



**Health, Social Security and Housing
Scrutiny Panel
Public Hearing with the
Minister for Treasury and Resources**

FRIDAY, 13th JUNE 2014

Panel:

Deputy J.A. Hilton of St. Helier (Vice Chairman)
Deputy J.G. Reed of St. Ouen
Senator S.C. Ferguson

Witnesses:

Senator P.F.C. Ozouf (The Minister for Treasury and Resources)
Ms. L. Rowley (Treasurer of the States of Jersey)
Deputy E.J. Noel of St. Lawrence (Assistant Minister for Treasury and Resources)
Mr. B. Place (Project Director)

[11:45]

Deputy J.A. Hilton of St. Helier (Vice Chairman):

Good morning and welcome to the Health, Social Security and Housing Scrutiny Panel. We are here this morning for a public session with the Minister for Treasury and Resources. We will start by introducing ourselves. I am Deputy Jacqui Hilton, Vice Chair of the Panel.

Deputy J.A. Hilton:

Thank you. I would like to draw the public's attention to the notices on the seats. Thank you for coming this morning. I would like to start by offering the apologies of our Chair, the Deputy of St. Peter, who, sadly, cannot be here today because she is unwell. Thank you for coming. I would like to start by asking you, Minister, how was the budget for the hospital determined?

The Minister for Treasury and Resources:

Well, I think that we have provided you with written answers to many of the questions already and so I do not know whether or not ...

Deputy J.A. Hilton:

Can I just interrupt you there?

The Minister for Treasury and Resources:

Yes, of course.

Deputy J.A. Hilton:

Those answers were sent to us this morning and we have all been in meetings this morning, so we have not had a chance to have a look.

The Minister for Treasury and Resources:

I apologise. They were inadvertently missed off the email exchange we had yesterday and it was only when I came in the office this morning I realised they had not gone. I do apologise for that, so we will talk to the script. The budget was effectively determined by the Project Board following input by Ministers. As you will know, there is a Ministerial Oversight Group for the hospital consisting of myself, the Chief Minister, the Minister for Social Security and our relevant Assistant Ministers.

Deputy J.A. Hilton:

So the budget was approved by the Project Board?

The Minister for Treasury and Resources:

Indeed. I am sure that you have received evidence from the Minister for Health and lots of other information. There was, of course, a lot of work that went into effectively arriving at that number.

Deputy J.A. Hilton:

When was that decision made?

The Minister for Treasury and Resources:

I need to probably be reminded of exactly the timing of it, but that was all done and it was designed to be in time for the lodging of last year's budget so that we could put a number into the budget. The original figure was £250 million and that has been then increased to take account of the likely full inflation numbers. I would say that there is a health warning, if that is not a pun, on the £297 million number. The indicative budget is £250 million and obviously over a period of years and there has been a whole series of iterations as to what the right budget ought to be for the hospital. It is fair to say that that is always a challenge between what a department would ideally want, with everything that they would need, and what the available resources would be. There has been a healthy exchange of information between Treasury and Health.

Deputy J.A. Hilton:

Can I just take you back? So the decision was made by the product group.

Treasurer of the States of Jersey:

That was not done in isolation of the Ministerial Oversight Group.

Deputy J.A. Hilton:

So the decision was made by the project group in consultation with the Ministerial Oversight Group?

Treasurer of the States of Jersey:

I think that is fair to say, Chairman. We would not, as an officer project board, determine a project of that sort.

The Deputy of St. Ouen:

So just to be clear - and I thank the Treasurer for that point - it is the Ministerial Oversight Group that sets a budget for the Project Board to work towards?

Treasurer of the States of Jersey:

That was September 2013, Chairman.

Deputy J.A. Hilton:

September 2013, thank you.

The Deputy of St. Ouen:

Am I correct, Minister?

The Minister for Treasury and Resources:

Well, I always say, Deputy, that this is not a memory test. I do not remember everything there. There is obviously lots of evidence that has been presented to you. I do not know whether you have already seen this particular paper. There is a chronology of advice that you have already got. Forgive me if I need to be prompted as to what I do.

The Deputy of St. Ouen:

Can I just confirm whether you form part of the Ministerial Oversight Group?

The Minister for Treasury and Resources:

Yes. That is what I said earlier.

The Deputy of St. Ouen:

So you should be aware of relevant and significant decisions that are made by that group, surely.

The Minister for Treasury and Resources:

Yes, I am and I stand accountable for them, but I do not regard these scrutiny panels as a memory test. So I just need to be reminded about what I do, but was I part of the budget setting ...

The Deputy of St. Ouen:

The aim of a public hearing is to obviously ensure that we get details of fact that we can rely upon and use in our review. That is all.

The Minister for Treasury and Resources:

Okay. I think that you have had that particular report, Scrutiny Officer? Yes. So you have seen that. That is the accurate, agreed and officer and ministerial timeline of what was decided and when.

The Deputy of St. Ouen:

Can you just, for the sake of this transcript, name that report, please; give the title of the report?

The Minister for Treasury and Resources:

So that is the *Future Hospital Pre-Feasibility Spatial Assessment Project Briefing Pack: March 2014*.

The Deputy of St. Ouen:

Thank you.

Deputy J.A. Hilton:

Thank you very much. Can you tell us when was a decision on the maximum side of the budget made and by whom?

The Minister for Treasury and Resources:

Well, I think that report will again say that. I mean, ultimately, final decisions were made in preparation with the requirement for the lodging of the budget in September 2013. So that decision was made upon officer advice/Ministerial Oversight Group in June 2013 and then, as with all budget measures, we then take them - there are sometimes 2 or 3 goes - to the Council of Ministers. My note says that was taken to the Council of Ministers finally in September 2013.

The Deputy of St. Ouen:

You talk about decisions being made on advice of officers, but what account did you take of the official report that has been produced by Atkins and all the work that they have undertaken on your behalf as part of the Ministerial Oversight Group?

The Minister for Treasury and Resources:

Well, they, of course, were the basis on which decisions were made and Atkins' advice was an important component of that. I can recall at least 3 Ministerial Oversight Groups where Atkins presented officers with the conclusions of their work and there was obviously a lot of work on whether or not there was a greenfield site, what those alternative sites were, if it was going to be on the hospital site alone, then factoring into the Overdale site and all that iterative process. So there was a huge amount of work but we relied upon the Atkins work.

The Deputy of St. Ouen:

Based on obviously instructions given to Atkins, which included ensuring that we had a new hospital to provide for the Island, am I right in saying that, as a result of all of that work, the budget that they produced was in excess of the £250 million or £297 million that was currently decided upon by the Ministerial Oversight Group?

The Minister for Treasury and Resources:

Yes, I think that is right, but that was for a different solution for the hospital. You have seen all of the documents that the Ministerial Oversight Group has based their decisions on and you can see the unpacking of the decision process. Was there a greenfield site? What would be the costs of that? If there was not a greenfield site, what were the options available and could you effectively get the hospital on that site? The Treasurer chairs the actual Project Board for the hospital and you would expect there to be good and close communication between the Treasurer and the ministerial team about how that process was going and what the end result was. I remain of the view that the work that was carried out by the Project Board, with the benefit of Atkins' proposals and then the involvement of the new team that has been strengthened has presented Ministers with a comprehensive and reliable estimate.

The Deputy of St. Ouen:

Can you just remind me ...

The Minister for Treasury and Resources:

I think the real ...

The Deputy of St. Ouen:

I want to stop you because I know we have a limited amount of time and there is a lot of ground to cover. Can you just remind us when Atkins was engaged to undertake all of the work around the hospital, first engaged?

The Minister for Treasury and Resources:

That would have been back in ...

Treasurer of the States of Jersey:

May 2012, Chairman.

The Deputy of St. Ouen:

May 2012. Can you just confirm: when was the decision made to limit the maximum size of the budget available to deliver a new hospital? A year later, right; May 2013?

The Minister for Treasury and Resources:

Yes. Our chronology is noting - and, again, you have had this - the budget was confirmed in June 2013.

The Deputy of St. Ouen:

The reason for identifying £250 million, which obviously, as you quite rightly said, is not the final figure, was for what reason?

The Minister for Treasury and Resources:

Well, it is a balance of considerations as to whether or not you could deliver the new hospital requirements within that budget and whether or not the £250 was ultimately going to be affordable. So there is always a tension between the budget that is available and the budget that is required and £250 million is a reasonable, defensible and backed-up number to deliver effectively the hospital. I do not envy the panel's job in having to conclude on this. We have put a very clear budget limit in here but it does come, of course, with a health warning. It will be bigger if we put the decision off. We do not know and anybody who would say that they know with a degree of absolute precision where health politics and health matters are going to be in 10 years' time is a brave person. It is a best estimate and a good estimate to base decisions on. It comes with, of course, a certain amount of uncertainty. As we progress to the later stages of actual design, actual decisions which will be taken over a period of time, then you will get a higher and higher level of confidence of that number, but it remains good and all the information that I have seen and that officers have worked on since that budget debate last year would indicate that that is a realistic and appropriate number to budget for.

The Deputy of St. Ouen:

I can fully understand why you believe that £250 million is more affordable than £350 million or £400 million, but with hindsight do you regret not giving a better steer to Atkins about what was affordable to the Island prior to the start of their work in May 2012?

The Minister for Treasury and Resources:

I think the only matter of regret that I would have is not any regret about the work that this Council of Ministers has done. It is the previous administration, over a long period of time, that put us in a position where such urgent reorganisation needed to happen as our hospital.

The Deputy of St. Ouen:

Sorry, you are not answering the question.

The Minister for Treasury and Resources:

Well, I am answering your ...

The Deputy of St. Ouen:

No. No one is questioning whether we need a new hospital.

The Minister for Treasury and Resources:

I do not think I am answering what you want to hear.

The Deputy of St. Ouen:

All we are asking is: do you regret not instructing or giving a clear guidance to Atkins that there was not £350 million or £400 million available; there was only £250 million available and, therefore, they needed, when they looked at the project and they looked at delivery of a new hospital, they needed to work within a maximum budget?

The Minister for Treasury and Resources:

No, I do not think so because I think that we needed to effectively establish whether or not there was a better value option and, whatever the number was, to limit Atkins at an early stage would have effectively not enabled the health professionals and the health experts and all of the other professionals involved in a massive piece of work to say: "Well, we're going to compromise on the solution for our hospital services." Inevitably there were going to be trade-offs and decisions to be made, but to say to Atkins on day one: "That is the budget," would limit their options, evaluation of alternative sites or the extent to which one attempts to do capital work on the hospital. So I think the right limit was given at the right time with good information or the best information that was available.

[12:00]

Treasurer of the States of Jersey:

Can I add something to that, Minister? I would say it was entirely the right thing to do because it really tested the figure that W.S. Atkins were coming forward with at that time, which was around the £500 million mark. We really needed to understand whether that was going to provide value for money or not. In addition, while it might at first sight appear that there is a big gap between £500 million and £297 million, you have to have regard to the fact that the £500 million figure, as we previously discussed, included very substantial contingency sums that we talked about last time. So you are not comparing apples with apples when you look at the £500 million and the £297 million. I think it was entirely the right thing to do to test the value for money of that solution that W.S. Atkins was providing at the time. That is a huge amount of money for this Island and all the work that we did to look at the cost of hospitals in the U.K. (United Kingdom) under a P.F.I. (private finance initiative), which is rather an expensive way of procuring hospitals anyway, indicated to us that that figure was far too high even after allowing for the additional cost of building things in Jersey. So it really needed to be tested and I think the Ministerial Oversight Group did entirely the right thing by saying: "Come back and tell us what you can deliver within a margin of £250 million." The fact that we came back with a sensible option and sensible solution

for £297 million, which still includes elements for contingency, risk management, cost overruns and inflation, I think demonstrates that it was the right thing that the Ministerial Oversight Group did when they pointed us in that direction because we needed to test that very large figure.

The Deputy of St. Ouen:

One last question on this particular matter. You talk about comparing apples with apples and apples with pears and so on and so forth but, in truth and in fairness, I think you, at a previous hearing or briefing, told us that the figure of £450 million or £500 million or whatever ... I cannot remember the numbers; the numbers did change in various reports, but there were significant additional sums allowed within that overall figure that currently are not the same within the £297 million.

Treasurer of the States of Jersey:

Indeed, they are not to the same proportion. That is right, James, but those elements for risk, optimism, bias and other contingencies were so substantial in that £500 million figure that you are not comparing like with like when you are comparing the £500 million with the £297 million. But I am also then trying to reassure you that there is still some element of contingency and risk management cover and so on within the £297 million figure. It is just not as great as it was in the previous one. I am concerned that you might think that we have been producing a proposal within the £297 million figure that somehow compromised the quality of service provision that will be delivered from the hospital. We have expressly not done that. Bernard can comment, but I think it is fair to say that colleagues in Health ... after we did that further work following the June meeting, we ended up, with the support of the design champion, with a better solution that we had had hitherto.

Project Director:

It was able to deliver significantly ...

The Deputy of St. Ouen:

I think we had better keep going.

Deputy J.A. Hilton:

Just for the record, Bernard Place has joined us at the table.

Senator S.C. Ferguson

There were various assumptions made in making the decision on the maximum size of the budget. Have you been made aware of any evidence subsequently which might question the appropriateness of those assumptions?

The Minister for Treasury and Resources:

If anything, I think that there are 2 bits of additional information since those decisions made a year ago. Firstly, the project oversight board - I am probably getting my terms wrong, but the oversight board that the Treasurer chairs - has done a lot of work to confirm that the more granular next stage of planning is raising confidence that we can deliver the facilities that are required with that. The world has not stopped since the decisions in the budget last year. I think the second thing, which is certainly concerning me - and I think is shared but they will speak for themselves when they address you - is the real urgent nature of needing to get on with the decision. I understand politicians' concern of not making a decision until we have got everything agreed and every t and i dotted. I wish we would have the luxury of time on our hands that we might have had if we had started this process 5 or 7 years ago. The reality is that we have got an urgent reorganisation of health care that we have got to undertake as quickly as possible. Facilities at the hospital, while we have made some important interim decisions like intensive care units, our hospital is not currently of the standard that is in existence at the National Health Service guidance levels in the U.K. What I am saying there, Sarah, is - and it is quite an important point because we worry about that as much as I am sure you do - we need to make the decision and start it with a reasonable level of confidence. Have we got 100 per cent confidence that everything is going to work out as intended? Well, we have a very high degree of confidence but it is more important to be as confident as we need to and to start rather than to be even more confident but delay. That is the challenge that we have got.

Senator S.C. Ferguson

Yes, I agree, absolutely, Minister. I am sorry to cut you off but we do need to keep moving.

The Minister for Treasury and Resources:

Okay, but I will just say one final thing. We do, but you have got an inter-relationship between robustness of capital spend and likely revenue expenditure costs that will spiral out of control if we do not put the capital in and the other attendant reorganisations. Treasury would rightly be concerned with both of those items and the very clear message that I have to say to the panel is: yes, you could have a debate about the final of where we will end up, but it is more important to make the decisions, which I think is the much more urgent thing.

Senator S.C. Ferguson

Yes, because we are sort of talking about size and number of beds and there have been the M.C.A.P. (Movement for Change and Prosperity) audits, the name of which escapes me, which indicated significant levels of unnecessary admissions and length of stay. Now that reduces the size of the hospital. Have those audits been taken into account when you have been looking at these?

The Minister for Treasury and Resources:

I address you as the Minister for Treasury and Resources, Sarah. I am not an operational expert and I am not the Minister for Health. So please forgive me if I do not answer or cannot answer detailed medical questions. I have a function of oversight and policy view of affordability and oversight. I am not a medical expert. So I will ...

Senator S.C. Ferguson

Right. Well, I suppose it is: what is the degree of value engineering you have done on it?

The Minister for Treasury and Resources:

Well, I would expect the officer team ...

Senator S.C. Ferguson

Which is your department.

The Minister for Treasury and Resources:

Yes, but working closely with Health and you would, no doubt, take reassurance that the chair of the oversight group is the Treasurer working with the concert of other professionals and led by Bernard. So he can answer you.

Senator S.C. Ferguson

Were the M.C.A.P. audits taken into account?

Treasurer of the States of Jersey:

Yes.

Senator S.C. Ferguson

Good, thank you. That is all I wanted to know.

The Minister for Treasury and Resources:

Yes, but I would not have seen them.

Senator S.C. Ferguson

Quite simple.

The Minister for Treasury and Resources:

But I would not have seen them and I do not want to see them. That is a level of granular detail that I would expect officers to report to Ministers as to whether we are on track. You know, it is the

traffic light thing: "Is this on track? Are we green, amber or red? Please tell us if new information is brought to you that believes that we are not on track." Otherwise, I do not want to deal with the granular detail. I do want to deal with the high-level policy issue of making sure that the overall financial decisions are made timely and with best value overall into account.

Treasurer of the States of Jersey:

Chairman, just to be clear, what the M.C.A.P. reports do is they just take a snapshot in a point of the people in the hospital and consideration is given to whether those people could be treated elsewhere if we had the appropriate facilities and arrangements in place within the community. That is very important because it goes to the point of the relationship between the improved hospital and the community facilities that you have been briefed on previously by health colleagues.

Senator S.C. Ferguson

Yes, okay.

Deputy J.A. Hilton:

Thank you. I just wanted to clarify something for myself that when the decision was made that the proposals put forward by Atkins on the 3 original sites and it was decided that they were too expensive ... that is my understanding: they were just too expensive. I am just trying to understand how you came to that figure that you finally came to; why you felt it was too expensive, based on what assumption.

The Minister for Treasury and Resources:

I cannot remember how times the Ministerial Oversight Group met, but the Ministerial Oversight Group was briefed on all of the options that Atkins came up to and some of the options, as I recall - I do not know whether this was the earlier or later ones - some of the costs on the greenfield sites were simply not affordable, not sensible, not best value. So the £250 million, let us be clear, was a recommendation of the officers and after an iterative process of what would be affordable having made the decision that we would try and deliver the new hospital from the investment returns from the Strategic Reserve and the 2 figures did come, helpfully, together.

Deputy J.A. Hilton:

Did you make that decision based on what you thought the Strategic Reserve was going to deliver in investment return, because I know the plan had always been that the investment return would fund the new hospital?

The Minister for Treasury and Resources:

Well, it was not always the plan and that was the question. As you rightly point out, if it had been £400 million then we would not have been able to deliver easily ...

Treasurer of the States of Jersey:

We would have had to have looked for an additional source of funding.

The Minister for Treasury and Resources:

Source of funding, yes.

Project Director:

Perhaps, Chairman ...

Deputy J.A. Hilton:

Can I just say, but the plan is being delivered over a period of 10 years. The investment on the Strategic Reserve delivered £91 million last year ...

The Minister for Treasury and Resources:

Happily.

Deputy J.A. Hilton:

... which was amazing and well done to all concerned. I just really need to understand why the decision was made that that was just too much money to spend. You have mentioned the greenfield site and I have looked at Atkins and what it said about the 3 preferred sites. What was the issue around the Waterfront site, because that is in States ownership? There was no question of having to buy the greenfield site that we talked about previously, having to buy up residences and the issue of building in the countryside: effectively the green zone. I am just trying to understand - I think the Waterfront was up there at the top - why it was decided: "No, we cannot have a brand new hospital." Logistically speaking, if you build a brand new hospital somewhere it is much better for patients if you build the hospital and everybody is decamped into the new hospital.

The Minister for Treasury and Resources:

Your explanation is absolutely correct. Within that very nice and clear explanation comes an awful lot of detail. Let us say 3 things about that.

[12:15]

Firstly, using the Waterfront site would mean that the States would forego the revenue and the dividends from the redevelopment of the Waterfront and that would certainly be within our expected range, irrespective of the timing of the office development or use of residential.

Deputy J.A. Hilton:

Can I just stop you there?

The Minister for Treasury and Resources:

Of course.

Deputy J.A. Hilton:

But if we built on the Waterfront as a brand new hospital, if the truth were to be known, most people would prefer that option - you know, the clinicians, the professionals, the patients - if that option was on the table. The General Hospital existing site would be a huge site that would be available. Could you not offset the cost? You know, you are talking about losing revenue and dividends from the Waterfront, but surely you would recoup some of that from the vacant General Hospital site.

The Minister for Treasury and Resources:

You would, but the site on the Waterfront is a much more valuable site than a town centre site. If you were to vacate that town centre site it is inevitable that that would be used for high-density town-housing, which would probably be rightly allocated if it were to become available for, to a large extent, affordable housing programmes. So the net receivable from the vacated hospital site ... I think it is also worth saying at this point that we think that we should be expanding the footprint of that hospital site and we certainly believe very strongly that we are going to progress the expansion of the footprint of the hospital site. It is not the single solution to get everything on one site, but it certainly would be helpful at the right price. Let us be clear. Yes, opportunity cost was a factor. The second factor is that if you choose to rebuild on a greenfield site it is inevitable, based upon other experiences from other places, that you build your new hospital and it is available, in theory, at an agreed date when you hand over that new hospital.

Deputy J.A. Hilton:

I am not suggesting we should build on a greenfield site because of all the problems associated with, especially in Jersey, building on a greenfield site. The question was around the Waterfront. It is in States ownership. It is a brownfield site.

The Minister for Treasury and Resources:

Forgive me, I was loosely describing a greenfield site as the Waterfront site in my remarks. So let us deal with it. If you were to have built on the Waterfront, if you look at the risks associated with that, it would be a massive single planning decision. Experience shows that one single capital project does have much more risk than a phased approach on a known site and refurbishment on a known site such as Overdale versus the other. What would worry us is, while it would in theory be correct to say: "Everybody would prefer to have a nice new hospital on the Waterfront with seafront views," the benefits to patients will start much later and also are likely to be ... I mean the track record ...

Deputy J.A. Hilton:

Can I just stop you there?

The Minister for Treasury and Resources:

The track record of governments dealing in single-site hospital solutions are dogged with capital overspends and all sorts of problems and it would worry me as Minister for Treasury and Resources to say: "We are going to put all our eggs in one basket on the Waterfront." It will inevitably be politically controversial. It will take years of planning inquiries.

Deputy J.A. Hilton:

Can I just say that, firstly, I do not believe it would take years of planning inquiries? It is a brownfield site. It is in States ownership. The Minister for Planning has just passed a large office development right opposite the Waterfront site on the corner of Kensington Place. That is a big development. That was submitted last year and agreed within the space of 6 or 9 months, if that. So I do not go with that argument. You said that a refurbished hospital would be delivered quicker. Well, I do not think it would be because I believe, under the dual site plans, the Westmount Health Centre is going to be built first and then work on the hospital is going to start. On that basis, I do not believe that we will be seeing any appreciable difference on the Gloucester Street site for the next 5 years. Is there? I do not think there is.

The Minister for Treasury and Resources:

Well, we jolly well hope so. Bernard?

Project Director:

We will look in some more detail at that on Monday, but yes there will because some of the enabling works for improving the wards is going to be looked at as part of the timing of the Overdale centre as well. So there are significant improvements happening now on the site -

significant improvements in terms of the transitional capacity and significant improvements as part of the overall scheme - and I think we have shared all of those things with you so far.

The Deputy of St. Ouen:

Just to be clear, the improvements that are currently being undertaken and have been undertaken over the last 18 months to the hospital and the facilities have been, in most cases, considered to be temporary in nature and just allowing the facilities to be maintained at a particular standard before and prior the full rebuild that was planned?

Project Director:

In the pre-feasibility case there is a ward block on the parade which needs to be built as part of the decamp process. There is a whole set of improvements in there and perhaps on Monday we can give more detail about that if you want it.

The Minister for Treasury and Resources:

Chairman, I understand the dilemma and the questions are absolutely right. The challenge is that we are now 12 months on from effectively starting the process of the decision. Now, forgive me if this is a difficult thing to say, but I believe we have moved on from the debate about a greenfield/brown site or new site versus existing site. I think we have moved on and what would considerably concern me is that we would then, if a view would be taken by the panel, stop and go with the Waterfront. Then we have effectively lost a year of planning and that, in my view, I think would be extremely serious. I think we have made a decision. I invited the States to agree the principle of the rebuilding on existing sites. Of course there is a debate to be had about which bits of the hospital go on the existing site or Overdale and there is going to be more detail that will emerge as the plans go. We just have a plan, clearly, at the moment, but the most important issue that Ministers are concerned about is getting on with the decision.

Deputy J.A. Hilton:

I totally understand that, but it is such a major decision. It is the biggest decision that the States of Jersey has made in a number of decades and it is important we get it right. With an ageing population and more people requiring hospital services, we have a duty to the public to be sure that the decision that is made is the correct one in the long term.

The Minister for Treasury and Resources:

I agree that I thought that that decision had been made in terms of the recital of what was in the budget last year and, of course, we went out and health colleagues ...

The Deputy of St. Ouen:

I have got to stop you there, Minister, because we need to complete and we need to get the information precisely correct.

The Minister for Treasury and Resources:

You might not want to hear what I have got to say.

The Deputy of St. Ouen:

You suggest that the decision has been made in the budget. Can you be very specific about that decision that was made in the budget, because there is some confusion as to whether the States have supported the delivery of a hospital on a dual site.

The Minister for Treasury and Resources:

Right. I am sorry if you do not like what I am saying, James, but I need to say with a degree of strength that the budget was lodged last September. Health and Social Services engaged in a comprehensive, widespread, public consultation including a video, a pamphlet, public meetings and all the rest of it and we actively encouraged the 3 States departments that we were confirming the route of organisation and funding to prepare for the budget debate. That budget debate was made in full knowledge of the preferred solution and it was up to any States Member to amend that proposal to reword the wording that we invited States Members to agree as to whether or not we were to go on the dual site option. I think the budget was crystal clear and effectively that concept has been agreed as a result of P.122.

Deputy J.A. Hilton:

Can I just stop you there?

The Deputy of St. Ouen:

Sorry, this is important and we need to be clear.

The Minister for Treasury and Resources:

This is very important.

The Deputy of St. Ouen:

Are you saying that the wording of the proposition that the States adopted confirms that the hospital be delivered on a dual site?

Deputy J.A. Hilton:

Can I help you here, because I think I have the wording in front of me?

The Minister for Treasury and Resources:

Excellent.

Deputy J.A. Hilton:

“The States agreed to request the Council of Ministers to co-ordinate the necessary steps by all relevant Ministers to bring forward for approval” - to bring forward for approval - “proposals for the priorities for investment in hospital services and details plans for a new hospital either on a new site or a rebuild and refurbished hospital on the current site, including full details of all manpower and resource implications necessary to implement the proposals by the end of 2014.” Now, our understanding of “to bring forward for approval” is that the proposals will be brought forward to the States for approval.

The Minister for Treasury and Resources:

Yes.

Deputy J.A. Hilton:

So we are trying to understand. As far as we can see, that has not been brought forward. The actual proposal has not been brought forward for approval and so we are trying to understand, if a decision has been made already, who has made the decision, when was it made and why was it made.

The Minister for Treasury and Resources:

I think they are all absolutely valid questions and that was indeed the request and specifically the request made by P.122. Sorry, that is the *Healthcare Report*, is it not? That is P.82/2012. We have moved on by P.122, which is the budget, which then reflected our responsibilities from the Treasury to secure the funding options and within the recital of the budget was the preferred option that had been agreed and approved by the Council of Ministers.

The Deputy of St. Ouen:

But we did not approve the recital of the budget. We approved what was included, the wording of the proposition, and that is what we have been told and we know as States Members we have to rely upon. We also know that when you do wish the States Members to refer or support issues included in the report the proposition directs States Members to certain sections. In the case of the *Health White Paper* which you cited earlier it was perfectly clear that what States Members were signing up to were parts and details included in the report. In the budget it was not that.

The Minister for Treasury and Resources:

Well, I understand why you are saying what you are saying. I am just looking at that budget proposition and, of course, involved in that budget proposition was all of the explanation and justification of why we were moving to a budget of £297 million. Now, if it would not have been on the existing site and the Overdale site then the number would have been different. So if this is not clear to you then I have taken advice ... Well, James, you might not like it, but the reality is ...

Senator S.C. Ferguson

Well, we have taken advice, too, Minister.

The Minister for Treasury and Resources:

Just excuse me a second, but you are remonstrating to a degree of discomfort. The reality is that the budget does confirm capital projects and that is exactly what last year's budget did.

The Deputy of St. Ouen:

Yes and it is concerning that some of the money was allocated to it.

The Minister for Treasury and Resources:

With your knowledge.

The Deputy of St. Ouen:

For the sake of clarity and certainly for the sake of States Members and this panel, it will be extremely useful to have a paper from you or, in fact, from the Ministerial Oversight Group absolutely pointing to and clarifying for everybody's sake exactly what the States have currently signed up to, because we have also had hearings and meetings where we have been told that a decision has yet to be made around the dual site option.

[12:30]

This is why we are finding ourselves confused and struggling to understand. When particular Ministers speak to us, decisions are firm. When others speak to us, maybe they are not so firm.

Senator S.C. Ferguson

In the document we discussed this morning, in the paper, it also talks about the capital spending and so on and it talks about a decision made by the Council of Ministers and it is to be brought to the States, I think. James is quite right. It needs to be clarified.

The Minister for Treasury and Resources:

Yes.

Treasurer of the States of Jersey:

Everything the Minister has described is right. Before we brought forward the budget, the 2014, we did all the work that has been described to you in terms of developing the proposal for the 2 site solution, but bear in mind that we had worked towards that, as I described to you on a previous occasion, through a very detailed process of assessing different options and different sites. The proposal that we have brought forward we have brought forward based upon a lot of consultation. So health colleagues did about half a dozen public consultations around the Island on the option that subsequently went to the States. We did briefings in the Parish of St. Helier Hall. We showed videos of the proposal which showed floor plans. That is not the right word; outline sketches of the proposal for the 2 site solution. The £297 million budget was predicated upon the 2 site solution. We subsequently came up with a funding proposal, which is to fund it through the investment returns on the Strategic Reserve after allowing ...

The Deputy of St. Ouen:

But it does not mention that, Treasurer, in the proposition of the budget.

Treasurer of the States of Jersey:

It does. We made it ...

The Deputy of St. Ouen:

No, it does not.

Senator S.C. Ferguson

We have had problems in the past.

The Deputy of St. Ouen:

It does not. I am sorry.

Senator S.C. Ferguson

We have had problems in the past where, if things were not ...

The Deputy of St. Ouen:

Clear.

Senator S.C. Ferguson

... clear in the proposition, then they get thrown out. I mean we have had arguments over the constitution of the States because of it.

The Deputy of St. Ouen:

It is absolutely right to get clarity.

The Minister for Treasury and Resources:

Okay.

The Deputy of St. Ouen:

I think if you can help us with some detailed information around exactly what ...

The Minister for Treasury and Resources:

You can get information from the Greffe or wherever. From the Treasury's point of view, we wanted certainty so that we can plan for the officer group that they had certainty that they were working on a plan to deliver the hospital on the site. The recital of the budget is clear and I just draw your attention to the budget pages on the Government website and the 3 interrelated projects where we explained why we were fixing the budgets for these 3 capital projects and there is a section: Hospital Redevelopment Plan, Liquid Waste, Housing Investment and all ...

The Deputy of St. Ouen:

We are all clear about that, Minister, but the question still exists. Why did you not ensure that when the States agreed the budget or indeed another separate proposition, that the States were very clear that the 2 site option was agreed and approved and the funding was linked to it? In no area of the budget proposition does it say and mention the dual site, nowhere? It just mentions about a new hospital.

The Minister for Treasury and Resources:

James, let us be clear.

Deputy J.A. Hilton:

Sorry to interrupt you there.

The Minister for Treasury and Resources:

Please. You are the Chair.

Deputy J.A. Hilton:

Can we just adjourn for 5 minutes?

The Minister for Treasury and Resources:

Yes, fine.

Deputy J.A. Hilton:

We will just leave you for 5 minutes.

The Minister for Treasury and Resources:

Okay, that is fine.

Meeting adjourned

[12:34]

[12:40]

Meeting reconvened

Deputy J.A. Hilton:

Just to clarify on the previous matter we were discussing, we will look for you to respond in writing to that particular question and we will take further advice on that. Thank you.

The Minister for Treasury and Resources:

We will respond as quickly as we can.

Deputy J.A. Hilton:

That is fine. Thank you very much indeed. Moving on, who made the decision to appoint a design champion and when was this decision made?

Treasurer of the States of Jersey:

We made a decision to appoint a design champion from the officer group.

The Deputy of St. Ouen:

Sorry. I think initially this is directed to the Minister.

Treasurer of the States of Jersey:

I beg your pardon.

The Deputy of St. Ouen:

Thank you.

The Minister for Treasury and Resources:

The decision to appoint a design champion was made following the Ministerial Oversight Group meeting on June 2013. The decision was made in agreement with the Project Board.

The Deputy of St. Ouen:

So it was a Ministerial Oversight Group decision?

The Minister for Treasury and Resources:

Yes.

The Deputy of St. Ouen:

Thank you.

Deputy J.A. Hilton:

Based on what information?

The Minister for Treasury and Resources:

The report from the oversight group who had been briefing Ministers on the ongoing work that they had done to confirm the site and the configuration on the 2 sites.

The Deputy of St. Ouen:

Did Atkins suggest the need to engage a design champion for the hospital?

Treasurer of the States of Jersey:

I can help you on that, Chairman. We felt we needed a design champion because we were having difficulties with Atkins not fully understanding the brief and not fully taking accounts of the needs of Health colleagues. So we had a classic tension between service requirements and technical advisers and we needed someone who could understand both sides and bring them together in order to develop the brief more fully. That is why we appointed a design champion.

The Deputy of St. Ouen:

Just to be clear, the Ministerial Oversight Group tasked a professional expert company to look at the development of a new hospital and yet that particular group, experts in their field, did not suggest the engagement of a design champion and yet locally ...

Treasurer of the States of Jersey:

They had no objection to a design champion.

The Deputy of St. Ouen:

Sorry, just so I get it clear in my own head. Yet locally we have a group of officers, civil servants, that decide separately to engage someone to look at the hospital development?

The Minister for Treasury and Resources:

Yes, but I would absolutely endorse and ultimately take responsibility jointly with the Ministerial Oversight Group colleagues that what our officers did was right. We were also wanting to deliver to a deadline which was to invite the States to confirm the funding and the preferred solution for the hospital in the budget and to appoint a design champion that could then take the work that Atkins did and develop it based upon what the Treasurer has explained is that we were not getting effectively the necessary pace and granular detail that we would need to have the confidence of proposing a number in the budget. So we needed a project champion to be working with officers in order to work up something that we could bring in the budget. As I said earlier, one of the ongoing themes which is of concern to Ministers is the delay on this project. This is the problem with political decisions. We want, as Ministers, to have maximum information but sometimes maximum information means huge delays and we have not got time on our hands.

Senator S.C. Ferguson

But do you not think that part of this was due to the fact that you gave Atkins a brief of £450 million and then, woops, suddenly in the middle ...

The Minister for Treasury and Resources:

No, we did not. No, that is not right.

[12:45]

Senator S.C. Ferguson

Or you gave Atkins a brief with no maximum.

The Minister for Treasury and Resources:

Sarah, we have already been over that.

Senator S.C. Ferguson

No, but hang on a minute. Let me finish now. You gave Atkins one brief and then suddenly, in the middle of it, it changes to another brief and you are saying you were having problems with Atkins.

The Minister for Treasury and Resources:

Sarah, that would be a complete misinterpretation and miswriting of history. We have been through this. Atkins was given a wide spread of brief to consider and to work iteratively to work up what was required. As confidence levels rose in terms of (a) what could be delivered and (b) the preferred method of funding, so that was narrowed into the £250 million. I am not going to repeat what I said earlier. To constrain Atkins at the start would have been wrong. To constrain the decision-making with an approved budget to say: "Can you deliver what we want for this budget?" is the right decision-making process. Anything else would be wrong because it would be holding a hand over one eye of the situation. We wanted to have all-eyes options and, as those options narrowed down to a preferred solution to confirm it, then confirm it.

Senator S.C. Ferguson

You said you were having difficulties with Atkins, I think, earlier.

The Minister for Treasury and Resources:

Well, difficulties would be correct. Was Atkins the best adviser to work up a detailed plan having made the decision that the preferred option was the dual site/existing site option? Clearly ...

Senator S.C. Ferguson

But if we keep changing the brief effectively ...

The Minister for Treasury and Resources:

It was not changed. It was confirmed.

Senator S.C. Ferguson

You started with a single site thing.

The Minister for Treasury and Resources:

No, no, no. Atlantis does not exist. It is obviously the preferred. You need to start out with an objective and confirm whether or not you can do it, but reality then kicks in. It would be lovely to have found a greenfield site where you could deliver a new hospital within 2 years, but you cannot

do it. Reality kicks in that the realistic option and the best-value option was to work with the existing site and Overdale and, yes, you can deliver the clinical requirements to do it. Moreover, the Treasury was content that we could afford to do that within the period of time we are doing it. It would be completely wrong to say that the brief changed. The brief started and then, as all briefs do, narrowed down to options that you are reasonably confident that you can deliver and that process has carried on. Let us not go back over questions we have already asked.

Senator S.C. Ferguson

What made you think that you needed a design champion?

The Minister for Treasury and Resources:

I have already said you needed a design champion to confirm and to put further granular detail on the option to the Ministerial Oversight Group based upon advice about delivering the hospital on a dual site.

Senator S.C. Ferguson

But it was his idea to have a dual site, was it not?

The Minister for Treasury and Resources:

Whose?

Senator S.C. Ferguson

The design champion.

The Minister for Treasury and Resources:

It was clear from the work of Atkins that we were heading towards using the existing site as the main anchor. The debate ...

Senator S.C. Ferguson

Yes, but we were told that it was the design champion' recommendation to go for a dual site.

Treasurer of the States of Jersey:

No, Chairman. The site solutions were decided, as we explained at a previous meeting, over a very long period of time and we started with a whole range of different options, which included dual site and which include single site. Bear in mind, when we started this work we did not even know where all the possible sites were and we had to do a lot of work with the help of the Planning Department to identify sites that were potentially big enough.

Senator S.C. Ferguson

Well, the other day we asked whose idea it was and we were told the design champion.

Deputy J.A. Hilton:

Yes, we have been told previously in a hearing that it was the design champion who had come up with dual site option.

The Minister for Treasury and Resources:

No.

Treasurer of the States of Jersey:

No, that is factually incorrect. The dual site option was ...

Senator S.C. Ferguson

I am just quoting other people.

Treasurer of the States of Jersey:

Well, it is factually incorrect.

Senator S.C. Ferguson

I am quoting the witnesses.

Treasurer of the States of Jersey:

The dual site option was one of the options considered ...

Senator S.C. Ferguson

In fact I think it was you.

Treasurer of the States of Jersey:

No. That is not right, Chairman.

Senator S.C. Ferguson

I will check.

Treasurer of the States of Jersey:

The dual site option was one of the W.S. Atkins options that was considered all the way through. It was not an option produced by the design champion. What the design champion was asked to do was to work with Health and with W.S. Atkins to refine proposals.

Project Director:

What happened precisely is there was a workshop in August 2013. The design champion elaborated how a dual site would work with the creation of an ambulatory care and diagnostics centre at Overdale and overnight care at the Jersey General Hospital. So the design champion, having built many hospitals before, was able to articulate to a group of clinical and non-clinical stakeholders how that would work with the constraints set out in the scheme, so that workshop was really about saying: "To make the dual site work, this is how you would do it." I cannot say precisely what, but the role of the design champion was to help us understand how the hospital would work in that format.

Deputy J.A. Hilton:

Can I just ask you, where was the post advertised and how many people applied?

Treasurer of the States of Jersey:

Can I help you with that, Chairman? We did not advertise it. We needed to make progress. We appointed the design champion based upon an interview and C.V. (curriculum vitae) which we are happy to share with you so that you can see the extensive experience and knowledge that he has.

The Deputy of St. Ouen:

But given the substantial nature of the project and the significance of the project and the need to ensure you make the right decision, why did you not feel, Minister, that it was necessary to ensure that you got the best person for the job?

The Minister for Treasury and Resources:

Sorry, the advisers are not advising the Ministerial Oversight Group, officers advise the Ministerial Oversight Group, and I rely upon officers to make sure that they have got the right advice. Clearly, officers were of the strong view that an appointment on a champion should be made quickly. Bear in mind that this was due and we needed to confirm the budget in September. Imagine a situation that I have arrived to the States in the budget and not have had a solution to the funding for housing, hospital and liquid waste. It was not an option. Time was not on our side and Ministers were clear we needed to close this down and to have a preferred option to take to the States. This issue had been going ...

The Deputy of St. Ouen:

Right, so it is officers.

The Minister for Treasury and Resources:

Yes, absolutely, and I ...

The Deputy of St. Ouen:

The officers engaged the dual champion, it was not the Ministerial Oversight Group?

The Minister for Treasury and Resources:

Absolutely, and that is absolutely right. Ministers deal with policy and recommendations from our officers, but the officers were quite right, and the officers would have been in a significant difficulty with the Ministerial Oversight Group if they would not have arrived at a preferred and recommended solution that had the appropriate level of granular detail that meant that we had the confidence to go forward with this enormous - as you rightly say - decision to vary the terms of the Strategic Reserve.

Treasurer of the States of Jersey:

Similarly, Chairman, officers appointed W.S. Atkins; officers also varied the contract for W.S. Atkins when further work was required. Officers have recently appointed the 3 main sorts of advisers for the main hospital project, so we have recently appointed the lawyers, the technical advisers and also the financial advisers for the project. That is entirely our normal process.

The Minister for Treasury and Resources:

I would expect to be told of those, but I certainly do not want to be part of that.

The Deputy of St. Ouen:

I was going to say, just to confirm that although the officers might undertake all of these different tasks the Treasurer has just made clear to us, I presume that all that requires sanction.

The Minister for Treasury and Resources:

No.

The Deputy of St. Ouen:

No. Right, because budgets have been set and so additional costs that are incurred by employing extra staff would be part and parcel of the officers' ...

The Minister for Treasury and Resources:

But this is not staff, these are advisers.

The Deputy of St. Ouen:

Yes, but the advisers presumably cost money.

The Minister for Treasury and Resources:

Yes.

The Deputy of St. Ouen:

Right, so the Ministerial Oversight Group is not concerned about the cost involved?

The Minister for Treasury and Resources:

Ministers deal with policy, and who advises Ministers? Not external consultants, but their officers. Officers procure advice for Ministers and it is in the budget.

The Deputy of St. Ouen:

Using the budget set?

The Minister for Treasury and Resources:

Yes.

The Deputy of St. Ouen:

Yes. That is fine.

The Minister for Treasury and Resources:

Yes. Let us be clear, there was and remains an urgency in dealing with refurbishing or rebuilding our hospital and it became very clear that no other option existed that was realistic, affordable and would deliver a hospital within a timeframe, apart from the dual-site option. Now, that needed to be dealt with quickly and the matter needed to be brought to a conclusion and officers did quite the right thing in making sure that we had the right information, and of course all the information that was then shared with States Members, the public, the extensive consultation then that ran from September was on the basis of the good work that the design champion did.

The Deputy of St. Ouen:

Thank you.

Deputy J.A. Hilton:

Thank you very much. Because we are running short of time, I just want to jump to healthcare financing.

The Minister for Treasury and Resources:

Sure.

Deputy J.A. Hilton:

What progress has been made in developing a sustainable model of healthcare funding for Jersey and what advice have you taken?

The Minister for Treasury and Resources:

Which number is that?

Deputy J.A. Hilton:

Thirty-seven.

The Minister for Treasury and Resources:

Thirty-seven, thank you. There are 2 aspects of the sustainable funding model. There is the capital matter and then there is the revenue expenditure, and since that approval of P.82, advice has been taken. The Fiscal Policy Panel will obviously look at future budgets and KPMG has been engaged; Ernst & Young has been engaged. KPMG did some work on what the options were if we were to increase Social Security rates or an alternative to long-term care. The work on the revenue expenditure funding model is at the heart of the work that is now going on in preparing the Long Term Revenue Plan and we plan to continue that work and to inform members of where we think the options are, and the big ticket items about the Long Term Revenue Plan, we plan to publish at least the high level of that work well in advance of when it needs to be done. Those are matters obviously for the next Council of Ministers, but we want to give Members as much advance information and we plan to put some information out before the budget debate this year. We are basically going to be setting out all of that.

The Deputy of St. Ouen:

Are you saying that a sustainable funding model of healthcare funding will not be developed by the end of 2014, which was the commitment given in P.82?

The Minister for Treasury and Resources:

Oh, what I have just said, that is absolutely what we are going to be doing. We will publish a report which says: "This is Health's expected revenue expenditure for M.T.F.P. 2 (Medium Term Financial Plan 2), which covers 2016, 2017, 2018 and 2019. That is what they are asking for and these are the proposals of how it should be funded." Now, I am not going to say today, because that work has not been completed, but you would expect us to be delivering well in advance of the target. We normally do. We will be publishing effectively the draft of that Long Term Revenue Plan that will have how that healthcare requirement is to be funded and what policy options Ministers will have in the future.

The Deputy of St. Ouen:

So in particular, just to be absolutely clear, the proposition as agreed in P.82, which I do not have in front of me, unfortunately ...

The Minister for Treasury and Resources:

I have.

The Deputy of St. Ouen:

... identified 2 particular matters that needed to be dealt with and brought to the Assembly by the end of January 2014.

The Minister for Treasury and Resources:

Reported, not for approval, obviously.

The Deputy of St. Ouen:

You are saying that you are going to comply with the proposition as agreed and approved?

The Minister for Treasury and Resources:

On track, being done.

The Deputy of St. Ouen:

Good.

The Minister for Treasury and Resources:

You would not expect anything else, would you?

The Deputy of St. Ouen:

Good. Again, we are getting conflicting information from other sources.

The Minister for Treasury and Resources:

You are talking to the Treasury team. The Treasury team is responsible for this work.

The Deputy of St. Ouen:

That is good. I am pleased to hear that.

The Minister for Treasury and Resources:

The buck stops with us and we will deliver.

The Deputy of St. Ouen:

I am pleased to hear.

The Minister for Treasury and Resources:

Is that right?

Treasurer of the States of Jersey:

It is, so Chairman, I would just make reference to the previous meeting of the previous panel, the Corporate Service Panel, where we provided a briefing on the long-term tax policy paper, and as you would appreciate, future funding for health cannot be determined outwith future funding for other services, and our long-term tax policy paper sets out proposals or it sets out a long-term framework of how we plan to develop our tax policy. I think there may be an assumption that we are going to do something special and different for health.

[13:00]

We see health spending as something that needs to be funded alongside education spending, housing spending and all other sorts of spending and that we have to consider those things in the round, so the way in which we fund health will not be determined outwith that overall framework and it will be considered within the framework of our long-term tax policy.

The Deputy of St. Ouen:

Which will not be finalised yet.

Treasurer of the States of Jersey:

Which we plan to publish alongside Budget 2015 in July.

The Minister for Treasury and Resources:

We are not only doing that, the States asked us to do the health funding, we are giving you all the information that is going to be the information required in the M.T.F.P. because I know what would be said is in the same way that capital ... if we come forward with just housing or just health, people will say: "Where is the rest of it?" so you are getting the whole lot and it is going to be challenging and there are going to be some important policy options that the next Council of Ministers are going to have to look into.

The Deputy of St. Ouen:

We are saying that by the end of this year ...

The Minister for Treasury and Resources:

Yes, James.

The Deputy of St. Ouen:

... the public will be able to fully appreciate what will be required to deliver this whole range of services, including the new hospital and the improved health services we have committed to?

The Minister for Treasury and Resources:

James, I do not know how many other words there is to say yes.

The Deputy of St. Ouen:

Just say yes or no.

The Minister for Treasury and Resources:

I think I have already said it.

The Deputy of St. Ouen:

Yes, good.

The Minister for Treasury and Resources:

Okay? I do not think there is any other word in the English language that says yes.

The Deputy of St. Ouen:

Yes is good.

Deputy J.A. Hilton:

Thank you.

The Minister for Treasury and Resources:

Yes plus.

Deputy J.A. Hilton:

We will just switch back to the hospital again. What cost savings are associated with the refurbishment of existing buildings compared with new build?

The Minister for Treasury and Resources:

Cue Assistant Minister. Right, a general assumption is that 75 per cent of new build costs is assumed. This is because the core of the building we retained, and it is understood to be a

reasonable assumption as the strategic outline business case, but one that will be refined based upon site investigations during the feasibility study.

The Deputy of St. Ouen:

75 per cent cost I can potentially understand, but that is short term, is it not, because obviously a refurbished building does not necessarily have the longevity of a new build?

Assistant Minister for Treasury and Resources:

Such refurbishment would give the building a similar longevity as a new build.

The Deputy of St. Ouen:

Is that right?

Assistant Minister for Treasury and Resources:

Yes.

The Minister for Treasury and Resources:

Effectively the whole of the hospital has been, to a greater extent, rebuilt, so effectively over the period of the 10 years, and we are obviously going to be wanting to try and improve upon that if that is at all possible, and that is the challenge that the Officer Oversight Group is being given. Such is the importance and urgency of this is that we want it done as soon as possible, but of course there is an overwhelming case for building on the current site, including Overdale. It does help to a significant extent in the acceleration of some aspects of the refurbishment, but what you will end up with is effectively almost a complete rebuilt hospital at the end of this project.

The Deputy of St. Ouen:

We were told that in the proposed scheme, the newest part of the hospital, the Gwyneth Huelin Wing, is likely to be demolished and one of the oldest parts, which is the 1960s building, remains. Can you just confirm that is the case?

Assistant Minister for Treasury and Resources:

The oldest part is the granite building and that will remain.

The Deputy of St. Ouen:

The newest, the oldest, whatever. It is the 1960s building.

Assistant Minister for Treasury and Resources:

The 1960s building does not form part of the proposals because it is just not fit for purpose. It may be used for some other purposes, just office space for the hospital, or it may be completely dropped at a later stage.

The Deputy of St. Ouen:

So we are going to have part of our new hospital that is going to be old and not used and in fact used for something else?

Assistant Minister for Treasury and Resources:

The 1960s block is not fit for the future.

Deputy J.A. Hilton:

It is not fit for purpose.

The Deputy of St. Ouen:

Why not demolish it?

Assistant Minister for Treasury and Resources:

That will be the ...

The Deputy of St. Ouen:

No, but why not demolish it now and build ...

Assistant Minister for Treasury and Resources:

Well, it is because it is being used at the moment.

The Deputy of St. Ouen:

Why do you not include the 1960s building in any redevelopment, especially when you know it is not fit for purpose and will need to be replaced at a later date?

Deputy J.A. Hilton:

And is full of asbestos.

The Minister for Treasury and Resources:

Look, these matters are for experts.

Treasurer of the States of Jersey:

Because it still has life in it, Chairman.

The Deputy of St. Ouen:

Sorry?

Treasurer of the States of Jersey:

It still has life in an alternative use.

The Deputy of St. Ouen:

All right, okay. We will clarify that.

The Minister for Treasury and Resources:

Yes, and a hospital does need office accommodation and admin space and of course best use will be made of all of those options. I think it is worth just reflecting against the comment that I made about the urgency. It is an interesting state of affairs when Jersey people refer to the new block for the hospital as being a block that was built in 1984. Now, I am 44 and I was 14 at that time. That is decades old and that highlights the point that we are late, but not this Council of Ministers or the last one, we ought perhaps not to be in this situation. It would be preferred to have not been in a situation where we are having to do this rebuild, but we are where we are, and this Council of Ministers has been decisively moving forward to catch up from the period of years where we did not seem to be moving as fast as we ought to have done, but that is with the benefit of hindsight.

Deputy J.A. Hilton:

Thank you. Moving on, there has been concern expressed about duplication of services, particularly with pathology and consultants being up at the Overdale site carrying out their day clinics and having to get back down to the hospital if they are called down to the hospital, the whole issue of transportation of patients, staff and the public between the 2 buildings. I would like to ask you, are there any circumstances at all within which the full site of the current hospital and adjacent sites could meet the service requirements for a new hospital as a single site development?

The Minister for Treasury and Resources:

That is a matter which has received a lot of attention and ongoing questions with our officer group. The reality is that you could not ... the expansion site, there is 2 ways that you can expand effectively the site at the hospital site, you can either build higher or you can acquire some adjacent buildings. We have looked at the options of acquiring the adjacent buildings and what those options would be and I am sure your officers can be provided with the scenarios of that, long

and narrow sites et cetera. What is clear is that you could not deliver a single-site solution on even an expanded and much higher site.

Deputy J.A. Hilton:

Can I just stop you there? Even if you bought the adjacent hotel sites, even if ... my understanding is the room sizes have been reduced; because the plans were on single-bed units, the room sizes have been reduced by 15 per cent, I understand, of the U.K. (United Kingdom) standard. The decision has not been made around the single-bed option yet. Taking all those things into consideration, are you still maintaining it is not possible to do that?

Treasurer of the States of Jersey:

Chairman, we have to have a hospital that is right, so it is very difficult to achieve in practice.

The Minister for Treasury and Resources:

That is right.

Treasurer of the States of Jersey:

We have got to keep the existing hospital functioning. It is not as if we can demolish the existing one and rebuild and replace ...

Deputy J.A. Hilton:

No, but I just wanted us to understand, by buying the adjacent hotel sites, which would give you a very large site, whether you ...

The Minister for Treasury and Resources:

I think there is the problem. I think it is certainly helpful and we are able to update the panel, but again, I think it would be not appropriate to update the panel on financial matters that would potentially be put into the public domain.

Deputy J.A. Hilton:

I think your answer to that question is probably no.

The Minister for Treasury and Resources:

The answer is probably no, but we continue to keep under review the opportunity to acquire the adjacent sites and we are happy to update you of our latest thinking on that.

Deputy J.A. Hilton:

Okay. The other question I wanted to ask you around that was as the acute service strategy has not been completed, including consideration of partnerships with off-Island providers, how can you reach any judgment about site requirements around future hospital costs?

The Minister for Treasury and Resources:

I think that is really a question, if I may say, for the Minister for Health. I am not the expert on that and I am dealing with the financial matters, as you would expect.

Deputy J.A. Hilton:

Could you just confirm that you are still in negotiation with the owners of the 2 hotel sites for strategic purposes?

The Minister for Treasury and Resources:

I think what I am prepared to say on that is that we continue to give active consideration to the opportunity of purchasing the adjacent sites, but it is important to state that they are not currently required in order to deliver the plans, and clearly those are old and tired hotels which are coming to the end of their useful life, and it would be in both the States and probably those adjacent sites interests for them to be combined, but we have considered all sorts of options.

Deputy J.A. Hilton:

Can you confirm that you are in active negotiations with the owners of the sites to purchase the sites?

The Minister for Treasury and Resources:

I am prepared to say that we are giving active consideration to how that matter should be progressed and we will provide an update on where we are with those discussions at the point at which we are going to lodge the budget on 14th July.

Deputy J.A. Hilton:

So you are not discussing with the owners direct at the moment?

The Minister for Treasury and Resources:

You would not expect me to do so, but officers are ...

Deputy J.A. Hilton:

Are your officers discussing ...

The Minister for Treasury and Resources:

There is active consideration into options, but the current price that had been put into the public domain would not be a price which would represent best value for the public, but clearly the owners might want to reconsider what their options are, having the benefit of some discussions with Planning et cetera.

Senator S.C. Ferguson:

Is that your opinion or your advisers' opinion?

The Minister for Treasury and Resources:

I always take advice, Chairman, and I act upon the best advice.

Senator S.C. Ferguson:

No, I am only a panel member here.

The Minister for Treasury and Resources:

Right. I always act upon advice, so ...

Senator S.C. Ferguson:

You mentioned this morning a report being done by, I think, the Vice-Chairman of the King's Fund. Where does that fit into all this?

The Minister for Treasury and Resources:

Yes. You would expect the Ministerial Oversight Group to be wanting to get the best information and reassurance and what the Health group are doing is that they are ... but there is lots of work ongoing in relation to confirming the strategy and confirming where we are and so I am aware that Health, with the full support of the Ministerial Oversight Group, have been getting some further advice, but I think it is probably more appropriate for me to leave that question to the Minister for Health, who is obviously leading that, and for her Chief Executive to address you on that. But yes, we are wanting ongoing reassurance and as much external up-to-date information to make sure that we are on track with the latest developments in care, interrelationship between primary and secondary care, health economics et cetera. But that just gives you a flavour of the detailed nature of the questions that we ask of our officer group and the need for them to ensure that they give us good and up-to-date advice about where we are. It is now some 2 years on from that P.88 or whatever it was, 82, and we want to make sure that we are still on track, but all the information ... I mean, the information I have is that if anything is different from where we were 2 years ago that it is even more important to get on with the project and make sure that project is delivered as quickly as possible.

Deputy J.A. Hilton:

A final question: what assumptions about revenue costs of hospital services have been built into the planning process to date?

The Minister for Treasury and Resources:

That is all about the Long Term Revenue Plan, where we have been asking all departments, including Health, what their revenue plan expectations are and what opportunities there are also for all departments, including Health, to make further efficiency savings. All services have to be constantly improved and delivered in the best and most efficient way, and again, we will deliver to you an overall costed and preferred way of funding all Health and other departments' revenue expenditure costs and give a number of options. At the end of the day, healthcare costs are rising.

[13:00]

That is an accepted situation for all governments that are being clear with their communities. Any government that is suggesting that they can cut healthcare spending is probably doing so for political short-term reasons. There is an unshakeable destiny in the costs of healthcare rising. I see Senator Ferguson shaking her head.

Senator S.C. Ferguson:

It is not the demand for healthcare, it is the cost of the procedures.

The Minister for Treasury and Resources:

Well, we will agree to differ.

Senator S.C. Ferguson:

If you catch people early, before they go into hospital, you can keep the costs down.

The Minister for Treasury and Resources:

Yes, that is absolutely right, and that is why I commend the work the Health Department has been doing to ensure that people do not go into hospital and they are dealt with at the primary care level. However, we have the difficult situation in Jersey where there is an disincentive to go to primary care as opposed to secondary care, and there is an active debate in Australia at this very moment about that very subject which is commanding political attention there. You have to create the right incentives and the right overall arrangement to ensure that people are looked after at the primary healthcare level, but we have to be realistic. Even with the most successful and bold fast-moving primary healthcare reorganisations, you still have to accept, if I may respectfully say, that the overall costs of healthcare are going to rise. It is going to happen because of longevity,

increased medical advances and people's expectations; high-quality living and high standards of living in Jersey, people expect healthcare delivered on time and at the best and highest quality and in the place that they want to be looked after, and that means additional costs. To say that we are not going to face additional revenue expenditure costs which are in line with what we stated would be, in our view, not correct.

Senator S.C. Ferguson:

Have you got, for the business plan and for the forward-looking ...

The Minister for Treasury and Resources:

Do you mean the Long Term Revenue Plan?

Senator S.C. Ferguson:

Well, what have you.

The Minister for Treasury and Resources:

M.T.F.P.

Senator S.C. Ferguson:

All the various plans you have coming out. Have you got a list of the savings made under the lean developments and the evidence for those savings? Will that be included?

Treasurer of the States of Jersey:

That is a level of detail it is too ...

Senator S.C. Ferguson:

No, each department must have a relatively high-level summary.

Treasurer of the States of Jersey:

That would be a level of detail, Chairman, for the Long Term Revenue Plan, but if the panel were to want us to undertake some work to draw that information together, we would happily do so.

The Minister for Treasury and Resources:

But we have got some granular detail, leading with the hospital restaurant, I think running at a loss of - forgive me if I have got the numbers wrong, Treasurer - £80,000 to ...

Project Director:

No longer. They are making a profit. They are delivering a high-quality service.

Senator S.C. Ferguson:

There is a kind of different selection. I was in there the other day.

The Minister for Treasury and Resources:

Yes, but it is saving money and then costs associated with the loss to profit.

Senator S.C. Ferguson:

It was perfectly adequate food, yes, no problem.

The Minister for Treasury and Resources:

Worth 3 nurses, as I understand, so 3 nurses delivered as a result of leading the canteen.
Excellent work.

Deputy J.A. Hilton:

Thank you for coming today. It has been most interesting. I close the meeting.

[13:18]