

STATES OF JERSEY



FUTURE HOSPITAL: RESCINDMENT OF GLOUCESTER STREET AS PREFERRED SITE (P.5/2019) – COMMENTS

**Presented to the States on 12th February 2019
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

Deputy R. Labey of St. Helier's report to his proposition ([P.5/2019](#)) makes reference to the need for an update from the Hospital team to accurately determine the financial implications of his proposal. This comment provides the update.

The spend since December 2012 to 31st December 2018 on this project amounts to £41 million. This includes costs of £4.4 million incurred that were not attributable specifically to the "Preferred Scheme", and £9.2 million that will add value to States property and facilities such as the Samarès Ward works at Overdale and the key worker accommodation at The Limes. These costs (totalling £13.6 million) are therefore not *additional* as a result of this proposition, were it to be approved.

As part of the completion of the Financial Statements for 2018, the Treasury are finalising the costs which would be written off in the event that the new Hospital was not located on the current site. This is estimated at £27.4 million (unaudited).

The spend to date in 2019 and estimated costs of winding-down the Future Hospital Project, including the continuation of elements of the project, are £4.6 million. This brings the total cost to £45.6 million.

The £4.6 million estimate of further costs includes:

Catering

This element of the project is required to meet the needs of the existing Hospital and would serve a new Hospital in any location.

The project delivers a new off-site catering facility at St. Peter's Industrial Park that will service the existing and new Hospital (wherever located), together with other Health and Community buildings. The project also incorporates some minor works to the existing Hospital catering facilities to provide for the new processes.

The site at St. Peter has been leased by the Public and works are in train. The project has an out-turn budget of some £5 million, with expenditure to the end of 2018 of some £3.2 million, therefore requiring a further £1.8 million for completion.

Wind down

The dedicated in-house client team comprises –

- 3 x Health and Community Services employees (2.8 FTE)
- 3 x Growth, Housing and Environment ("GHE") employees (1 FTE – 2 recharged to the project)
- one Communications Department employee (recharged to the project)
- 2 x consultant medical staff (recharged to the project)
- external consultant advisory support.

As a minimum, the 4 in-house direct employees will need to remain in post until the end of March 2019. This will be required to provide technical and communications support. A funding allocation to continue to provide an administration service is likely to be required, which may comprise 3 FTE.

As part of the “Preferred Scheme”, a lease on offices at 28–30 The Parade was acquired to provide for the relocation of Hospital training facilities and non-corporate Hospital office requirements that needed to be adjacent or very close to the current Hospital. The 4th Floor was to provide accommodation for the Future Hospital team and the contractor. Both teams would have grown significantly once the project had secured planning approval.

Alternative plans for this building can be progressed, such as sub-letting or assigning the lease to another entity, or it may still be needed to provide more space on the existing Hospital site for temporary facilities whilst a new Hospital is delivered.

The annual rent and running costs amount to £1.3 million for that building, and this amount has been included in the £4.6 million calculation.

It is hoped that all in-house resource will be redeployed on conclusion of the current project. Should the project restart on a new site, a new team will need to be procured, with a new funding-stream.

A sum of £300,000 will be required to provide for in-house staff costs and overheads during the wind-down period.

The costs of standing down incumbent advisers is estimated at £1 million. This assumes a month’s notice being given for architects and technical advisers.

Six Facet Survey

In addition to developing proposals for a new Hospital, the project team, in conjunction with the Hospital estates and engineering services teams, produced a prioritised programme of works for the existing Hospital. This assessment was based on the output of a ‘Six Facet Survey’ of the Hospital estate in 2015. The resulting programme informed a bid for funding in the current MTFP cycle, and remedial and backlog maintenance works have been undertaken.

Prior to the latest determination of the Minister for the Environment, the project team commissioned a revised Six Facet Survey to update the position and provide the basis for developing revised programmes of works. This output will inform programmes of works for the current Hospital that enable it to continue to operate safely until a new Hospital is fully operational, whether on the current site or an alternative site. These programmes will be costed and a funding bid made into the next Government Plan cycle from 2020.

The Six Facet Survey output report is due this month. The resulting programme will assume 2 cases –

- a phased development on the current site as set out in the approved scheme, and
- remaining on the existing site for a period of 10 years whilst a new site option is developed.

The cost of producing the Six Facet Survey report and the resulting programmes will be limited to mainly in-house resource, with some local consultant support. These costs are contained within the estimated £4.6 million allocation.

Following the wind-down of the project, the Six Facet Survey report and supporting information will be provided to Health and Community Services to progress and deliver the necessary works programme, subject to the availability of funding.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

These comments were submitted to the States Greffe after the noon deadline as set out in Standing Order 37A due to the Minister's wish to prepare information which is as comprehensive and informative as possible for Members.