

**WRITTEN QUESTION TO THE PRESIDENT OF THE HEALTH AND
SOCIAL SERVICES COMMITTEE BY THE DEPUTY OF ST. JOHN**

ANSWER TO BE TABLED ON TUESDAY, 21st JUNE 2005

Question

On 15th March 2005, the President, in answering questions relating to the proposed development of a private hospital, stated –

“... the developers require a very, very substantial amount of public money to be put into this project and that makes the project simply unviable from a public interest point of view. There is simply no justification for making that level of public investment in that kind of facility.”

Does the President stand by those comments, and, if not, explain the reasons why?

Answer

I stand unequivocally by those comments. Further, my comments represent the view of the Health and Social Services Committee.

The proposal to develop the Stafford Hotel as a private hospital by Snib is informed by a report from consultants PriceWaterhouseCoopers (PWC). Contrary to assertions by Mr. Richard Brocken this report is not an ‘independent report’. PWC is a management consultancy for hire, and Snib paid a considerable amount of money for that report.

The proposal for a new build hospital in Jersey that will, crucially, stand alone financially without subsidy, is simply unviable. We need only refer to the PWC document for evidence to this effect.

The report states that the market opportunity –

‘is high risk given the current market environment and the level of capital investment in facilities and equipment required. Whilst these risks are particularly high for a *stand-alone* provider undertaking a major capital investment of the scale and nature planned by Snib Ltd., they can be minimized through the development of a *partnership with the States* and/or *established private healthcare providers in the UK market* which will have the infrastructure and capacity for delivering private healthcare to required standards’.

Here we see the fact that the scheme is particularly high risk for a stand-alone provider but that those risks could be minimized by sharing them with the States or a private sector provider. Why should the States share those risks when the scheme offers no particular advantage? If the scheme is viable without any form of subsidy, where are the major private sector health care providers who, in theory, should be willing partners?

Essentially, there are three options for Snib –

The Stafford Hotel can be developed as a ‘stand-alone’ hospital. If Snib wish to develop the Stafford Hotel in this way then this is absolutely nothing to do with the Health and Social Services Committee. If Snib develop a stand-alone facility then they will be accountable for its failure or will be rewarded by its success; but it must carry its own risk.

The Stafford Hotel can be developed in a ‘partnership’ with ‘an established private healthcare provider in the UK market’. We must assume that Snib have attempted to gain some interest from companies such as BUPA. No details of such discussions have been made public. This is disappointing as it would be helpful to know the views of professional private healthcare providers as to the viability of a new build private hospital in

Jersey, with no form of subsidy.

The Stafford Hotel could be developed 'in partnership' with the States of Jersey. Let me now explore this in depth.

The Snib proposal for a 'partnership with the States of Jersey' is very simple, indeed it forms the entire basis for the aforementioned PWC report. Snib proposes to go into a 'shared services' arrangement with the States of Jersey. Under this arrangement, the developers would require the Jersey General Hospital to make available to the private hospital, either free of charge or at a subsidised rate, such highly expensive, publicly funded services such as intensive care facilities. In return, the developers would increase the stock of private and public acute beds by redeveloping the Stafford Hotel site for this purpose.

The plain fact is that the Jersey General Hospital has too many acute beds, and the Health and Social Services Committee does not want more. Indeed, over the strategic period we will be seeking to reduce them and replace them with high quality community and primary care services which are the services that are in short supply in Jersey. The evidence to support this is that –

1. Waiting lists are due to be abolished (within existing resources) at the end of October this year when waiting times reduce to less than three months. (Since the launch of this initiative waiting times have reduced by over 55%).
2. There is a need to reduce elective surgical beds down from seven day working to five day (that is, Monday to Friday) working, which is best practice in the UK.
3. Greater efficiencies are currently being made to the management of the bed stock in the three large hospitals management by Health and Social Services – the Jersey General Hospital, the Overdale Hospital and St Savior's Hospital.
4. There is currently an over-supply of private nursing and residential beds in the market as confirmed by recent events. The closure of the Bon Air nursing home is indicative of this.

For Health and Social Services to enter into a 'shared service agreement' when there is no need or significant benefit to the States of Jersey, would simply be to subsidize a private developer. This is why the Health and Social Services Committee and I have made it clear that such a deal is overwhelmingly against the public interest; we will have none of it.

The Stafford Hotel proposal is naïve and in no way addresses the emerging consensus as to what is needed by Jersey from its health and social care services. The need is for investment in day surgical services so that bed numbers can be reduced. The need is for better fostering services so that our children at risk can grow up in caring families. The need is for more comprehensive primary and community care services so that older people can live longer and more fulfilling lives in their own homes. The need is for greater safety and protection so that community based illness and disease is reduced. The need is for better substance abuse counter-measures so that people are no longer enslaved by addictions. Entering into a pointless "partnership" with a property speculator to deliver more acute beds would be to actually move in the opposite direction to these priorities.

The Health and Social Services Committee has an ambitious but onerous agenda. It firmly believes that it can cut costs and improve clinical quality at the same time, although monies saved ought to be redirected to growing health and social care needs. That the Health and Social Services Committee has taken a £2.6 million cut in its budget and yet has committed itself to the abolition of waiting lists is a tangible example of this. On a wider scale talks are to start shortly on the creation of a public and private concordat with the private nursing and residential sector with the aim of improving standards against the backcloth of increasing client expectations, and to give the private sector some surety about the future so that it can plan with a measure of confidence. To contradict these initiatives by entering into a spurious and pointless arrangement with an opportunistic developer is to insult all our staff who are working hard and creatively in the interest of health and social care in Jersey.

In truth, what we are dealing with here is a failed attempt at property speculation. Mr. Brocken and his business

colleagues, who have no known track record in health care delivery, invested approximately £2.3 million in the purchase of this site; but such is its poor quality and limited site utility, they have utterly wasted their money. The owners of the Stafford Hotel site thought they had a sure fire winner, but it has blown up in their faces: £2.3 million and nowhere to hide. As far as I and the Committee are concerned, there is absolutely no intention of coming to the rescue of these adventurers by helping to minimize 'risks (that are) particularly high' for the developer, by transferring a significant portion of that risk to the public through "a partnership with the States"; particularly a partnership with no meaningful benefit to the public. The costs of building a new private hospital on this site, equipping it and staffing it would be astronomical. If it were a viable scheme, with low risks, and any prospect of returning a profit without subsidy, where are the private sector health care providers who should be willing partners? They're nowhere, because a new market entry, new build, private hospital in Jersey is not even on the radar screen of viability. The inescapable conclusion is that this whole exercise is about trying to add some form of value to this liability of a site via some form of binding deal with the States and then a quick sale. This saga is not about health care delivery, it's about property speculation - pure and simple.