

Deputy Sam Mézec - Chair
Future Hospital Review Panel
BY EMAIL

24 March 2023

Dear Deputy Mézec,

Thank you for your letter dated 16th March 2023 which refers to R.32/2023 – Approach to Delivering New Healthcare Facilities and prior to the Public Hearing to be held on 24th March, please find the requested information below:

1. Please provide calculations which led to the following statement in R.32/2023:

‘... the team assembly approach will represent a value for money compared to the previous project, saving in the region of £500k per month on team costs.’

The cost of the advisor team for the Our Hospital Project during the site selection/feasibility stage was £5.8m for a five-month period. Comparatively, the forecast to deliver the feasibility stage for the New Healthcare Facilities programme over a five-month period is £3.5m, providing a difference of £0.5m/month.

2. R.32/2023 outlines that the Minister for Infrastructure will have political responsibility for the programme and that the Chief Officer, Health and Community Services, will act as Accountable Officer. Please explain how this alignment will work in practice to provide clear accountability?

Under the Public Finance Manual (PFM) guidance on major projects, accountability for programme delivery is assigned to an Accountable Officer (AO) by the Principal Accountable Officer (PAO).

In the case of New Healthcare Facilities programme, the AO is the Chief Officer, Health and Community Services. The CO HCS is accountable to the PAO for ensuring high standards of probity in the management of public funds.

In contrast, to the role of AO, Senior Responsible Owners (SRO) are responsible for the delivery of the programme. In line with the PFM, a Sponsoring SRO and a Supplying SRO must be appointed:

- The Chief Officer of Health and Community Services has been designated as Sponsoring SRO, responsible for ensuring the programme meets its objectives, delivers the projected outcomes and realises the required benefits.
- The Chief Officer IHE has been designated as the Supplying SRO, responsible for the successful delivery of the programme.

This arrangement reflects the political responsibilities as set out in the question. Practically, this means that the CO IHE, will act as principal approver for most programme matters, unless they have direct AO implications or implications on the key requirements outlined by the Sponsoring department (HCS).

However, it must be noted that due to the scale and complexity of this programme, the need for cross-governmental working means that the traditional minister to portfolio department relationship is not always applicable, and a much greater degree of joint working is required. This means that the Ministerial Group ministers work collectively to challenge officers and hold the AO and SROs to account.

3. How will the projected extra spend and any of the projected savings associated with refurbishment and development of multiple sites and the change from the Our Hospital Project to the New Healthcare Facilities Programme be reported?

As set out in the approved Government Plan 2023-2026, work on revised plans for new healthcare facilities will continue during 2023, in advance of a detailed budget and financing strategy being brought to the States Assembly.

The detailed budget and financing strategy will be derived from projected costs and savings identified as part of the business case process. A programme-level Strategic Outline Case is due to be completed by summer 2023, with a project-level Outline Business Case developed for phase one by autumn 2023. These documents will be shared with Scrutiny when available.

4. Please could you tell the Panel whether the programme team has developed an issue register alongside its risk register? If yes, could this be shared with the Panel?

The NHF risk register is being updated to include an issue register. However, no issues are currently recorded.

5. Please could you outline what processes are in place for the procurement of the design and delivery partner and how this process will seek to minimise the likelihood of that contract ceasing prior to the successful delivery of their work?

No definitive procurement strategy has so far been developed to source a supplier solution with regards to the New Healthcare Facilities. A (design) review is currently acknowledging previous programmes, which consistent with Government direction, will allow us to understand the scope of any future Design and Construction programme.

A process has been enabled looking at the range of potential Procurement and Commercial/Contractual model options that could be considered, dependent on the final design solutions and market conditions. It will certainly involve the GoJ looking at options to generate engagement with the local supply chain, but it also acknowledges that certain constraints are likely to exist which will lead to “specialist” support from a broader supply chain with experience and capacity to deliver such a major programme. This review does not automatically point towards the engagement of a Design and Delivery Partner as traditionally engaged but that this is an option.

We are currently working to develop the Strategic Outline Case that will require an embryonic procurement strategy as part of its submission, including any timeline for appointment of a supplier solution, by mid-year 2023.


6. How will the net loss of the planned purchase of Kensington Place site from Andium Homes outlined in R.33/2023 Land Transactions Under Standing Order 168(3) – The General Hospital – Andium Homes Ltd Site, Kensington Place – Sale to the Public, and your Ministerial Decision (ref. MD-INF-2023-105) be reported?

The land value is considered to be acceptable and is not considered as a loss, rather investment in a land asset as a strategic acquisition. The basis for this perspective is as follows:

- Andium acquired the site in three parts from separate owners, the separate parts of the site added together would have had lower values per part than the whole, as in isolation the development potential per part would be reduced.
- Andium has also invested in the site since acquisition including preparing designs and a planning application, which has been approved. Physical works have also been undertaken to prepare the site, including demolition and ground clearance. These also add value since they are beneficial for any future development.
- The agreed price is considered to be fair and proper for the land which has been subject to three valuations under RICS practices. These have opined land values in line with the agreed sum.

I hope this provides some clarity and I look forward to working constructively with the Future Hospital Review Panel in an open and transparent manner.

Yours Sincerely,



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