**

Right, yes. I think the question is about whether the public and other interested stakeholders can understand how the programme is progressing and then whether we have met the objectives of the programme. You can define the objectives in many ways; so, we have been given an envelope of £710 million and the O.B.C. sets out what we have got to deliver from that. So if we set that as the basis of the objectives - and that is what the public are interested in - then we have got to say to ourselves: “How do we communicate that?” We will be communicating that in many ways, in terms of the financial reporting which will come through various Treasury reports; it will come out of the annual report and accounts that Treasury publish; and we ourselves will have to ensure that regularly we are communicating how we are getting on both in terms of time and money. As Government of Jersey employees, we have to operate within the Public Finances Manual and the Public Finances Law. So our objectives in regard to our own behaviours and our views of how we are progressing

are set very firmly for us. So, in all those aspects that is how we will ensure that the public are aware of what we are doing.

**Deputy K.M. Wilson:**

Okay. One of the things that we note is that the “measurable” element of the objectives, there is not much data that is contained either within the strategic outline case or the outline business case, that gives the public information as to what it is you are trying to do through the offer you are trying to make through this project.

**Interim N.H.F. Business Lead:**

I think the measurable bit is the thing that I have said: the measurable bit is delivering the healthcare facilities on time and within budget. Those are the highest level of that.

**N.H.F. Programme Director:**

Yes, the S.M.A.R.T. objectives set out overall what are we seeking to achieve through this programme of works. Then in the O.B.C. we do have the benefits section, which then looks at each of the objectives and sets out how in numbers and how, specifically, as required by a S.M.A.R.T. objective, we will achieve each of those things. In the benefits section of the O.B.C., which is later on in 5.8, it sets out how that has been done both at the strategic outline case update information stage and the outline business case. Now, a lot of those objectives are all around because, of course, while budget and programme are really important things, if you judged some projects by those, like ... I suppose I should not name specifics, but there are large projects - not in Jersey - that at the time may not have met those 2 objectives, but actually have met all of the other benefits of those projects; for example, connecting 2 parts of a town or hosting enormous concerts. It is all of those sorts of benefits that we will be measuring and that we were seeking to set out in the objectives. Because while we know we are going to be judged on budget and programme - and they are very important things - the whole purpose of the outline business case is being able to say: “But overall, viewed from all the different ways, what are the benefits?” And they are about actually having staff in a hospital because it is the best possible place to be; things like infection control; things like, have we got privacy and dignity for our patients? We have tried to capture those through the benefits and how we will seek to measure them. So while the objectives set out our target, the benefits are the response to that and some of those we will only be able to measure once we have actually opened the facilities. But there are others, like Deanne has said, that we do anticipate - through financial reporting, through programme reporting, through States Members updates, through all of the various mechanisms that we have - that we will be reporting on and will be available publicly.

**Deputy K.M. Wilson:**

Okay. Can you just then explain, having given some examples, why we are not actually making this public, so that people can understand how and in what way the project is progressing?

**N.H.F. Programme Director:**

For me, I would have to look back at the outline business case summary we have ...

**Interim N.H.F. Business Lead:**

Yes, we did the benefits ...

**N.H.F. Programme Director:**

... but I think that, yes, the benefits were set out in the information update because you have just provided some of those. So I guess they are in response to the objectives. From a public perspective, I think the objectives were set out in the strategic outline case summary that we issued last year, but we can double check on that.

**Interim N.H.F. Business Lead:**

Yes.

**Deputy K.M. Wilson:**

I think what we are looking for is, how are you focused on the specificity of what it is you are trying to achieve? Because when you look at this, there are quite a lot of generalised statements. In order for us to track and monitor and test your processes as to whether you are on track to deliver these benefits or these outcomes, there does not seem to be an awful lot of information around that.

**N.H.F. Programme Director:**

If we look at the benefits, hopefully you will see some of the more detailed information on that of how we were going to seek to measure ourselves against those objectives that were set out.

**Deputy K.M. Wilson:**

Yes. In terms of the performance of those objectives, can you help the public to understand as to what processes, what arrangements are in place? If you have not dated the objectives, if you have not revisited them in the context of the strategic outline case, can you just tell us what process you have got in place to be able to track completion against some of these objectives?

**The Minister for Health and Social Services:**

Some of those things, you do not revisit because they remain pretty static throughout the process. The changeable ones – as I see it, and I am not a specialist in this area – but the changeable elements are the financial ones and the timing. They are the things that have to be constantly

revised; but I think the overall objectives and the benefits, once they are set out, remain pretty static. That might just be me being ignorant of what a S.M.A.R.T. assessment is, but I think there are different elements and some of those elements remain more static than others.

**Interim N.H.F. Business Lead:**

Yes, we did a review of them; they remain relevant. I think the view you are espousing is they are quite general; it is whether there is a requirement in an O.B.C. for them to be more specific. Just because they are in the O.B.C. in a general way does not mean that we ourselves are not measuring them in a very clear way.

**Deputy K.M. Wilson:**

I think what we are doing is we are working with your process ...

**Interim N.H.F. Business Lead:**

Yes, absolutely.

**Deputy K.M. Wilson:**

... so we are just trying to test, how do you rank yourselves with this?

**Interim N.H.F. Business Lead:**

We spend a lot of time, as I said, thinking about our own objectives internally.

**The Minister for Health and Social Services:**

If there were shortfalls or inadequacies, and you can spot them, we would be very happy to ...

**Chief Officer, Infrastructure and Environment:**

I think if we need to express how we are measuring ourselves differently, in public terms, some of that measurement is going to be ongoing. So we are going to have a lot of, I guess, programme measurement at the moment in terms of getting us to where we ... at the start of a construction project. We are going to have a lot of deliverables around that project itself and a lot of measurements at that point in terms of are things being done on time, to cost, to plan, to quality. Once we then have built facilities, we are going to be in a realisation of benefits phase of, did everything we say in the O.B.C. actually become true? Our use of consultants and temporary staff, has that actually dropped in line with what we expected, et cetera? I think maybe we can work with the panel in terms of that sort of questioning. If we need to express that differently, that might help all parties, I think.

**Deputy K.M. Wilson:**



I think it helps with the transparency as to where the focus is and the specific interventions are.

[11:00]

**Deputy J. Renouf:**

The bottom line here is, though, we should be able to have some measure of whether there has been success or failure. When we look at the S.M.A.R.T. objectives, it is very hard to see under “measurable” how we would measure whether this had been a success or not. “Objective 2: To deliver new hospital facilities that provide best whole life value,” and the measurable thing is: “delivering best value compared to other options.” I mean, it is very difficult for us to look at that and say: “Okay, that is a tick or a cross.” Because it does not actually say what is going to be measured.

**N.H.F. Programme Director:**

The objectives are the challenge; the response is provided in the benefits. I guess what the objectives section perhaps needs to say is: “In order to see how we are going to measure ourselves against these objectives, you need to go to the benefits section.” And in the benefits section, it does give more specific responses. It also says: “Which were updated at our business case.” It does provide more specificity - which you can say and I cannot - in terms of each of those items. For example, it does give - since we have covered the recruitment one - things like reduction in agency staff costs of 10 per cent, circa £2.2 million. It does provide that in that space; so that is providing those actual measures. I think what we have here are the overarching objectives, and really, I suppose what the O.B.C. is saying is they have not changed that much. We know we need healthcare facilities. We know they have got to represent value for money. So those things, yes, you do review them, but they do not change. We are still on the same mission to deliver those things.

**Deputy A.F. Curtis:**

I guess the question that is in my mind here is these objectives have been described as general; they are in the strategic outline case on page 10. But the methodology that we have seen, and the Green Book sets out to use, is one of S.M.A.R.T., which makes ... an objective can be both general, but requires adherence to how, as Deputy Wilson said, it should be specific, measurable and achievable. So, do you feel you have covered off ... is there a tension here that actually you see the objectives are following a S.M.A.R.T. methodology of evaluation or are they following a different methodology? If it is remarkably different, what is it?

**N.H.F. Programme Director:**

I think that there is a miscommunication or a misunderstanding because in the essence, what the S.M.A.R.T. objectives do is they are set out in that way; they are specific, measurable, et cetera.

Where we have said how we are going to measure them is in what we are calling the “benefits section” instead of in an objectives section. But it is still doing the same thing; it is still saying: “This is what we would like to achieve, and this is how we are going to measure doing that.” That is in the benefits section, but it is still an objective; it is still a S.M.A.R.T. objective and we are still saying how we are going to meet it. So I think it is in the vocabulary, rather than a fundamental thing that we have not done that has not met the Green Book. We have got our colleagues from EY here if you would like further information on whether what we have provided here is appropriate for an outline business case and the interpretation of that vocabulary.

**The Minister for Health and Social Services:**

I think if there are inadequacies in the way the process has been managed, it would be helpful to have clarity on what you see those inadequacies as being, because I think on this side of the table, we are having trouble on what they are.

**Deputy J. Renouf:**

I think whenever we hear things like: “We understand that the whole objective of this thing is to deliver affordable and good healthcare facilities,” that could have applied to any of the projects; it would not have been any different. What we are trying to drill down into is what is specific in this project and how are you going to measure it? Rather than accepting there is just an overall requirement to do things ...

**Interim N.H.F. Business Lead:**

No, that makes a lot of sense.

**Deputy J. Renouf:**

So, that is what we are driving at. But I think we can move on. Deputy Wilson, do you have any more on that section?

**Deputy K.M. Wilson:**

Yes, there is just one other thing in terms of the tracking and the monitoring. If I could just clarify from what Mr. Scate has just said, is that there is a different approach that you are taking to the programme management, day-to-day operational stuff. So there will be a lot more detail, I presume, in terms of what specific tasks and deliverables you are actually achieving on a day-to-day basis ...

**Chief Officer, Infrastructure and Environment:**

Yes, there will be. Yes.

**Deputy K.M. Wilson:**

... which is different to what is contained in the O.B.C.

**Chief Officer, Infrastructure and Environment:**

Yes, there will be some high-level programme ... the O.B.C. is very much a high-level document. When we are getting into a more detailed programme of construction, for instance, there will be a lot more day-to-day metrics as to, are things happening as the team expect them to be happening? Working with our external parties, whoever they may be. I think, picking up on the theme here, it would be good for us to explain the different levels of assessment that will be going on throughout the life of this immediate project, in the acute. There will be a lot of objectives, a lot of assessment, measurement and: "How do we know this construction project is working to track?" There will be a lot of data on that. "What happens after that? What is the process around benefits realisation? How do we know it is working then, as per plan?" So I think we could possibly explain that in a different way, which is more accessible for everybody.

**N.H.F. Programme Director:**

So, that would be in the management case of the outline business case. In the management case, you will see that we have set out all of the different reporting that we are doing in order to demonstrate that we are on track within the programme and to make sure that we are staying within the project controls and programme controls, as you would anticipate.

**Deputy K.M. Wilson:**

Just as an example, if we can, and just to pick up Deputy Renouf's issue, when you were asked the question about: is this informed by a workforce plan? We would expect to see that there is some specific objective around workforce and that there are some measures around workforce, and we do not actually see that contained within this O.B.C. at the moment. That is just as an example.

**Interim N.H.F. Business Lead:**

That is a very good example. As you know, we have done a lot of work in the O.B.C. on clinical modelling. It has been informed by a lot of dialogue with our clinical colleagues; we continually think about workforce strategy. We are at a point in time, the O.B.C. is at a point in time, so I think you would agree there is a lot of detail on the clinical modelling, and we have done a lot of thinking around the workforce and what it means in terms of the O.B.C.

**N.H.F. Programme Director:**

So this is a business case, I suppose, for a capital build where we have had to demonstrate that it is affordable in terms of the taxpayer; that is the exercise we have done. I know that we have colleagues in H.C.S. (Health and Community Services) who are working on the wider workforce plan, and obviously they need to communicate with each other.

**Deputy J. Renouf:**

Okay. I want to move on to Deputy Ahier.

**Deputy S.M. Ahier:**

Thank you, Chair. I will move on to the economic case. The panel has reviewed the assumptions log set out within the economic case of the outline business case; however, these assumptions do not appear to refer to analysis with research or evidence to support the assumptions. Please, can you confirm that each assumption made within the economic case is supported by objective evidence, and can you provide an example of this?

**N.H.F. Programme Director:**

I think it would be really helpful if you were able to point out the page on which you are talking about the assumptions, so we can see the generality of those.

**Deputy J. Renouf:**

Are we allowed to mention ...?

**Deputy S.M. Ahier:**

Because we are not allowed to say.

**Deputy J. Renouf:**

Being careful not to ...

**N.H.F. Programme Director:**

So, if you would just provide the page, that would give me an idea of the ... I mean, what we do know is all of the capital costs have been generated on the basis of information available. We have cost consultants working for the programme; many of the assumptions that you see on the pages in relation to the capital costs will be brought through from their cost plan. Their cost plan is on the basis of databases of information of historic hospital programmes, as well as good practice and good practice guides in terms of the costs of certain things. It is on that basis that those capital costs have been prepared. So, there absolutely is a solid base of evidence for all of the capital numbers presented within the economic case.

**Deputy S.M. Ahier:**

Who has responsibility for the assumptions made about the capital cost?

**N.H.F. Programme Director:**

It would depend on the nature of those assumptions. Generally, those capital costs have been derived from drawings or from other information that is available on the nature of the scheme, in order to come up with what we anticipate the capital cost might be. As we have said, there are lots of different components of the cost within the £710 million. Some of them relate to buildings; some of them relate to other items.

**Deputy S.M. Ahier:**

Have those assumptions been challenged and tested by anybody?

**N.H.F. Programme Director:**

You can imagine that there are lots of challenge within the programme team. I think that a key area of challenge is to be able to test anything that was, for example, in a capital cost plan with the supply chain. So, there has been some testing of those numbers with the supply chain, for example, to make sure that they are correct. There will be further testing as we move forward to make sure that the numbers that we have are correct numbers. There is also a challenge within the team because we have a local quantity surveyor working with us, as well as U.K. quantity surveyors who obviously have experience in healthcare; so they are able to challenge on any of the numbers that, for example, might be different because we are working in Jersey rather than in the U.K. We also have a target value design process operating within the programme. What that means is, as we design things, we really try to have a continuous check of cost to make sure that anything that is being drawn is within our cost envelope. So there is a lot of challenge within the team, because you can imagine that sometimes somebody might have a preference for a certain item, but the rest of the team ... if it means that that particular cost element goes out of the tolerance, then it would mean that we would not be able to proceed with that. So yes, there is lots of challenge. We obviously also have historic information on hospital projects from our previous incarnations that are also used in deriving some of those costs. We are definitely looking at it in the round.

**Deputy J. Renouf:**

For reference, it is page 52 to 54 of the outline business case and it is the assumptions in those tables that we were questioning that there was not supporting information.

**Deputy S.M. Ahier:**

Thank you. The panel has reviewed the quantifiable benefits highlighted in the economic case of the O.B.C. Please can you confirm whether there is additional information available, including metrics that have informed each of the quantifiable benefits?

**Interim N.H.F. Business Lead:**

The quantifiable benefits we have already spoken about, have we not? In terms of additional information, is it more around the build-up of the assumptions ...

**Deputy S.M. Ahier:**

About the strategies.

**Interim N.H.F. Business Lead:**

The strategies of each of the benefits?

**Deputy S.M. Ahier:**

Yes.

**Interim N.H.F. Business Lead:**

I think we have spoken earlier about the fact that what we tried to do is make those quantifiable benefits quite conservative in terms of the estimates, and the nature of those estimates will become more certain as they are realised over time. We have got more information on the build-up of those, if you wanted to have that, to supplement the information that we have given you in the O.B.C.

**Deputy S.M. Ahier:**

Okay. Can you confirm to what extent the benefits set out in the economic case have followed the assurance of benefits realisation projects supplementary guidance produced by the U.K. Infrastructure and Projects Authority?

**Interim N.H.F. Business Lead:**

No, we did not follow that guidance.

**Deputy S.M. Ahier:**

You did not. What was the reason for that?

**Interim N.H.F. Business Lead:**

Because, as we said, we took a very conservative view of the estimates of those benefits and our view was that they would evolve over time.

**Deputy S.M. Ahier:**

Thank you. In relation to qualitative, i.e. non-quantifiable benefits, please can you provide more information about how these are measured and scored?

**Interim N.H.F. Business Lead:**

Measured and scored?

**Deputy S.M. Ahier:**

Yes, because they do not appear to be set out within the outline business case. Or can you confirm where it is documented?

**Interim N.H.F. Business Lead:**

Okay, so we have documented the benefits in the O.B.C. and we have set out the narrative for each of them. We have spoken about how they will be measured – I think that is from page 75 onwards – and then what we have talked about is the measurement of each of those and then the baseline score of each of those. It is on page 75 onwards.

**Deputy S.M. Ahier:**

Okay, thank you. I will pass over to Marcus now.

**The Connétable of St. Clement:**

Thank you, Chair. Please can you describe the steps being taken to implement the risk mitigations set out in the outline business case for the risk register, and the scoring used for these?

**Interim N.H.F. Business Lead:**

I think there is a risk register contained in the O.B.C., but it is fair to say that the risk framework that we have as a programme team in general is well developed. We follow the Government of Jersey framework for risk scoring, so it is in line with any other project or programme that you might see coming out of the Government of Jersey. In terms of how we track the risks and then mitigations and actions, there are meetings monthly or bi-monthly at programme and at project level, where each of the owners and the programme team in general review them, update the scoring, the mitigations and the actions on a regular basis.

[11:15]

**The Connétable of St. Clement:**

Thank you. Who is managing the risks associated with phase one of the programme?

**Interim N.H.F. Business Lead:**

Ultimately, it is the responsibility of the team; the programme director ultimately has the responsibility for the programme, but there is a wide set of stakeholders and parts of the team that are involved in it. Project managers take responsibility for their own once the project is in delivery, and then it rolls up into the various governance groups.

**N.H.F. Programme Director:**

I think it is fair to say that in the outline business case you will see that a lot of the risk owners are assigned to be very generic, as the Government of Jersey. It is fair to say in our more detailed risk registers that exist within the programme, clearly, we have got the best person or organisation to deal with a particular risk named against each of the risks.

**The Connétable of St. Clement:**

So there is more detail that you are working to than has been published?

**Interim N.H.F. Business Lead:**

Yes.

**N.H.F. Programme Director:**

Yes, than has been published in the O.B.C. Obviously, even a risk register would be a commercial document and so that is what we have been very careful about.

**The Connétable of St. Clement:**

Okay, thank you. The panel notes the absence of the numerical information within the outline business case project risk register. Can you clarify why?

**Interim N.H.F. Business Lead:**

Do you mean the costing of the individual risks?

**The Connétable of St. Clement:**

Yes.

**Interim N.H.F. Business Lead:**

We have done an exercise on costing risks, internally, because it is good practice. It is a very difficult and complex matter in terms of the modelling, but we have done one exercise this year. Is that what you mean?

**N.H.F. Programme Director:**

I am not sure. Do you mean the numbers that are contained in the individual risk register?

**The Connétable of St. Clement:**

I think the general ... yes.



**N.H.F. Programme Director:**

There should be ... if there is not a number in each of the boxes - the one I have in front of me does have numbers - so perhaps there has been some sort of typo or issue.

**Interim N.H.F. Business Lead:**

No, I think it might be just ... from page 82, for example, project programme affordability, that has the scores in it but if you come over the page, I think what it is, is that score from the previous page relates to all of the boxes, so I do not think they are gaps; it is more typographical. I do not believe that they are gaps.

**Deputy A.F. Curtis:**

I think, if I may, it may also be around what is quantified scoring.

**Interim N.H.F. Business Lead:**

Yes.

**Deputy A.F. Curtis:**

I think the panel had the same thought that you had, team, but it is around the numerical quantification of that. As you mentioned, it could be time, it could be money, it could be anything that could be quantified to create a score. So I think that is where the question is getting at.

**Interim N.H.F. Business Lead:**

So it is back to costing the risk register?

**N.H.F. Programme Director:**

There is a costed risk register, and as it says in the O.B.C., we are comfortable with that costed risk register as it stands.

**Interim N.H.F. Business Lead:**

Yes, we did debate how to represent that costing within here but, in the end, we came down to the commerciality of that, because it led on to some other numbers; but that exercise has been done.

**Deputy A.F. Curtis:**

Do you also have a delay-based risk register that infers the time delay for risks, as well as the cost delay for risks? Because sometimes, I presume, different risks will be more relevant to a different type of risk, whether it be time or money.

**N.H.F. Programme Director:**

There is a whole matrix of different impacts; one of them is delay, one is cost, there is reputational as well, obviously. So yes, all of those different matters are considered.

**Deputy A.F. Curtis:**

You have quantified those somewhere else?

**N.H.F. Programme Director:**

They are already quantified, I believe, in the Government of Jersey guidance, and that helps you to come up with the scoring.

**Interim N.H.F. Business Lead:**

Yes.

**Deputy A.F. Curtis:**

Thank you.

**The Connétable of St. Clement:**

Thank you. Please can you advise how previous lessons learned from work on previous hospital projects have been applied to improve risk management in relation to the current proposals?

**Interim N.H.F. Business Lead:**

As well as the risk register programme, we do run a lessons learned programme as well; we are just in the process of finishing that for 2024. What we try to do is we take a whole host of lessons learned from various data sources and then we ask ourselves those questions about whether we have learned those lessons or not, and that comes up with a report for ourselves. Then, in addition, we run a health-check process on ourselves and ask ourselves the questions about our individual processes. So we have a lessons learned and a health-check process, and in addition to that, there are various other parts of government that ask us the questions as well. We have a regular dialogue with Internal Audit and the Risk and Audit Committee.

**The Connétable of St. Clement:**

So perhaps not just hospital projects, but also maybe Cyril Le Marquand House, for example?

**Interim N.H.F. Business Lead:**

Generally, yes. We try to take as much learning as we can, so definitely we have had some dialogues about that. We have various forums that we meet our G.o.J. colleagues; we try to take advantage of those as much as possible, because there are some good lessons to be learned and

we really want to try and make this a success. So that is a very important part of our governance framework.

**N.H.F. Programme Director:**

And historic Comptroller and Auditor General reports, things like that, a lot of that previous reporting has been taken into our governance projects and is probably now reflected in our project manual and programme manuals.

**The Connétable of St. Clement:**

The H.M.T. (His Majesty's Treasury) Green Book states that: "Optimism bias is the proven tendency for appraisers to be optimistically biased about key project parameters, including capital costs, operating costs, project duration and resulting benefits delivery." Please can you advise how optimism bias within the outline business case has been calculated?

**N.H.F. Programme Director:**

We have had a workshop in order to assess ... optimism bias really is a contingency. Some of our advisers might tell us where its origins lay, and obviously it is in relation to the fact that the project team might have a bit of groupthink; we might be naturally optimistic people that want to deliver. So we do have contingencies that we have calculated in accordance with the H.M.T. guidelines, where they apply to Jersey. There are always some things that are a bit perplexing for us because they are not necessarily Jersey regulations or law but, where we could, we have applied them, and that is how we have generated the number that we have for optimism bias.

**The Connétable of St. Clement:**

Outline business case assurances; please can you advise how you have sought assurances about the nature and extent of the information contained in the outline business case? For example, can you tell us when the outline business case was last updated?

**Interim N.H.F. Business Lead:**

The outline business case followed on from the information update that was completed at the end of December. We went through a period of updating it this year, and that update was completed in June or July this year.

**N.H.F. Programme Director:**

I think it is fair to say, as part of that process, bearing in mind its commercial confidentiality, we tried to share it with a number of different parties in order that each of them were able to pass back their comment and we could update it accordingly. We have sent it to various different colleagues across Government of Jersey, for example. We have asked senior members of our adviser groups,

because obviously they see lots of outline business cases across their desk, for us to be able to have that, and of course part of our assurance is the fact that we have EY working for us, who have not only delivered many outline business cases in their time, but also historic ones for Jersey, building on that knowledge that we already had.

**The Connétable of St. Clement:**

Thank you. One final question. Please can you confirm whether an independent verification of the data and information used to inform the outline business case was sought?

**N.H.F. Programme Director:**

I suppose that is kind of answered in my previous question, insofar as we did try to seek assurance outside the team that what we had was correct, and obviously some of those people that we ...

**The Connétable of St. Clement:**

Where did you go for that?

**N.H.F. Programme Director:**

It was still within our adviser team because some of our advisers, for example, would be engineers or would be architects, and so they have seen other such schemes. They would be aware of the kinds of information that we had and would be able to say whether what we had provided would normally satisfy an outline business case or not.

**The Connétable of St. Clement:**

Thanks very much.

**Deputy S.M. Ahier:**

Thank you. I have got a question about the project, Minister. In your letter to the panel dated 13th September, it was noted that the funding in the proposed Budget 2025 had risen from £52 million this year to £73 million next year, and it was related to anticipated activity in the following projects, including construction activities. Please can you clarify when the services to be delivered in each of the planned locations will be confirmed?

**The Minister for Health and Social Services:**

That is something I would have to hand over, because I would not carry that information around in my head.

**N.H.F. Programme Director:**

When you say "services", do you mean clinical services?

**Deputy S.M. Ahier:**

Yes.

**N.H.F. Programme Director:**

I think that we have covered this, but I guess you are talking about specifics in relation to phase one.

**Deputy S.M. Ahier:**

In relation to the budget particularly, because obviously the increase in the budget.

**N.H.F. Programme Director:**

Yes, I think we have covered that. I do not know if you want us to go over that again, in terms of Kensington Place and the Health Village ....

**Deputy S.M. Ahier:**

It was a bit vague; the Minister was not very clear about what services were going to be supplied from each location.

**N.H.F. Programme Director:**

Each of those services is set out in the feasibility study and the strategic outline case, in terms of that clustering of services that has been tested for clinical colleagues, they were working to that overarching brief. We understand that only certain parts of that will be delivered through this first phase, and I think we have said we will be doing further work on the sites because things have slightly changed and it is always right to review things. So we will be continuing that work on.

**Deputy K.M. Wilson:**

I think the point of the question is to establish whether or not there is going to be duplication of services, whether services are going to change at Enid Quenault. You know, what is the pattern? As a punter in the street, how will I know where to go for my healthcare? When are you going to be able to tell us that?

**N.H.F. Programme Director:**

Well I think we have ... sorry Minister.

**The Minister for Health and Social Services:**

Carry on. I mean, I thought ...

**Deputy K.M. Wilson:**

Where do I go for my outpatient appointment? When? What specialisms? It is that level of detail in terms of where things are actually going to be because it will drive the workforce requirements and it will drive the budget for the departments as well.

**The Minister for Health and Social Services:**

Is this in relation to the spending of £72 million next year? Because it would not have struck me that anything was going to change in that period of time, to be honest with you. You are talking now about messaging for the whole project?

**Deputy K.M. Wilson:**

Yes. Sorry, so I will clarify. So I think the question was in relation to the increase in expenditure that has been gathered; so what we are trying to understand is, what will we get in service terms for that increase in expenditure?

**Deputy A.F. Curtis:**

From the panel's side, that increase in expenditure is not a change in what is provided; that is just a year-on-year phasing amount, is it not?

**N.H.F. Programme Director:**

Correct.

**Deputy A.F. Curtis:**

It is just knowing that next year the project will spend more than this year.

**N.H.F. Programme Director:**

We are optimistic people, that is why we have got optimism bias. We wanted to give ourselves the opportunity to do as much as we possibly could this year. Originally, I think that there was an allocation to this year; we have accepted now that we will be able to do less overall. That "less" will not affect the final date, because - I know that the panel will know about critical paths and where they lie in projects - some of that work was outside the critical path. We have achieved the work that is inside the critical path and so, overall, timelines are not affected. However, there is some work that ... we would have liked to be able to deliver that road that I have talked about sooner. We have not done it, but we are getting on to it, and I guess that was part of the deferred expenditure from year-on-year; but it is not an increase overall. We are still within the £710 million.

**Deputy S.M. Ahier:**

So the fact that you are doing less this year will mean that there will be a considerable carried forward from the £52 million allocated this year to next year?

**N.H.F. Programme Director:**

Part of that is to cover those commitments that we do hope that we will be able to make before the end of this year as well. So obviously we are not allowed to commit anything this year that we would not have expenditure for, so naturally that will be accounted for in that way anyway.

**Deputy S.M. Ahier:**

Thank you.

**Deputy J. Renouf:**

I wanted to come, at the end, back to one point about political accountability. You have overall Ministerial accountability for the project. In terms of monitoring how the project is going, particularly around spend, how do you assure yourself that it is performing as it should?

**The Minister for Health and Social Services:**

I get a financial update virtually weekly; we go through the numbers and, at the end of the day, one has to have confidence in the capacity of the team, and I have. I get those constant updates and unless somebody is telling me an untruth, I take it as good that we are on line to deliver exactly as intended.

**Deputy J. Renouf:**

The Minister for Treasury and Resources told us that she did not see it as her job to monitor the spend of the project; that means that it is down to you to assure yourself of that. I mean, reassurance is fine; that is when somebody just tells you that they are happy. How do you make sure that you have got the evidence that it is actually performing?

**The Minister for Health and Social Services:**

I have not gone and checked up on anybody. If you are suggesting that I should, I think that is rather strange. I think over the course of 2 years ... I have been involved in the commercial world, and it does require an element of trust, and I do have that trust here. If I am going to be called up for not going and checking on people, perhaps you would advise me as to what I need to do. At the moment, I am working on the trust of the information that I am provided very regularly.

[11:30]

**Deputy J. Renouf:**

So it is the information that provides you with the assurance?

**The Minister for Health and Social Services:**

Absolutely. And the integrity of the team, as I was saying. I do not think they would appreciate it if I set somebody on them to go and check on them. If I am supposed to do that in my capacity, then I am not aware of it.

**Deputy J. Renouf:**

I do not think we are suggesting that you should be checking whether the team are fibbing to you; that is not what we are suggesting at all. What we are trying to do is ...

**The Minister for Health and Social Services:**

All I can say is, I am comfortable with the information that I get, the regularity of that information, and the integrity of the people giving me that information. So, overall, very comfortable.

**Deputy J. Renouf:**

We do have a question from a member of the public to finish off with.

**The Minister for Health and Social Services:**

Oh, joy.

**Deputy J. Renouf:**

We did invite members of the public. You are all at the edge of your seats now. What is the public ... Marcus is going to reveal all. It is a new subject.

**The Minister for Health and Social Services:**

I have just got to tell you, we are 2 minutes after time.

**The Connétable of St. Clement:**

This member of the public is known to me, but I have not prompted him. "Please can you advise why the current plans for the new healthcare facilities do not include fresh food production and catering? Can you confirm whether the design plans for the Overdale acute facility allow for fresh food production and catering to take place in the future?"

**The Minister for Health and Social Services:**

Right. No, as I understand it, it does not allow the facility for the creation of food onsite and that is not something we would be looking to do. But we have had various discussions about the food that will be used in the longer term.

**The Connétable of St. Clement:**



Is the facility at St. Peter's capable of looking after the ...?

**The Minister for Health and Social Services:**

Yes, because the required output would not differ greatly from where we are. I think if we move from one model to another, it would be to another model where the food was sourced elsewhere.

**The Connétable of St. Clement:**

That answers Mr. J's question. Thank you very much.

**Deputy J. Renouf:**

Okay, we have to finish here because another panel is due in. Thank you very much for your time. Sorry to those of you who only had to sit through and listen; I hope you found it edifying. In the case of the Minister, I will be seeing you again shortly for another hearing.

**The Minister for Health and Social Services:**

You certainly will.

**N.H.F. Programme Director:**

Thank you.

[11:32]