

# Hospital Location – A Short Review: Position Paper

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## 1. Introduction

The recent hustings and election highlighted the need for the new Council of Ministers to consider whether there is a need to seek further assurance for both the public and political colleagues that the preferred location, approved by the States Assembly (P110/2016), is the best solution for the Future Hospital.

The previous Chief Minister realised the site selection debate was still a key issue with the public and requested that an option be worked up for a new independent site assessment work stream to allow the incoming government to decide on how to proceed.

The new Chief Minister has proposed a “short sharp review” to provide a comparison of the merits of the various sites that have been considered as possible locations for the new general hospital.

Such a review would be limited to the site selection only on the basis that the case for a new hospital has been made and is supported by the majority of the public and States Members.

This paper, therefore, sets out a series of options for the new Council of Ministers if they are minded to undertake a review. These options will inform the scope of the Review. It is important to agree the scope of the review in order to balance the time and cost of undertaking it against the quality of the output that can be achieved in that time and for that cost.

Only then can the work be undertaken efficiently by an independent body to deliver the required outcome. This report sets out a proposed methodology for the review and considers potential impacts on the overall project.

We have assumed that any future site assessment report will need to be independent of the existing supply chain to avoid any concerns of bias.

## 2. Background

Following the outcome of the Health Transformation Strategy in 2012 it became clear that the health estate needed a significant redesign to meet the future needs of the island.

The key outcome was the realisation that the current General Hospital was not fit for purpose and needed replacement. Work commenced following the adoption of P82/2012 in 2012 to start the journey of providing this facility.

The original site screening exercise identified 41 potential sites, 14 were long-listed and the following sites were evaluated to a detailed level to allow a like for like comparison (ref: [CR021 – Site Options Appraisal](#)).

- 1) Option A – Dual site, refurbishment of existing hospital and new build at Overdale
- 2) Option B - Overdale Hospital Site – 100% new build
- 3) Option C – Existing General Hospital – 100% new build
- 4) Option D – Waterfront Site, including Jardins de la Mer – 100% New Build
- 5) Option E – People’s Park – 100% New Build

Following the removal of Option E - Peoples Park from the short-list a new concept for building on the existing hospital site was developed and this was reviewed against the sites listed above (ref: [CR025 – Addendum to the CR021 Site Options Appraisal](#)).

This extensive and detailed work informed the states Debate on 1 December 2016 when it was agreed that the new hospital should be built on the current hospital site. Since this debate the project team have concentrated all their efforts on developing a viable and cost effective scheme on the general hospital site.

A more detailed chronology of the process of site selection is described in the Outline Business Case document. This can be found, with all of the previously commissioned reports, on the future hospital web site: <https://www.futurehospital.je/documents/>.

### **3. The scope of works required for reviewing the site selection**

The scope of works for the new site assessment starts with deciding which sites are in scope.

Then the level of detail within the review needs to be agreed, this can range from a desktop study to a comprehensive site assessment for all of the sites in scope.

It has been assumed that an independent consultant will need to be procured to make sure that the process is clear of challenge. To commence the process, officers of the Department for Infrastructure have approached the market place to identify companies willing to undertake this role.

The review needs to be both comprehensive and undertaken independently of the parties tasked with delivering the hospital. Public interest in the proposals demonstrate that there is a perceived lack of trust and understanding of the process undertaken, which has resulted in entrenched positions regarding particular sites. So the review will not provide an outcome that appeases all. From a project team perspective, the Assembly decisions on site location, business case and funding provided the project team with the necessary authority to progress design development and associated works on the current site.

#### **3.1 Agree the sites included in the review process**

Over 40 sites have been screened for the hospital location, 13 long-listed and 6 short-listed. A short review could only include previously reviewed sites that have the potential to deliver a General Hospital of the required scope and size.

The sites recommended for inclusion in the short review are

- 1) *Existing General Hospital*
- 2) *People's Park*
- 3) *St Saviour's Hospital*
- 4) *Warwick Farm*
- 5) *Waterfront (including Les Jardins de la Mer)*
- 6) *Overdale Hospital*

Each of these locations currently has differing amounts of information available for review, which has been gathered at different times during the site selection process. This reflects the stage they reached in the previous site long-listing and short-listing process. The above sites reflect those that have attracted significant public interest and political debate about the site selection process. While the short review would utilise existing information collected as part of the site selection process to date, commissioning the collection of some additional information will need to be considered to enable appropriate comparisons to be made between all sites included in the Review.

***Council of Ministers are asked to consider which sites should be included in the scope of the review process.***

**3.2 Level of assurance and scale of review**

The range of the review can vary from an all-encompassing full scale review to a short review, utilising as much as the current data as is possible.

The balance between each type of review will reflect the degree of public confidence wanting to be achieved. The full scale review will provide a comprehensive answer, but incur significant cost in excess of £5m and delay the project which could outweigh the benefits of the comprehensive answer. The short review could be the right balance as it incurs cost under £500,000 and does not delay the project any further.

The two options are described below:

**Option 1 - Full Scale Review**

Should the Council of Ministers wish each site to be developed to the same level of the current variant planning application, including design, illustrative material, medical adjacency diagrams at 1:500 scale, full transport assessment and infrastructure design, the level of cost would be similar to that expended for the current planning application in each case. Based on prior actual costs for site assessment this would be circa £800,000 for each additional site or £4m for the external consultant teams only.

To ensure that these enhanced designs have the same credibility the programme would need to be extended to at least 16 weeks and a separate project management, client and contractor team would need to be assigned to coordinate and develop the schemes with the consultants.

Based upon current estimates Gleeds Management Services envisage that this separate project management, client and contractor team would cost circa £100,000 per week.

Therefore, the total cost of delivering a resolved design solution for each of the sites included would be estimated at £5.6m over a significant period of time.

**Option 2 – Short Review**

An alternative to option 1 is to undertake a short independent Site Review, which will include assessment consistent with CR021.

The proposed method for the review needs to recognise the challenges in balancing time, cost and quality. [‘CR021 – Updated Site Options Appraisal to include Option E Peoples Park \(Sep 2015\)’](#) provides base material that has been previously approved by the FH Project Board, reviewed by Scrutiny and independently assured so can provide a baseline for the Short Review.

A ‘Short Review’ is expected to cost significantly less than a full review of all sites. Depending on the number of sites, quality of information and design solutions needed within the short review we would expect to allocate a budget up to £500k for the works and it could be achieved in parallel with the current planning process.

Bids for this work have been received from two consulting companies capable of undertaking the work.

The approach would be as follows:

<b>Stage 1</b>	Use the output of the existing site appraisal report (CR021 – Site Options Appraisal). The Sites considered in CR021 <ul style="list-style-type: none"> <li>• Option A      Dual Site</li> </ul>
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	<ul style="list-style-type: none"> <li>• Option B Overdale (100% new build)</li> <li>• Option C General Hospital (100% new build)</li> <li>• Option D Waterfront (including Jardins de la Mer) (100% new build)</li> <li>• Option E People's Park (100% new build)</li> </ul>
<b>Stage 2</b>	<p>Add current General Hospital scheme.</p> <p>Remove Option A (new build and refurbishment on dual site not acceptable to clinical staff) and Option C (long programme and c. £627m cost)</p>
<b>Stage 3</b>	<p>Undertake the detail of appraisal completed as part of CR021 for the following additional sites</p> <ul style="list-style-type: none"> <li>• Warwick Farm</li> <li>• St Saviours Hospital</li> </ul>
<b>Stage 4</b>	Update all Options to a current cost baseline to allow a like for like financial comparison
<b>Stage 5</b>	Present Report to Council of Ministers and Scrutiny

Site selection and the criteria needing to be considered would be those used in CR021:

Access arrangements	Considering the transport and access for emergency and planned patients, visitors, staff and logistics
Parking arrangements	Considering the cost of providing parking for patients, visitors and staff
Engineering, utility and infrastructure services	<p>Estimating the demand for and provision of the necessary utilities, roads and communications needed to support the resilient operation of a general hospital on the site.</p> <p>And</p> <p>Considering how mechanical and electrical services supporting a hospital on each site would operate in relation to utilities and other infrastructure services available at that site.</p>
Geotechnical considerations	Considering geological and topological characteristics of each site and their relationship to buildability of a general hospital on that site.
Achieved hospital size	Developing a realistic indication of building scale and form on each site that could accommodate the required services and then undertaking a 'test to fit' on each site to make sure all the required hospital and support facilities can be provided for on that site.
Cost appraisal	<p>Capital, revenue, lifecycle, acquisition and disposal costs derived using the method set out in CR021 (pp21-25).</p> <p>Undertaking a review of both the indicative capital expenditure needed for each site and the revenue consequences over the whole life of the project in a detail sufficient would allow a 'like for like' comparison of the sites. This 'like for like' comparison would need to be adjusted for the respective risks and benefits associated with each site.</p>
Programme	Estimating a high level delivery programme and associated capital and revenue costs for the completion of a general hospital operational on each site. The assumed programme would reflect the current status of each site.

Optimism bias	The model for calculating optimism bias records the extent of mitigation achieved against a standard data set project and contract risks and from this derive the overall level of optimism bias to be applied to each site.
Risk register	Considering the residual risks associated with each site.

In addition, given the need to secure planning permission on any of the respective sites, the following criteria should also be reviewed:

Planning	In addition, each site would be assessed against the interpretation of the planning policies described in the Planning Inspector's Report on the Outline Planning Application (January 2018) and any other planning policies that might be relevant to each respective site.
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***Council of Ministers is asked to consider which site assurance option should be undertaken***

**4. Case for replacing the existing hospital with a new general hospital.**

The existing General Hospital infrastructure is at the end of its asset life and is not fit for purpose. It has not kept up with the changes in modern medical practice and is unsuited to meeting the health and social care challenges facing the Island in the coming decades.

***Council of Ministers is asked to endorse the decision to replace the hospital***

**5. Requirement to continue on the approved site continue in parallel with the site review process**

An outline planning application is currently in progress, detailed design of the new hospital is being developed to ensure the scheme is cost efficient and buildable. This has to continue as legal process independently of any decision by the applicant to continue work on the current site in parallel with the site review process. Enabling and early works are being progressed to maintain the project programme.

In the period June – October 2018 (when the outcome of the Planning Inquiry and the Minister for the Environment's decision on the planning application is likely to be known) the project will commit or spend additional sums of approximately £21m, as follows:

£10m – Property Acquisition

£5m - Ongoing Consultants (including J3 under PCSA contract)

£5.5m – Programmed Enabling and Other Early Works

£0.5m - Internal Team Costs and Overheads

**These works and other outputs from this spend are essential to keep to programme.**

The size and complexity of the Future Hospital Project is such that significant costs would be incurred should any delays to the programme result from the Review. Gleeds Management Services estimate the inflation cost of delay at approximately £1m per month at this stage in the project.

In addition, any delay means that services will need to be provided for longer in the current unfit for purpose hospital. This will require an extension of the ongoing backlog maintenance programme and may mean that some risks currently addressed through a 'watch and wait'/reactive maintenance regime may require more extensive investment, which does not generate an economic payback. (E.g. the useful life of a lift may be extended by a good maintenance and repair schedule, but at some stage it will have to be replaced. Limited benefit is then achieved from the 'one off' cost of replacement.)

Over the past three and a half years the Future Hospital Project has made significant progress on the design and specification for the hospital. In the past 6 months the Project Team has been working closely with the selected construction specialist and partner J3. J3 is a joint venture company, that comprises a major hospital build civil contractor, Sir Robert McAlpine, mechanical and electrical contractor, FES and local partner, the Garenne Group. Any delay in the programme would present a risk that J3 would need to consider as material to their involvement in the project.

***Council of Ministers is asked to confirm whether the work on the existing site continues in parallel with the site assurance review.***

## **6. The membership of a Review Steering Group**

To provide a suitable level of governance and direction a Review Steering Group will need to be formed.

To aid the selection of this a suggested group is set out below comprising of the following membership:

- **Political** - One minister or assistant minister from HSSD, DFI, Treasury and Chief Minister Departments. This would reflect the previously established FH Political Oversight Group and provide assurance of appropriate political oversight to Council of Ministers
- **Administration** – independent consultants from the contractor engaged to manage the Short Review
- **Stakeholder** – three independent (i.e. not previously involved in the project) stakeholders identified by the Council of Ministers to participate and provide assurance of public engagement in the process

N.B. the review will occur independently of the current Future Hospital Project Team. The Project Team would provide information on request for the Review Steering Group and administrative support to the Group (office accommodation, diary support etc.)

***Council of Ministers is asked to decide on the membership of a review steering group***

## **7. The governance process**

The recommendation is to provide the completed Review to Council of Ministers and the appropriate Scrutiny Panel for its consideration (formerly the Future Hospital Scrutiny Sub Panel if re-established or

the HSSD or Corporate Services Scrutiny Panel as directed by Council of Ministers). It is anticipated the review will be a public document with any agreed necessary redactions.

## ***Council of Ministers to agree the governance process required***

### **8. Timescale for the completion of the Review**

Ideally, any review should be completed prior to the commencement of the Outline Planning Application Public Inquiry scheduled to start 17 September 2018. This will ensure that the application for planning permission can be considered on its own merits – as is required by the Planning and Building Law. Planning policy matters can be considered separately in the Short Review as they are important to any consideration of deliverability of the project on the respective sites.

If the Council of Ministers supports the recommendation to proceed with the short review in this report, the Short Review would need to be commissioned and concluded in a period of 10-12 weeks.

This timescale will require flexibility from other governance and approval forums notably Council of Ministers and Scrutiny Panel depending on the agreed governance structure of the Review.

The Full Scale review will require a minimum of 16 weeks with a 4 to 6 week mobilisation phase dependant on the governance levels required to commission this work.

Any delay to the project beyond the planning inquiry outcome will delay the programme and incur costs due to inflation, project team stand down costs and costs and risks in operating the current hospital site longer than necessary.

### **9. Identify and agree the funding source, budget and costs envelope for undertaking this work**

The direct cost of undertaking the Review needs to be confirmed. The final cost will not be known until the scale of review is agreed and the amount of information that can be recycled from CR021 is understood fully. At least two competitive bids to undertake the work have been sought. A funding source will need to be identified separately from the approved future hospital allocation.

### **10. Confirm the level of engagement with the public and other stakeholders**

Officers recommend at least one public information and engagement forum to assist the Review. This forum would be facilitated independently of the Future Hospital Team. It would provide an opportunity for a comprehensive briefing, question and answer session and discussion forum for the public and other stakeholders. It would not be a decision making forum.

## ***Council of Ministers is asked to decide on the level of public and stakeholder engagement required for this process***

## 11. Risks and observations

The balance between quality, time and cost is fundamental to this or any project. Generally, on large scale projects if you control time, you control cost. When a project is of this magnitude and the timeline extends beyond 6 years, the programme is the highest priority. The aim is to deliver completion of all medical areas by 2024. Therefore, any threat to programme has significant knock on effects on the project.

The cost of delays are associated with contract inflation, contractor stand down costs, on-going consultant and client overhead cost, increasing the maintenance spend on keeping the existing hospital safe, failing to recruit and retain the right calibre medical staff and the increased potential for medical safety issues with the existing failing hospital infrastructure.

A definitive review as described in option 1 will need to include the necessary design appropriate to each site (rather than a simple massing placed on each site to be undertaken for the short review) and could cost in excess of £5m.

The challenge and risk with option 1 is to incur significant cost, and time delay to undertake a review. This still may not appease everyone but risk the project in terms of supply chain confidence, confidence with the medical staff and the ability to recruit and most importantly put even more pressure on the existing hospital to cope for longer than is absolutely necessary.

It has been confirmed in the recent cost model review that a 6 month delay will cost £5.8m, which places the inflation risk at approximately £1m per month. Therefore, any delay beyond the existing programme will incur this cost.

The challenge and risk around option 2 is that it may not appease all and fail to gain the necessary support from all parties to continue with the site chosen.

In addition, if an alternative site is chosen that is not the existing site, the site decision, outline business case and fiscal solution will need to return to the States for debate as the current decisions are site specific.

Undertaking this site selection review creates a number of risks. Since 2014 the project has experienced periods of delayed political decision making and political and public challenge. This is the second election the project has bridged. A Review provides an opportunity once and for all to assure the preferred site approved by the States Assembly or to consider the relative risks and benefits associated with building a general hospital on a different site.

It should be noted that there is no unencumbered site and secondly that all sites reviewed have their strengths and weaknesses.

A Review will provide additional assurance about the process and outcome of the site for the Future Hospital. It is unlikely however to convince all States Members or all Island residents. There is a risk that it will re-galvanise the arguments against the existing site but not necessarily provide the closure that everyone wants.

The biggest risk facing both the project and the Island is delay. Delay will increase costs and be to the detriment of patients, as services continue to be provided in the current not fit for purpose General Hospital. If delay becomes extended, there is a significant risk that the J3 construction partner would not be able to stay with the project as the project stalls.

**June 2018**