

12th July 2021

Senator Kristina Moore
Chair of the Future Hospital Review Panel
By email

Dear Senator Moore,

Thank you for your letter dated 4th June 2021. Please accept my sincere apologies for not providing a response sooner. The team have been working to ensure that the Panel have the most up to date information possible, but the Our Hospital Outline Business Case (OBC) has been rapidly evolving in recent weeks, and this has caused some delay.

I have responded to each of your points in order below.

1. The total funding allocated to meet Our Hospital project costs to date over and above the £20 million of funding included in the Government Plan 2021-2024.

£20 million was approved for the Our Hospital Project in the Government Plan 2021-2024 to cover the next phase of the project. It was made clear at the time that it would be necessary to come back to the Assembly once the total cost of the project had been clarified.

Since the initial Government Plan funding was agreed, additional work has been required as a result of the Connétable of St Helier's Amendment to P.123/2020 to complete a comprehensive options appraisal of circa 70 access route options. The additional States debate that was required meant that the project team was unable to develop a concept design in the timelines originally anticipated. In turn, this delayed the development of the OBC, which supports a request for funding from the Assembly.

The OBC has now been approved by the Council of Ministers, and the Funding Proposition is scheduled to be debated by the States Assembly in September 2021, with funding anticipated to be in place from October 2021.

A further £11.167m of funding has been required to progress the project to the debate stage. These monies were approved on 9th March in a Ministerial Decision by the Treasury and Resources Minister. Total funding approved and allocated to date is £31.167m.

2. Details of any additional and previously unauthorised funds which will be required prior to the financial debate of the project

Funding of £17.796 million is required for the project to continue until September. This will cover the costs of the extended timeline for completing the OBC, the Pre-Construction Services Agreement (PCSA) costs from July, plus decant and relocation/reprovision costs.

Following consultation with Ministers, COM agreed on 27th April 2021 to the reallocation of funds from Government projects, in a range of departments, to the Our Hospital project.

As a result of this, the Treasury and Resources Minister signed a Ministerial Decision for the additional funding, which will cover the period between June 2021 and September 2021. The proposed transfers between heads of expenditure were presented to the States Assembly on

9th June 2021 in a Report (R/105/2021). These transfers can only be actioned once four weeks have elapsed after the Report is presented to the States.

In accordance with Public Finance Law no expenditure can be committed unless authorised funding is available. There is no impact on the overall spend of the project.

3. A breakdown of the accounts for the Our Hospital project spending to date

Table 1: Our Hospital Project total expenditure as at 31 May 2021

Our Hospital Project						
Financial Position - 31 May 2021	Annual Budget 2019 £'000s	Actual Spend 2019 £'000	Annual Budget 2020 £'000s	Actual spend 2020 £'000	Allocated budget to date 2021 £'000s	Actual spend to date 2021 £000s
Project Team	200.4	200.4	1,250.0	1,184.4	799.5	536.9
Professional and Specialist Services	298.0	298.0	4,601.3	3,198.9	2,339.2	1,657.1
Governance and Scrutiny	1.5	1.5	179.0	17.8	30.0	-
Contingency	-	-	666.0	-	1,210.6	-
Design Design Delivery Partner PCSA	-	-	5,000.0	6,197.2	11,154.7	7,639.5
Site Acquisition	-	-	-	-	15,633.0	12,356.1
Total	499.9	499.9	11,696.4	10,598.3	31,167.0	22,189.6

4. The interpretation of the Public Finances (Jersey) Law being applied in relation to planning and authority to spend

Our Hospital (Phase Two) is designated as a head of expenditure in the approved Government Plan 2021-2024. The Public Finances (Jersey) Law 2019 permits certain variations to the amount approved if there is a published decision of the Minister for Treasury and Resources.

The Minister has used two of the powers available under the law to increase the Our Hospital funding so that the project can continue to the States debate of the funding proposal:

- Article 15 (allocation of funding from Reserves)
- Article 18 (transfers from other heads of expenditure). This requires affected Ministers to be consulted, and the decision must be published to the States Assembly for four weeks before it can be implemented.

5. The financial decision-making timelines

In accordance with PRINCE2, the 'pre-project' stage commenced with the mandate provided by the Chief Minister's report R.54/2019 – New Hospital Project: Next Steps, published in May 2019. During this stage:

- the project team was assembled
- governance arrangements were agreed
- funding was agreed for this stage of the project
- the project product description (draft functional brief) was developed.

The concept of 'Hold Points' has been used to divide the project into management stages. At each Hold Point the PRINCE2 'Managing a Stage Boundary' process is followed and the

Senior Officer Steering Group and Political Oversight Group are asked to confirm that there continues to be a valid business case to continue and that the project is delivering or will deliver its expected benefits. A funding proposition will be considered by the Council of Ministers later this month with a view to lodging for debate in September.

6. The justification for making financial commitments prior to receiving planning permission for either the Overdale site or for the reprovion of services at Les Quennevais

The approach taken in this project is consistent with other capital planning and construction projects across the Government. The Our Hospital Project is following the standard design process for the construction industry, the RIBA Plan of Work. The design is being advanced to inform the planning applications required for these two sites. This work entails cost and requires a financial commitment.

7. The approval process being used for funding required in relation to the refurbishment of the Les Quennevais site and its long-term value.

Funding has only been provided to date for early works, such as demolition and asbestos removal on the former Les Quennevais School site. The approval process for financial documents developed by the Our Hospital Project Team is that they are considered by the Senior Officer Steering Group, the Political Oversight Group, the Council of Ministers and are finally considered by the States Assembly in a Funding Proposition.

8. Confirmation of the defined spending envelope specific to the project.

This information is contained within the draft OBC which has now been shared with the Panel and will be confirmed when the final version of the OBC is published.

The Panel is provided with the Our Hospital Finance (current position papers) as soon as they have been considered by the Political Oversight Group each month. I can confirm that this arrangement will continue.

I hope this provides the Panel with the information they require. Should you have any further queries, please do not hesitate to contact me. The Our Hospital Political Oversight Group looks forward to engaging with the Panel's review.

Yours sincerely



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