Assurance Report

Future Hospital Project

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The authors acknowledge that this report is based upon a Cabinet Office document "Gateway Review 0 V4.0 (High Risk Delivery)" dated June 2008.

Executive Summary

The Future Hospital Project ("the Project") is part of an ambitious programme to transform the whole healthcare system in Jersey. The compelling case for change is fully supported by a committed and motivated team.

The Review Team believe that the Future Hospital Project is achievable, although the timescales are tight. The Review Team assesses the project as ***Amber*** at this stage, which means that "*Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun"*

The rationale behind this assessment is:

a. The Project is tight in terms of timescales. The Review Team recognise that early slippage can sometimes be recovered in later stages, but timescales for the early phases are very tight;

b. The Project is the largest that Jersey has ever undertaken and at a capital cost of £466m, represents approximately 60% of the annual tax revenue of the island;

c. There is a strong team in place, albeit the Review Team recognises that there are areas where this could be strengthened;

d. Major risks and issues appear to have been identified, although they have not yet been resolved; and

e. The success of the Project is dependent on achieving success in all of the other projects within the wider Health & Social Services Departmental Strategy (P.82/2012).

The Review Team have found that:

(i) The evaluation of the two remaining site options under active consideration has been carried out in a fair, consistent and comprehensive way. The same requirement has been considered in the appraisal of both options and the evaluation process has been equitable. Where anomalies have emerged, further scrutiny may be required - for example it would appear that the Redevelopment option is based on a smaller construction footprint than the alternative (Waterfront) site.

(ii) Risks are identified in a Project Risk Register. The project team have recently been advised by an independent adviser to review and streamline risk reporting. This is endorsed by the Review Team. It has been noted that the Project timescales for the early stages of the Redevelopment Option F are tight.

(iii) In light of the scale of the project, its leadership would benefit from strengthening in the area of Construction Management in a Healthcare context. In addition, the wider transformation programme to deliver the objectives set out in the Strategy (P.82/2012) could benefit from strengthening its wider governance structure, formalising key roles, and the addition of a Programme Management Office (PMO). This new Office would support the needs of the programme, the dependencies between the projects and provide a consistent framework to manage change across all projects.

1. Introduction & Terms of Reference

1.1 The States Assembly is expected to make a final decision on the proposed site for the new hospital on 29/30 November, 2016. In advance of that, the Scrutiny Panel is holding a Public Meeting on 16 November, and they commissioned Concerto Partners LLP to examine and report upon the benefits, risks and costs of a new build hospital on the preferred site (Extended Current Site Option F) making comparisons with other options on the earlier shortlist. The initial Terms of Reference for the review included such matters as:

a) The reduced footprint of the building and the effect on clinical adjacencies;

b) Ensuring future flexibility and possible expansion;

c) Disturbance to the remaining hospital during building works and the associated risks;

d) Relocation of services, training and administration;

e) The impact of the creation of a dual site hospital by the use of Westaway Court; and

f) High level analysis of costings and the anticipated revenue costs of the project.

1.2 At the Planning Day, held on 3 November, the Scrutiny Panel agreed to refine these topics to focus on the site options of D (the proposed Development of the Waterfront) and F (the redevelopment of the existing sites). It was agreed that this review would not be required to address any of the issues concerning the discarded sites options A (Dual Site Overdale), B (Overdale), C (General Hospital) and E (People's Park). The review would provide responses on:

(i) The assessment process used to evaluate Options D and F. Specifically, it would review whether a consistent approach was used to evaluate the two options and whether the process was fair and reasonable. It would seek to identify that the two options were being considered on a like for like basis and that the process was consistent. The Review Team would also be invited to use their judgement to assess whether sufficient allowance was made for key aspects of the schemes;

(ii) The risks associated with each of the two options and the processes in place to address and manage those risks; and

(iii) Next Steps in the development of the Future Hospital.

1.3 The Review was conducted by Concerto Partners LLP (the Review Team) in the week of 7 November and followed, as far as possible and practical, the principles of the Gateway™ Review. The team members are set out on the front cover and the list of interviewees is set out in Appendix 1. The Review Team would like to thank all interviewees for their support and openness throughout this process which has contributed to the Review Team's understanding of the project and the outcome of this review. The Review Team would like to highlight the support that they have received from Kellie Boydens and Philippa McAndrew throughout.

2. Strategic Context

2.1. The Review Team recognises the extent of the ambition of this exciting project and found much to commend on its progress to date. The Future Hospital Project ("the Project") is a significant part of a much bigger transformation programme that will transform every aspect of how health care is delivered in the States of Jersey and there is a compelling case for change. The Review Team found wholesale support for this wider change programme and the Department is actively pursuing opportunities in parallel with the Project to transform all healthcare services. At £466m the Project represents the largest project ever undertaken in Jersey and represents some 60% of the annual tax revenue on the island. Whilst part of the Health and Social Services Department Strategy (P.82/2012), the Project's success is critically dependent on other projects within the strategy. A prompt commitment to selecting the proposed site would enable this Project, and the wider Transformation Programme, to continue at pace.

2.2. With the support of external advisers, the Project has undertaken a considerable amount of analysis over the years. A number of site options have been considered and the current documentation continues to identify six potential options for the site of the new hospital. This includes three options (Options A, B and C) that have been discarded on the basis of the results coming from the evaluation process. Option E scores highest in the Evaluation Model in almost all categories but has been discarded on the grounds that it is not a viable option. Continuing to include these four discarded Options in the final Evaluation Model, which compares Options D and F, is unhelpful.

2.3. Considerable work has been carried out in developing Options D and F and understanding the dependencies to enable their success. A summary comparison of the two options under consideration is set out in the table below:

Criteria	Option D - Waterfront	Option F - Redevelopment and new build on existing hospital estate
Construction	New Build	Redevelopment of existing hospital site
Time scale	6 years	8 years
Enabling Works	Reclaimed Brown Field Site	Requires decant of existing users and site clearance/demolition
Site Clearance	Site is understood to be contaminated	Disruption to existing Hospital Services
Ownership	Fully-owned	Part-owned - Requires series of small acquisitions

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Criteria	Option D - Waterfront	Option F - Redevelopment and new build on existing hospital estate
Political/Economic	Impact on the Financial Centre and alternative use	Limited
Planning	Potential conflict with the Island Plan	Redevelopment of an existing site used by the hospital
Capex Costs '£m	470	490[(a)]
NPV over 60 years '£m	4002	4010
Weighted Benefits[(b)]	3.78	3.72
Weighted Risks[(c)]	3.06	4.10

(a) Note: This Capex figure has now been reduced to £466m as a result of adjustments for inflation. It is assumed that the comparable cost for Option D would come down by a similar amount.
(b) A higher weighted benefits score denotes a more favourable option
(c) A higher weighted risk score indicates a less favourable option

The table below sets out more detail on the risks scores between the two options under consideration:

Category	Weightings	Option D	Option F
Planning	3.6	0.4	0.2
Transport	8.8	0.3	0.2
Services	10.4	0.2	0.2
Clinical	28.8	1.0	1.6
Staff & Patients	40.8	0.7	1.7
Construction	2.8	0	0.3
Development Opportunities	4.8	0.5	0
Total	**100.0**	**3.1**	**4.1**

The biggest single difference between the two options is in Staff & Patient experience which also carries the largest weighting. Within the sub-category, the biggest single difference in risk scores relates to "fixed points in the site constraining activities…" This is possibly a reflection of the retention of listed buildings within the Redevelopment option.

2.4. The Review Team noted that in developing the options appraisal, the evaluation model was run on a sequential basis for each option in turn without evident comparison to options that had been previously evaluated. This has meant that a ready comparison of the options is difficult to achieve

without matching the two sets of documentation alongside each other – notably Change Request 25 (CR025) and Change Request 4 (CR04).

2.5. The Review Team have found limited commentary to explain the results of the evaluation model, setting out either the rationale behind the scoring or the interpretation of the end results of the analysis. The Review Team believe that a supporting narrative would assist key decision makers in their assessment of the Options. It would also provide a sound basis for subsequent broader communications to stakeholders within the three Departments (HSSD, Treasury and Infrastructure), other parts of government and the general public.

3. The Evaluation Process

3.1. This section addresses the process that was used to evaluate the two options. In the ensuing paragraphs, we comment on the overall process that was used and then address any issues that affect each of the options in turn. The final part of this section reviews some of the costs and revenues identified in the model and provides a high level commentary on them.

The Evaluation Model

3.2. The Review Team found that the same evaluation has been carried out for all options under consideration. Throughout the evaluation has been carried out using the Generic Economic Model (GEM) and it has been run over the years by a wide selection of external advisers including KPMG, Atkins and, most recently, by EY and Gleeds. This process has delivered consistent results throughout.

3.3. The Review Team found that this process has been fair and comprehensive throughout and that key aspects have been addressed in the evaluation in a consistent fashion. The agreed Acute Service Strategy (2015-2014) and the outline requirements for the new hospital derived from this strategy have been consistently applied to both options. The Review Team note that there is a degree of subjectivity in each of the underlying scores that are used in the Evaluation Model but believe that these have been consistently applied in both cases.

3.4. As noted above, each option was developed on a sequential basis and the latest option to be evaluated has been Option F – Redevelopment of the existing site. In doing so, it is apparent that further work has been carried out on Option F when compared to the alternatives and this has resulted in the new build under Option F being smaller than the equivalent in Option D. This could be as a result of some form of Value Engineering of Option F, whilst maintaining the output requirements or it could be related to a dual site option including Westaway Court.

3.5. The option that scored the highest in almost all categories under assessment, and is the highest scorer overall, was not a viable option from the outset. Its continued inclusion in the summary tables is unhelpful as it suggests that the two options now under active consideration are sub-optimal.

3.6. The Review Team note that the scores for the two options under active consideration (D and F) are very finely balanced and no firm conclusion as to the preferred option could be derived by studying the numbers alone. (This is supported by the EY Option F Evaluation Process Review, 9 November 2016). At a summary level, the Review Team found that the scoring in each category was extremely close and this tended to mask the significant differences in the schemes, which are evident at a more detailed level. The Review Team have not seen a narrative that explains the

differences in the scoring model and believe that this would bring clarity to the evaluation and help the decision making process.

3.7. The Review Team believe that the key differences that need to be considered in the final site selection are:

a. States Members' views on the alternative uses for the Waterfront site (Option D) and the implications for the proposed Financial Centre on the adjacent site; and

b. States Members' views on the challenges of developing Option F and its enabling works.

A summary of the key differences for each site are listed in the table below:

Issue	Option D - Waterfront	Option F – Redevelopment
Planning	Potential challenges on planning grounds, especially its impact on adjacent Financial Centre	Although not included in Island Plan, redevelopment of existing Healthcare site
Access and Parking	Access and parking would need to be addressed as part of the scheme. May need to include a 540 space car park	Patriotic Street car park may need to be extended. Site access through construction is more challenging
Relocation requirements	None	Will require significant enabling works (especially in Westaway Court) to facilitate development
Contamination / site clearance	Site is understood to be contaminated	Site requires demolition and identification of current services
Re-provision of Green spaces	Les Jardins de La Mer would need to be re-provided	Further opportunities could exist to add additional green spaces
Assets	Disposals including current hospital site	Acquisition of new sites and disposals including part disposal of current site

Planning and the Island Plan

3.8. The Island Plan states that:

"Proposals for the development of new or additional primary and secondary healthcare facilities or for the extension and/or alteration of existing healthcare premises will be permitted provided that the proposal is:
1. within the grounds of existing healthcare facilities, or
2. within the Built-up Area.
3. in exceptional circumstances, the provision of other specialist healthcare facilities is supported by the Health and Social Services Department, where it can be demonstrated that no other suitable site within the grounds of existing healthcare facilities or the Built-up Area can be identified and where the rezoning of land for this purpose is approved by the States as a draft revision of the Island Plan."

This policy is likely to provide greater challenges for the new build on the Waterfront.

Option D - Development of the Waterfront

Note: The supporting narrative and data for Option D has not been developed as far as the preferred Option F.

Planning Issues

3.9. The potential Waterfront development would be on a reclaimed site that has been proposed as part of the longer term development set out in the Esplanade Quarter Master Plan. The Island Plan omits any mention of the potential need for a new hospital and its policies focus on re-use of sites for existing purposes, unless otherwise covered within the Island Plan. Development on this site is likely to include greater Planning challenges than a redevelopment of the existing hospital site – albeit the Review Team noted that this potential issue was understood by the Project.

Access and Parking

3.10. Access to the construction site by contractors will be simpler than Option F (the redevelopment) as it is a reclaimed Brown Field Site and this is reflected in the evaluation model. In addition, other than loss of amenity land on the Waterfront, the general public will not be significantly impacted through the construction period. Access to the current hospital will continue unimpeded and patients, staff and visitors will not be impacted.

3.11. Once the development is complete, there is some uncertainty over access to the new hospital, the potential requirement for a 540 space car park for the site and ease of access by public transport. It is expected that these outstanding issues would need to be resolved during the detailed design and development stages.

Relocation

3.12. The development of the hospital on the Waterfront is not predicated by any demands for prior relocations. This simplifies the construction project, resulting in a project that takes less time and is lower cost than the redevelopment option (F). These differences are adequately reflected in the Evaluation Model. However, in excluding these from its scope, the option does not reap any associated system-wide benefits.

Contamination and Site Clearance

3.13. The Review Team were advised that the Waterfront site should be treated as a contaminated site. It is understood that provision for dealing with this contamination is included in the evaluation, although the Review Team were unable to ascertain the details.

Re-provision of Green Spaces

3.14. Development of the Waterfront as currently envisaged would require building on Les Jardins de La Mer and this would need to be re-provided in the event that this site was selected. The Review Team understands that this is included in the Evaluation Model.

Assets

3.15. The Waterfront development will provide the opportunity for the Project to dispose of the current asset that is the existing hospital site. The capital receipts are included in the Evaluation Model.

Option F - Redevelopment of the Existing Site

Planning Issues

3.16. The Island Plan omits reference to the proposed development of a new Hospital. Redevelopment of the current site will benefit from being crafted in such a way as to meet the policies set out in the Island Plan to avoid any delays at this stage. It is recognised that the refurbishment of Westaway Court (cost £11m) also requires Change of Use and a probable Planning Application, and that work has started to address these potential issues.

Access and Parking

3.17. Public Access to the site will inevitably become more difficult throughout the construction period. If the potential extension of the car park in Patriotic Street is included in the scheme, there will be further disruption as parking becomes more limited during this phase.

3.18. Contractor access to the site will need to be carefully managed, although the Review Team noted the recent development on the other side of Gloucester Street was conducted without undue disruption to the Hospital. It is expected that similar arrangements could be developed for the Future Hospital Project.

Relocation Requirements

3.19. The Project recognises that extensive enabling works (cost £44m) will need to be completed before site clearance can begin in advance of the main construction project. Although risks exist around these works, they have been identified in the Evaluation Model. These include, but are not limited to, the relocation of services to a refurbished Westaway Court and the impact of the demolition and construction projects on occupants of the current hospital.

Contamination and Site Clearance

3.20. The Project plan envisages that demolition will be undertaken by a local contractor(s) once the site has been cleared. Following demolition, the Project will be able to provide the appointed contractor with a clean site for the ensuing construction work. This significantly lowers the risks that the construction partner will need to take on by transferring the risk in house. This is recognised within the Evaluation Model. Prior to starting this process, clear identification of critical services will need to be completed and shared with the construction partner. It should be expected that the demolition and refurbishment activities could well include the removal of hazardous waste such as asbestos and full provision should be identified in the plans.

Re-provision of Green Spaces

3.21. There is no requirement under Option F to provide further Green spaces.

Assets

3.22. Option F includes acquisitions of new sites and the potential for disposal of half of the current hospital site. Both are included in the Evaluation Model.

3.23. The Evaluation Model includes a one off £5m receipt covering the part of the hospital site that will remain after the new build is complete. The Review Team were told that no decisions had been made on the future use of this site and that there are no plans currently under consideration to realise this capital receipt.

3.24. The Review Team observed that including the possible subsequent redevelopment of these redundant buildings could be included in a Private Developer Scheme. This could be used to increase the attractiveness of the proposition to the market and could also be used as a way of reducing borrowings on the overall project. However, the Review Team believe that considerations for future use of the redundant buildings on this site should not be allowed to impede progress on Option F if chosen.

Financials – Observations and Comments

3.25. The key financial numbers that have been used for the evaluation are the Capital costs and the Net Present Value (NPV) of 60 years. All Development proceeds and other land disposals are included in the NPV calculations and as such do not have a material impact over the 60 year evaluation period. Equally any sensitivities do not have a dramatic impact on the 60 year NPV calculation.

3.26. As noted in para 3.4, each of the options has been developed in sequence and it would appear that Option F has been developed further than the alternative Option D. One of the impacts of this further development appears that the construction project under Option F is based on a smaller size in square metres, which would affect the construction costs. This may be a function of delivering option F over two sites – which would include Westaway Court.

3.27. The table below sets out, at a high level, the summary financials relating to the two options:

Cost Item	Option D' £000	Option F '£000
Works Cost Summary	194,972	171,778
Location Adjustment	46,793	41,227
Fees	68,842	66,020
Contingency	31,061	33,483
Optimism Bias	37,583	40,626
Inflation	84,088	68,752
Relocation inc Inflation	nil	44,025
Total	**463,339**	**465,910**

Excluding Inflation, Option D carries provision for contingency (including Location Adjustment, Contingency and Optimism Bias) of £115m, against a works cost of £194m or about 60%.

The comparable figures for Option F are £115m, against a works cost of £171m or about 67%

3.28. The Review Team considered the reasonableness and treatment in the Net Present Value (NPV) calculations of the disposal receipts from land in the Waterfront area. The NPV for Option F, as set out in CR025 Proof of Concept Site Option Addendum (Appendix 19 Investment Summary July 2016) has a receipts section which includes an assessment of the receipts that could be available to Option F if the Waterfront Option D was not taken forward. These receipts, which are substantial, are rightly included to cover the potential financial benefit from the disposal of the Waterfront site and associated developers profit should the new hospital be built on the existing site. The Review Team formed a view that the amounts included and the speed of their realisation were probably best case and the most optimistic outcome. However, if these disposal receipts were reduced and/or delayed there would not be a significant impact on the 60 year NPV calculations.

4. Risk Management

4.1. The first part of this section (paras 4.2-4.5) provides a commentary on the risk management process used by the project and the second part (paras 4.6-4.12) describes some of the specific risks that the project will need to address.

4.2. A Risk Management process is in place for the Project and there is an established Risk Register in which risks are identified, categorised and quantified in terms of probability and impact. The register appears appropriately populated for a project of this complexity, at this stage in its life cycle. The extracts provided to the Review Team focus primarily on the enabling, transitioning and relocation activities in quartiles 1 and 2. However, the time frames are not defined in the documents available to the Review Team and it is not clear when each risk is likely to crystalize.

4.3. Risks are assigned an owner but the individual risk owners are not explicit in the register extracts and risk reports available to the Review Team. The highest risks (coded black) are reported to the Political Oversight Group (POG) and monitored by the Project Board. Red-coded risks are reported to the Project Board and monitored by the Client Project Team.

4.4. It is noted that at the last three meetings of the Project Board a total of 29 risks (covering quartiles 1 and 2) were included in the Governance Pack for the Board but there appears to be no easy way of identifying risk movements from one month to the next. It is surprising to see such a large number of risks being routinely reported to the Project Board and this raises a number of concerns and queries e.g. Are risks being owned and managed at the appropriate level within the Project's governance structure? Is the risk management and escalation process working effectively?

4.5. Project dashboards and exception reporting are valuable tools in ensuring executive attention is focussed on the right things, at the right time. These tools typically include a traffic light system (RAG-Red/Amber/Green) showing the status of the project and progress against key milestones on the project's critical path, risk movements, resources and financial summaries. The Review Team has been unable to verify if this type of executive level reporting is presented to the Project Board but it understands that, on the advice of an independent adviser, a full review of risk reporting is to be undertaken by the Project Director for Delivery.

4.6. The Future Hospital Project is a complex, high cost project with a high level of ambition, and multiple moving parts and critical inter-dependencies. By definition, it carries a number of inherent risks.

4.7. Many of those interviewed identified the failure to secure and sustain approval to proceed with Option F as the top-rated risk to the Project. Should this risk materialise and the Project is subject to further delay, the strategic objectives identified in P.82/2012 and the Acute Service Strategy 2015-2024 (ie to provide a safe, sustainable and affordable hospital for the Island) would be severely compromised. Continued delay will also result in increasing costs, and the collateral damage could be far-reaching (eg disenfranchising the clinicians and other key stakeholders, losing valuable staff and failing to attract and retain new ones due to the poor, deteriorating state of the current hospital buildings and the increasing risk to patient safety).

4.8. According to the current plan, the decant, design, planning, refurbishment and relocation activities need to be completed by July 2018. Based on the Review Team's knowledge and experience of similar projects, this timescale (20 months) is extremely challenging and the risk of slippage is very high. The Review Team were told that work in these areas is progressing well. However, the extracts from the Project plan made available to the Review Team did not have sufficient granularity to provide assurance that the target date is still achievable. There appears to be little, if any, time contingency built into this phase of the Project and the Review Team questions the ability to deliver £11m of refurbishment activities within the 30 weeks set out in the current project plan.

4.9. The Review Team also noted that opinions varied on some of the timescales (eg The current project plan has the end date for freeing up the site as July 2018, in readiness for the start of demolition in September 2018. Interviewees from the clinical services were working to a decant date of December 2018.) That said, any slippage early on in a project can potentially be recovered in later phases and the Review Team were informed by the advisers that the plan for the main construction phase does include some float (time contingency) which may help to mitigate the risk of delay in this early phase.

4.10. The critical path for the delivery of the new hospital is also likely to include planning approval, particularly at the outline stage. The Island Plan does not identify a new hospital but the Review Team were given some reassurance that work was already underway informally to address this omission. However, planning matters are not in the direct control of the project team and, given the scale of the investment, there is always a possibility that there could be a Public Enquiry and/or the prospect of Judicial Review. The timings for these are invariably difficult to manage.

4.11. At the outset, the Review Team was also concerned about the very real risk of "scope creep" (one of the major causes of project failure) but during the course of the interviews it became apparent that a number of measures are being put in place to mitigate this risk eg retention of the Project's contingency fund within Treasury, and the establishment of a value management/change control framework, based on the safety, sustainability, affordability and value for money (VfM) criteria. This is to be commended.

4.12. This is a high value, exciting and ambitious project which should attract high levels of interest from potential bidders, but it will require a strong marketing campaign to generate this interest. To ensure a positive response from the market, the Future Hospital Project will need to deliver a clear and unequivocal message that the Island community is fully behind the Project, and that Ministers and officers are fully committed to realising the ambition.

5. Next Steps

5.1. This section of the report includes progress to date and takes a forward look at the next steps in order to inform the Scrutiny Panel of the key issues for the Future Hospital Project, assuming the States Assembly takes a decision in favour of Option F as the proposed site for the new hospital at their meeting on 30 November 2016. While some of the following commentary would be relevant to any of the site options, much of it applies only to Option F, as other options have not been developed to the same level of maturity by the project team.

5.2. The commentary is considered in the context of the wider Health and Social Services Transformation Programme and goes on to consider key aspects of that programme which impinge on the Future Hospital Project. It is important to recognise that the overall programme is ambitious by any measure and represents a considerable leadership and communication challenge for those involved.

Current Phase

5.3. The Project benefits from top level ownership and strong senior leadership and it is seen as a major component of the overarching Health and Social Services Strategy (P.82/2012). The Project is supported by a small, dedicated team of skilled individuals who are held in high regard by the clinical body and the wider stakeholder community.

5.4. Expert advisers and health planners have been brought in to undertake the complex activity analyses and data modelling. Those interviewed were confident that the demographic changes and hospital activity projections were evidence-based and that assumptions underpinning the size and capacity requirements for the future hospital (eg in terms of floor area, bed numbers, clinic activity and theatre utilisation, adjacencies) were sound.

5.5. Key elements of the Acute Service Strategy (2015-2024) are (i) admission avoidance, (ii) admission prevention, (iii) early discharge and (iv) the delivery of a new hospital that will be safe, sustainable and affordable. These ambitions are clearly predicated on delivery of whole system reform and transformation, and the development and implementation of integrated models of care across acute, community, mental health, primary and social care, and the third sector.

5.6. In this context, the Review Team were encouraged to see that key performance indicators[1] (metrics) were being developed across the health and social care landscape to monitor the outcomes from the first phase of a three-phase community project which includes, for example,

[1] These included **capacity** indicators (such as bed occupancy and theatre utilisation), **patient flow** measures (such as day cases, inpatient lengths of stay, emergency re-admissions rates) and **demographic profiles** (such as percentage of patients being seen over 65 and over 80 years of age)

the establishment of the Out of Hospital (OOH) Rapid Response and Reablement Teams. When available, this data will provide added assurance that the assumptions used in the acute models (eg reductions in hospital lengths of hospital stay) are achievable.

5.7. Clinical engagement and stakeholder activities have been exemplary and work on whole system re-design and the development of new integrated models of care is now gathering momentum. There appears to be widespread recognition of the need for change and an appetite to "make it happen". Visits to best practice sites on the mainland have helped to inform the transformation agenda and some early implementer projects (such as the Corbière Ward initiative) are beginning to deliver some real and quantifiable benefits including substantial reductions in lengths of stay. These early initiatives are particularly encouraging in the light of the earlier work undertaken by KMPG, indicating that without whole system re-design the current hospital would be unsustainable beyond 2017 due to shortage of beds

5.8. Clinical requirements specifications are being drawn up and discussions on the design and layout of the future hospital (based on these new and improved models of care) are underway.

5.9. The Review Team acknowledge that considerable progress has been made in a relatively short period of time, and this is to be commended.

Future Hospital Project

5.10. In reviewing a wide selection of project documentation and interviewing key project team, members the Review Team were impressed by the level of thinking and development of the Project looking ahead to the next phase, which for the purposes of this report concludes with the presentation of the Outline Business Case for the investment decision, probably in the second half of 2017.

5.11. Positive examples include the approach taken by the Hospital Managing Director who, in recognition of the leadership challenge has split her responsibilities to release time to devote to the Project. The Hospital Managing Director is also in the process of releasing key staff to manage the temporary and permanent moves of hospital functions, the requirement for the new hospital and the work necessary to manage and coordinate key hospital stakeholders. The work by Gleeds in support of the Project, the early identification of a Soft Landings Manager to ensure the smooth transition of the new hospital once completed into the day to day maintenance and running regime, and the desire to achieve early contractor involvement are also to be commended. The Review Team also noted the positive and constructive relationships that exist between the three main departments responsible for the delivery of the programme.

5.12. The Review Team had access to a Proposed Construction Programme (Appendix 13 to the Gleeds Change Request CR025 Proof of Concept Site Option Addendum) which covers construction activity for the proposed hospital Option F and later a Programme Snapshot Expanded View which addresses some of the wider activity for the Project. However, neither programme considered the full range of critical path activity, for example approvals, or the inter-dependencies with the other projects in the wider Health and Social Services Transformation Programme.

5.13. Important documents need to be developed, finalised and approved by the Project Board in the period through to January 2017. These include the Project Execution Plan and the Detailed Procurement Strategy, the latter of which we assume includes the choice of the form of contract. Interestingly, the Review Team noted that the Proposed Construction programme had been drafted on the basis of an assumption on the nature of the procurement strategy but does appear to show relatively early contractor involvement, which would be a positive move.

5.14. The Review Team have reflected on the capability and capacity of the current project team to deliver a project of such size, scale and complexity which far exceeds any other construction project ever built on the island. In the UK such a project would have, at its head, a Project Director with first-hand experience of the successful delivery of projects of similar scale and complexity, ideally in a healthcare environment. By way of example the Project Director will need a level of commercial gravitas to be able to hold his or her own with Main Board Directors of FTSE 100 or 250 companies who are the potential bidders for a project of this magnitude. That said, it is important to balance and support these skills with local domain knowledge ("the Jersey context") in the makeup of the team.

5.15. When considering the capability of the project team the Review Team also observed that the appointment of an Independent Adviser to the Project Board would often be the norm in the UK where the client was seeking to deliver a project of this nature. The appointment of an Independent Adviser with a range of strategic construction industry project management and commercial capability and experience has the potential to provide vital support to the Senior Responsible Owner (SRO) and Project Director. Such an Adviser could provide independent challenge and act as a critical friend and adviser, particularly through what are likely to be some challenging times on the project as it moves forward.

5.16. The continued involvement of Gleeds in supporting the project is important. The Review Team were advised that the Gleeds contract could potentially run until the end of the project and the project team anticipate Gleeds role to continue throughout this period. This continuity at consultant level is likely to be welcome. Furthermore, it would also be beneficial if there was continuity of Gleeds key personnel and the whole project team, including Gleeds key staff, could be fully integrated and co-located. However, with such a long appointment it will be important to

ensure that appropriate supplier management arrangements are in place, given Gleeds' importance to the Project and the extent of the fees they could receive.

5.17. As the project develops, the requirement becomes more mature and the design work gets underway in earnest there is likely to be considerable pressure to change the brief or design. While some of this will be both legitimate and necessary the project team supported by the Project Board will need to put in place and resource rigorous change control procedures to ensure the project remains on track and delivers within its funding envelope. A good example of where change control is essential is the need to make a decision on the possible 2 storey extension to the Patriotic Street Car Park, once the Transport Study has been completed.

5.18. There will also be a need to gear up the commercial management resourcing as the project develops its detailed procurement strategy and moves towards bringing the construction of the new hospital to the market place. The Review Team heard that plans were being drawn up to allocate resource currently held centrally in the States Treasury Department to the commercial and procurement work.

5.19. The Project is also fully dependent on the purchase or acquisition of number of adjacent properties. These represent a potential ransom strip and the Review Team suggests the Project should move quickly, if and when decision to choose Option F is made, to secure these sites.

Health and Social Services Transformation Programme

5.20. The Review Team found a common understanding among those interviewed that there is a single overriding Health and Social Services Transformation Programme, containing a number of projects, including the Future Hospital Project.

5.21. The Chief Executive of the Health and Social Services Department, as the programme Senior Responsible Owner (SRO), chairs a Transition Steering Group which serves as the Programme Board. She is supported by two additional SROs, covering the delivery of the Future Hospital Project and the provision of the necessary funding for the programme. The Review Team also found a common acceptance of the importance of the critical inter-dependencies of the projects. The Project is dependent for its success on the other projects in the programme and, by formalising the programme management approach, the SRO would be enable ed to move resources between projects to address the overarching priorities. With this in mind, the Review Team recognise the importance and value of managing the programme as a whole and the critical inter-dependencies and resources across the projects. The earlier these disciplines are established the greater their impact.

5.22. The Review Team also noted that there was no identified Programme Director position within the governance structure, working to the SRO to deliver the programme. To some extent functions of a Programme Director were being undertaken and the Review Team suggest that the SRO should clarify and formalise where the Programme Director responsibilities sit, if a single person is not appointed to this role.

5.23. The Review Team found that a Programme Management Office (PMO) was not in place. A number of the individual projects were beginning to cover some of these functions by developing their own project infrastructure, such as reporting mechanisms, but it appears that these were being implemented on an ad hoc basis. For a programme of this size, complexity and significance, the Review Team would expect to see a fully-resourced PMO in place.

Future Scrutiny Panel Independent Assurance and Gateway™ Reviews

5.24. During the course of the review the Review Team became aware of the Future Hospital Project's intention to adopt the UK Cabinet Office Gateway™ Review process to provide assurance at key stages throughout the project lifecycle. The Review Team support this initiative but question the efficiency and effectiveness of conducting Gateway™ Reviews in parallel and at the same time as similar assurance and scrutiny reviews which are likely to be undertaken by the Scrutiny Panel.

5.25. It could be helpful if the SRO for the Future Hospital Project would consider co-sponsoring Gateway™ Assurance Reviews with the Scrutiny Panel, while recognising the Scrutiny Panel's independence and right to commission their own assurance and scrutiny support. Not only would this have the potential to be more efficient and effective but the transparency could also help in building trust between the Scrutiny Panel and the Future Hospital Project.

APPENDIX A

Interviewees

Name	Role
Jane Hall	Deputy Divisional Lead – Operational Support Services
Julie Garbutt	Chief Executive – Health & Social Services
John Rogers	Chief Officer – Department for Infrastructure
Rachel Williams	Director – System Redesign & Delivery
Julie Mesny	Head of Education, Learning & Development
Jason Turner	Director – Finance & Information
Bernard Place	Project Director – Health Brief
Mike Penny* Nigel Aubrey* Chris Paxman*	Gleeds Lead Technical Advisers Gleeds Board Representative
Martyn Siodlak	Medical Director
Sarah Howard	Assistant Finance Director
Richard Glover	Head of Major Projects – Planning
Will Gardiner	Project Director - Delivery
Ray Foster	Director – Estates, Jersey Property Holdings
Chris Sanderson	Divisional Lead – Clinical Support Services
Richard Guest*, Richard Barnes*, Andy Ross*, Graham Beal*, Louise Gemmil*, Lucy Ainscough*	EY, Financial Assurance and Evaluation
Judith Gindill	Divisional Lead, Theatres & anaesthesia
Richard Bell Alison Rogers	Treasurer Director – Financial Planning and Performance
Helen O'Shea	Hospital Managing Director
Rose Naylor	Chief Nurse

** indicates interview conducted in presence of the Project Director for Delivery, Will Gardiner.*