

2.11 Deputy S.C. Ferguson of the Minister for Health and Social Services regarding the closure of wards at Overdale Hospital:

Would the Minister confirm that he made the in-principle decision to close the 2 Overdale wards in March 2006 and that the detailed financial business case was only prepared in September, just before the contract was signed? If so, would the Minister explain why he did not consider the financial case - that is, the detailed financial business case - before considerable negotiations were undertaken and is he satisfied this approach provided value for money?

Senator S. Syvret (The Minister for Health and Social Services):

As was explained to the Scrutiny Panel repeatedly, the department and I considered a number of different ways of addressing the needs of the patients on the 2 wards at Overdale. This consideration led to the conclusion that out of all the options, re-homing the clients in private sector facilities appeared to be the most viable, beneficial and realistic under the circumstances. Having reached this conclusion, I asked the department to carry out a detailed financial proposal prior to making a binding, final decision. This type of procedure is adopted by those of us who do not wish to waste time and taxpayers' money. What would be the point of the department devoting hundreds of man-hours to developing detailed proposals with which the Minister fundamentally disagreed? If I were ideologically opposed to using the private sector or had some other objection, all of the work carried out by the officers would have been utterly wasted. The chair of the Public Accounts Committee asked me why I did not consider the financial case before negotiations were undertaken. I hope other Members will forgive me for having to state the startlingly obvious, but there could, of course, be no detailed financial case to consider until the market had been tested and negotiations had taken place. Only then, once the costs and comparisons were robustly established, could one bring together a detailed financial case upon which one might make a binding decision. The robustness of the financial case depends precisely upon considerable negotiations. I have no doubt whatsoever that the selected option offers both high standards of care and demonstrable value for money. By way of contrast, the approach advocated by the Deputy and the Scrutiny Panel would risk wasting valuable time and taxpayers' money.

2.11.1 Deputy S.C. Ferguson:

I find the Minister's approach somewhat ingenuous. Would it have not been very much more responsible to have done more of a financial analysis before the negotiations were undertaken whereby a sensitivity analysis would look at the economic value and look at the sort of price that the department should be prepared to pay for a range of values - £800 a week, £900 a week, £1,000, £1,100, £1,200, £1,300. With computers, this is quite simple nowadays. The department could then have known what their bargaining range would have been before they even went into negotiations. Would not such a financial analysis not have strengthened the Minister's arm when indulging or undertaking the negotiations, as is normal in private business?

Senator S. Syvret:

Some initial financial appraisal of this option, and indeed the others before us, was undertaken and such evidence was provided to the Scrutiny Panel. At risk of boring the Assembly, I repeat that until officers had gone out into the market place, negotiated and tested what might be available, there was no way of determining precisely what the costs we might expect to encounter might be. The fact is that had the conclusion of those discussions and negotiations been that the option was going to be too expensive or it had some other problem I would not have, in fact, signed the contracts and proceeded along that path. This really is perfectly clear and if this is the best that Scrutiny can do, then heaven help us all. Sir, I am quite sure the Scrutiny Panel has, in reality, got it all correct. I am reliably informed there are some excellent continuing-care policies and facilities in Austria, so I shall take a fact-finding mission to Vienna.

2.11.2 Deputy S.C. Ferguson:

Perhaps the Minister will be kind enough to let us have the original financial analysis that he did?

Senator S. Syvret:

If the Deputy had bothered to read the paperwork she is provided with in the course of her duties, she will find that information, in fact, has already been supplied to the Scrutiny Sub-Panel.