

States Greffe

Deputy Ian Gorst, Minister for Treasury and Resources

Cc Deputy Tom Binet, Minister for Infrastructure

BY EMAIL

24th November 2022

Dear Deputy Gorst,

R.154/2022 – A Review of The Our Hospital Project – Scrutiny Review

Cost savings

Following the Future Hospital Review Panel's launch of its review on the report [R.154/2022](#) and in line with the terms of reference sent to you on Monday 21st November 2022, the Panel would be grateful for answers to the following questions:

1. How has the overall cost of £625 million for the Minister for Infrastructure's preferred option been reached?
 - a. How can Members compare the proposed option with the cost of currently approved project?
 - b. What certainty can be provided that this figure will not be exceeded?
 - c. Please clarify whether this figure includes contingency, optimism bias and consideration for future inflation. If not, why is the figure being used as the base for comparison with the current project?
2. Please evidence the £70 million to £115 estimated increase on the £619.4 construction costs provided in P.80/2021 and whether this is or is not covered by the contingencies built into the £804 million budget approved by the States Assembly?
3. Why was the pre-construction services agreement with the existing design and delivery partner brought to an end prior to any decision by the States Assembly to alter the planned project?
4. Please provide a breakdown of the estimated increase in costs provided by the expert cost consultants and the design and delivery partner.
5. R.154/2022 states that staff costs and maintenance costs are unknown and likely to be higher than a single site option. What clear evidence do you have that that the multi-site phased option preferred in the review will ultimately deliver cost savings?

6. Please provide evidence for the conclusion reached on pages 16 and 39 of the review that revisiting the scheme could allow for further consideration of future digital healthcare services delivery and space requirements which could provide 'capital cost reduction savings estimated to be circa £15 – 30 million at today's prices'.

7. Please provide updated figures in relation to the borrowing solution identified in P.80/2021.

The Panel would be grateful for your earliest response and – if possible – prior to its scheduled public hearing with you on 29th November 2022.

Yours sincerely



Deputy Sam Mézec
Chair
Future Hospital Review Panel