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JERSEY FUTURE HOSPITAL PROJECT
CHANGE REQUEST NO 24

QUALITY ASSURANCE

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CO024 – Addendum to the CR021 Site
Options Appraisal

March 2016

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1 Executive Summary

- 1.1 This addendum to the CR021 site options appraisal has been prepared by Gleeds as the Lead Advisor to the Future Hospital project following our review of the sites proposed for the re-provision of amenities associated with Option E – 100% new Build at People’s Park.
- 1.2 Its preparation has, in virtually all respects, adopted the evaluation methodology used in the preparation of the initial CR021 Site Options Appraisal and in this respect maintains comparability between the alternative Option E proposals set out herein and those options considered within the original CR021 site appraisal.
- 1.3 All capital works costs are based on high level strategic design work only and may therefore vary pending detailed design and the findings of subsequent physical site surveys. Capital works costs for each option exclude site acquisition costs which are included separately within each option’s GEM model.
- 1.4 The economic modelling of all outcomes has been completed by EY by updating the UK Treasury Generic Economic Models (GEM) prepared for each option within the initial CR021 Site Options Appraisal
- 1.5 The review has concluded that:
 - In greenspace terms, the combined parks at Gas Place and Parade Grounds Park result in a net increase of over 4,330m² above that currently available at People’s Park.
 - The benefits and risk scores associated with the alternative Option E have marginally deteriorated, However, this does not materially affect the scores or outcomes.
 - The alternative Option E continues to rank as the best performing site in weighted benefits terms performing some 11.29% better than the next nearest Option D Waterfront.
 - Option D continues to present the least risk performing 15.65% better than the next nearest option being the alternative Option E.
 - Option B 100% New Build at Overdale has the lowest Net Present Value (NPV) being 0.27% lower than the alternative Option E after the introduction of amenity re-provision measures;
 - In VFM NPV/Benefit point terms, the alternative Option E continues to perform better than all other options and would require a 10.4% reduction in the NPV of its nearest rival Option D to bring about a change.

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- The VFM NPV/benefit point score for alternative Option E is resilient and is not sensitive to any of the tests applied.

1.6 As a result, the overall ranking of the 'alternative Option E' remains unchanged from that of the original Option E set out in CR021.

Criteria	Option A	Rank	Option B	Rank	Option C	Rank	Option D	Rank	Alt Option E	Rank
Capital Cost [£m]	503.8	4	445.5	1	629.7	5	470.5	3	464.1	2
Delivery period (from Q1 2016)	11 years, 5 months		6 years, 8 months		11 years, 5 months		6 years, 8 months		6 years, 8 months	
60 Year NPV [£m]	4,092	5	3,971	1	4,054	4	4,002	3	3,981	2
Raw Risk Score	237	5	207	4	203	3	94	1	118	2
Weighted Risk Score	9.94	5	8.68	4	8.24	3	3.06	1	3.62	2
Raw Benefits Score	49	5	63	4	79	3	106	2	116	1
Weighted Benefits score	1.69	5	2.30	4	2.76	3	3.77	2	4.19	1
NPV/weighted benefit point	2,421.4	5	1,727.4	4	1,467.4	3	1,060.4	2	949.9	1

Table 1: Option Rankings following benefit, risk and cost assessment

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2 Introduction

- 2.1 The CR021 Site Appraisal Report submitted on the 16th October 2015 concluded that of the five site options considered, Option E being a new hospital on People's Park, performed best.
- 2.2 In considering the outcome of CR021 it was recognised that the amenity value of the park would need to be recompensed.
- 2.3 UK Treasury Business Case guidance requires any mitigation measures associated with an option to be reflected within the evaluation of its cost and benefits.
- 2.4 Consequently, the Contracting Authority instructed that an Addendum to the CR021 report be prepared setting out both the amenity re-provision measures proposed should Option E be selected and, their evaluation impact on the earlier CR021 findings.
- 2.5 The effect of this would be to provide a report (this report) which develops an alternative version of Option E that includes amenity re-provision and considers its costs, benefits and relative ranking against the other unchanged options within the previous CR021 report.
- 2.6 It should be noted that for brevity and ease of reference, this report draws on tabular and other formats from the initial CR021 report and in this respect should be read alongside it

The Brief

- 2.7 The process of assessing the impact of adding amenity re-provision measures to Option E has resulted the following work being undertaken:
 - Desktop site appraisals to inform planning and design
 - Preparation of design proposals to verify the extent of park solutions where these can be achieved;
 - A cost appraisal of proposed solutions;
 - A review of the Benefits & Risks associated with the alternative Option E
 - A re-run of the economic model associated with the original Option E to establish the financial impact of adding amenity re-provision measures to this option.
- 2.8 Work to complete this review commenced in December 2015 following the issue of brief No CR024.

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The amenity re-provision measures considered within the alternative Option E

- 2.9 The Ministerial Oversight Group (MOG) and Project Board confirmed that, for the purposes of evaluation, the amenity re-provision measures to be considered at this point should be:
- The acquisition of Gas Place and development of proposals for its use as a public park
 - The development of proposals for the reuse of the Jersey General Hospital site as a mixed use park and residential area;
 - The potential refurbishment of St Helier House, in acknowledgment that this was identified by the Parish of St Helier as a possible compensation for loss of People's Park in addition to its financial value.

The review Process

- 2.10 The review has been completed by Gleeds as Lead Advisor using wherever possible the same resources and base material as was used to develop previous site appraisal reports.
- 2.11 Due to site sensitivity, much of the work has been based on pre-existing material so as to avoid the need for detailed site surveys.
- 2.12 The review process has been rigorous in its adoption of methodologies previously employed in the preparation of the previous CR021 site appraisal report. This has ensured comparability between the findings of CR021 and the findings of this report. In many cases both sets of data have been included to aid this comparison
- 2.13 The comparability referred to above has been extended to the costing process where, in pricing park solutions, costs and inflation base dates again reflect those used in CR021.

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3 Site Design – Parade Grounds Park

Site Appraisal

3.1 The Jersey General Hospital site extends to some 1.85 ha and is located within the heavily developed town centre. It is landlocked in that it is bounded on all four sides by major town centre roadways.

Jersey General Hospital
Location map



3.2 Beyond this it is flanked to the north, west and south by a mix of town-centre developments including retail, hotel and car-park buildings of up to six storeys in height. However, it has a reasonably good eastern aspect where despite being separated by The Parade it abuts Parade Gardens.

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- 3.3 The site contains a broad spectrum of buildings with some smaller elements of construction embedded within larger more period and in some cases listed buildings.
- 3.4 Of note within this is the Granite Block, which, together with an adjacent gatehouse structure, is protected under current States policies.
- 3.5 Many of the buildings include lower ground areas or basements with services areas also extending below ground.
- 3.6 The site is adjacent to a number of smaller properties, which if acquired, would increase the site area at key locations and, would present opportunities for improving site access. These properties are:
- 2 Edward Place – a Victorian terraced property that is currently subdivided into mixed commercial and residential use.
 - 4 Edward Place – This property is similar to 2 Edward Place above but slightly larger in scale. Collectively both properties occupy a corner site between Kensington Place and The Parade.
 - Stafford and Revere Hotels – These are two separate hotel blocks located on Kensington Place that collectively occupy a site area of 0.67Ha and form a corner site between Newgate Street and Kensington Place.

Context for the sites Redevelopment

- 3.7 Being located in the Built-Up Area there is clearly no planning presumption against future redevelopment of the site. However, the site currently remains zoned for hospital use.
- 3.8 The provision of open space within the Built-Up Area is also supported by Island Plan Policies.
- 3.9 Policy E1 - Protection of Employment Land would discourage the loss of sites that currently provide employment. However, given the relocation of the hospital to an alternative site that does not currently support employment it would be reasonable to argue equivalent compensation.
- 3.10 Aside from the above, the creation of a park at the Jersey General site would have a positive impact on the public realm and would assist with further pedestrianisation around Parade Gardens.

The Proposal for Parade Ground Park

- 3.11 Other than for the listed Granite Block and Peter Crill House, which is in good condition, all buildings on the site will be demolished to establish a level development site.

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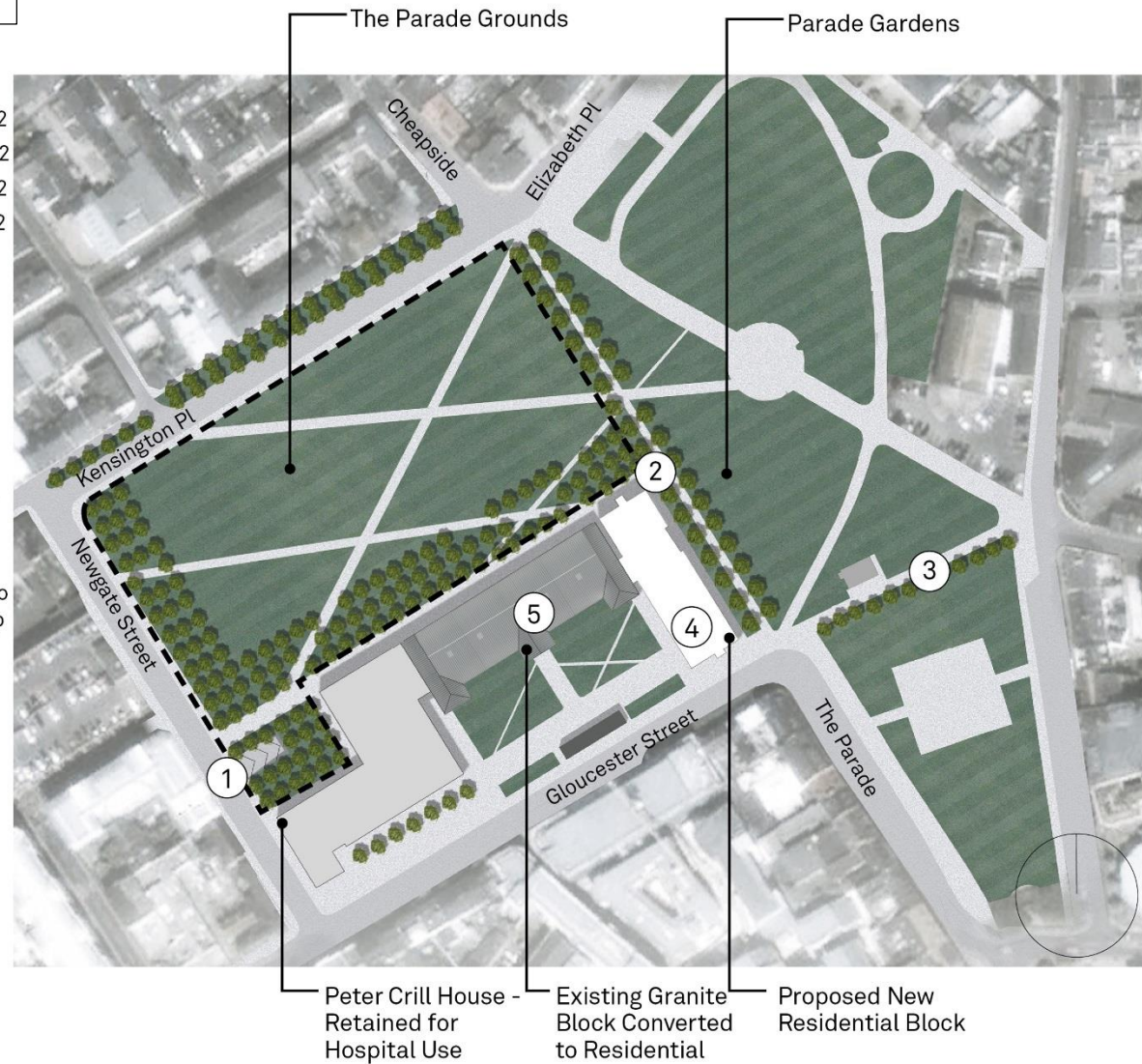
- 3.12 Specific properties on the boundary of the site identified above will also be acquired and demolished to enhance both the area of the site and to improve both access onto the site and traffic movement around it.
- 3.13 The development makes allowance for an area of park of some 16,000m² when combined with the closure of The Parade and adjoining provision of over 200 residential units (pro-rata from SOJDC Appraisal 2013).
- 3.14 The scale of the development will bring major improvements to the town centre public realm by allowing The Parade to be closed and for the new park to connect directly to Parade Gardens.
- 3.15 The closure of Gloucester Street adjacent to the Don Monument and the subsequent re-direction of traffic around adjacent existing roads will also help to develop continuity in the treatment of public realm.
- 3.16 This complex redevelopment can be summarised as including:
- Retention of Peter Crill House for its current use.
 - Sensitive refurbishment of the Granite Block and construction of a new wing adjacent to it to provide 200 residential units.
 - The provision of basement parking for residents accessed via the existing ramp and basement structure adjacent to Peter Crill House.
 - Closure of The Parade and integration of the new park with Parade Gardens.
 - Closure of Gloucester Street and other junction improvements to improve traffic flows.
 - Completion of general highway works to support the above.

Parade Grounds Park

Potential event space
(dashed zone) = approx. 13 000 m²
Kensington Place - approx. 400 m²
Parade Gardens - approx. 2800 m²
Gloucester Street - approx 700 m²

**Total Area of New Public
Open Space Gained =
approx. 16 900 m²**

- ① Access to basement parking
- ② Existing "Parade" to be stopped - up to allow continuation of park
- ③ Existing Gloucester St. adjacent to Don Monument to be stopped - up to allow continuation of park
- ④ New Residential Block
- ⑤ Existing Granite Block Converted To Residential Use



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Highways and access works

- 3.17 Being located within the town centre the Jersey General Hospital site benefits from well-developed access for all modes of transport.
- 3.18 Gloucester Street and The Parade have key pedestrian interfaces and routes into the town centre and the waterfront area. The site is well placed in relation to Liberation Bus Station, which functions as the main hub for all island-wide services. Bus stops are also currently available locally on The Parade and Gloucester Street.
- 3.19 The closure of The Parade to all modes of transport except pedestrians and cyclists is proposed to provide a connected amenity space between the new park and the existing Parade Gardens.
- 3.20 Local road improvements would be undertaken to support redirected traffic with Gloucester Street being modified to allow two-way traffic. Newgate Street would be extended to meet Kensington Place to replace the Parade traffic route forming a two lane route around the General Hospital site which meets Gloucester Street with dedicated left and right turns onto it.
- 3.21 Junction improvement works would be provided at the Newgate Street/Gloucester Street junction to allow for the safe movement of larger vehicles and also at the north and south ends of the closed Parade to allow larger vehicle turning.

Geotechnical issues

- 3.22 The extensive below ground infrastructure contains a range of engineering services, which would need to be removed prior to the development of the park. Below ground areas would prove useful in delivering below ground parking for the proposed residential blocks and would be reflected in the extent of demolition undertaken during their construction.
- 3.23 Some ground contamination is also likely given the historic use of the site and specific decontamination/ remediation measures will be required. The existing facilities offer good possibilities for the use of recycled aggregate particularly within the housing development.

Amenity re-provision achieved

- 3.24 With the demolitions and highway adjustments described above, this option has the potential to increase the amount of existing public amenity space in the Parade Gardens area by approximately 16, 800sq.m, offsetting the loss of some amenity space at People's Park.

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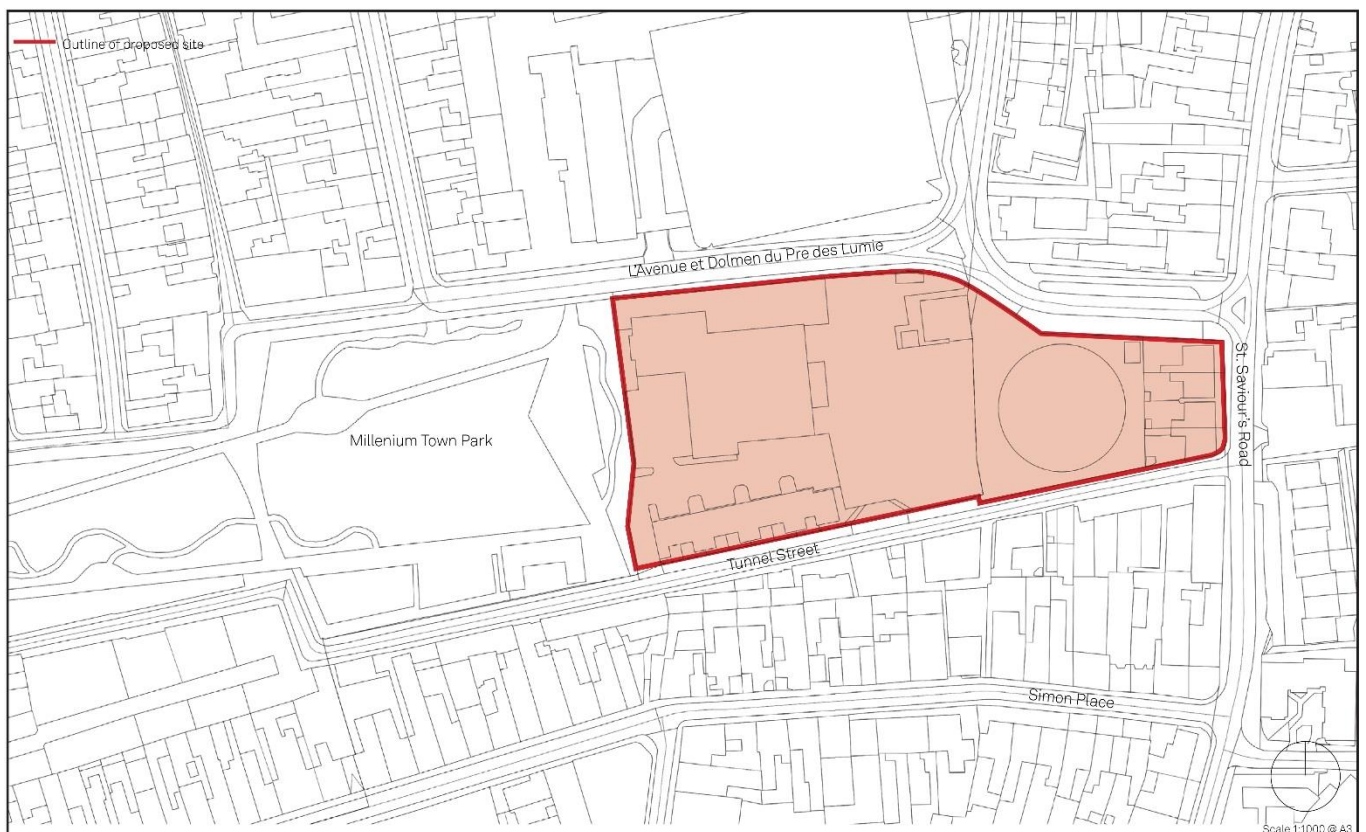
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4 Site Design – Gas Place Park

Site Appraisal of the current site

- 4.1 Located at the east of St Helier the proposed site is adjacent to the existing Millennium Town Park and currently houses disused Jersey Gas facilities.

Gas Place
Location Plan



- 4.2 The site extends from the eastern edge of Millennium Town Park to St. Saviours Road and once cleared would make available some 9,363 m² of level ground. The site is bounded to the north and south by the existing L'Avenue et Dolmen du Pre des Lumie and Tunnel Street.
- 4.3 The site contains a number of existing low grade buildings and a gasometer structure, which would require removal prior to any redevelopment. Given the site's previous use a degree of site

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remediation would likely be required to attend to elements of ground contamination and localised 'hot spots'.

- 4.4 The disused gasometer structure is a prominent landmark in this area of St Helier and is considered to have some merit in preserving a degree of architectural heritage within any park proposal.
- 4.5 The adjacent Millennium Town Park is a relatively new and well-kept public amenity and provides a strong backdrop for this site. Being principally a grassed area, the park extends east from Bath Street via two dominant diagonal pedestrian footpaths.
- 4.6 To the north of the park, along L'Avenue et Dolmen du Pre des Lumie, is a large public play area with a variety of play equipment and surfaces. The park contains interactive water features including a large water curtain, a petanque area, sculptures and a ball practice area.

Context for site redevelopment

- 4.7 It is understood that the site currently has residential planning consent for some 297 new residential units and associated car parking. To create the area required for this scale of development, currently consented proposals anticipate the removal of the existing residences on Tunnel Street and St. Saviours Road along with removal of the gasometer structure and associated buildings.
- 4.8 It is further understood however that the current residential consent is subject to an outstanding third party planning appeal.
- 4.9 The site is located in the Built-Up Area of St Helier in which there is no presumption against development. The area is also designated as a Safety Zone for Hazardous Installations (SZHI) in the Revised 2014 Island Plan.
- 4.10 It is considered that Policy SC05 – Provision and enhancement of open space, of the Island Plan will be applicable should a park solution be proposed and would along with other housing policies influence any future planning consent

The proposal for Gas Place Park

- 4.11 Given the backdrop of Millennium Town Park, the site would be redeveloped sympathetically to create a natural extension to it. The design at the interface between the two locations would be complementary allowing for a gradual change in landscaping into the new site.

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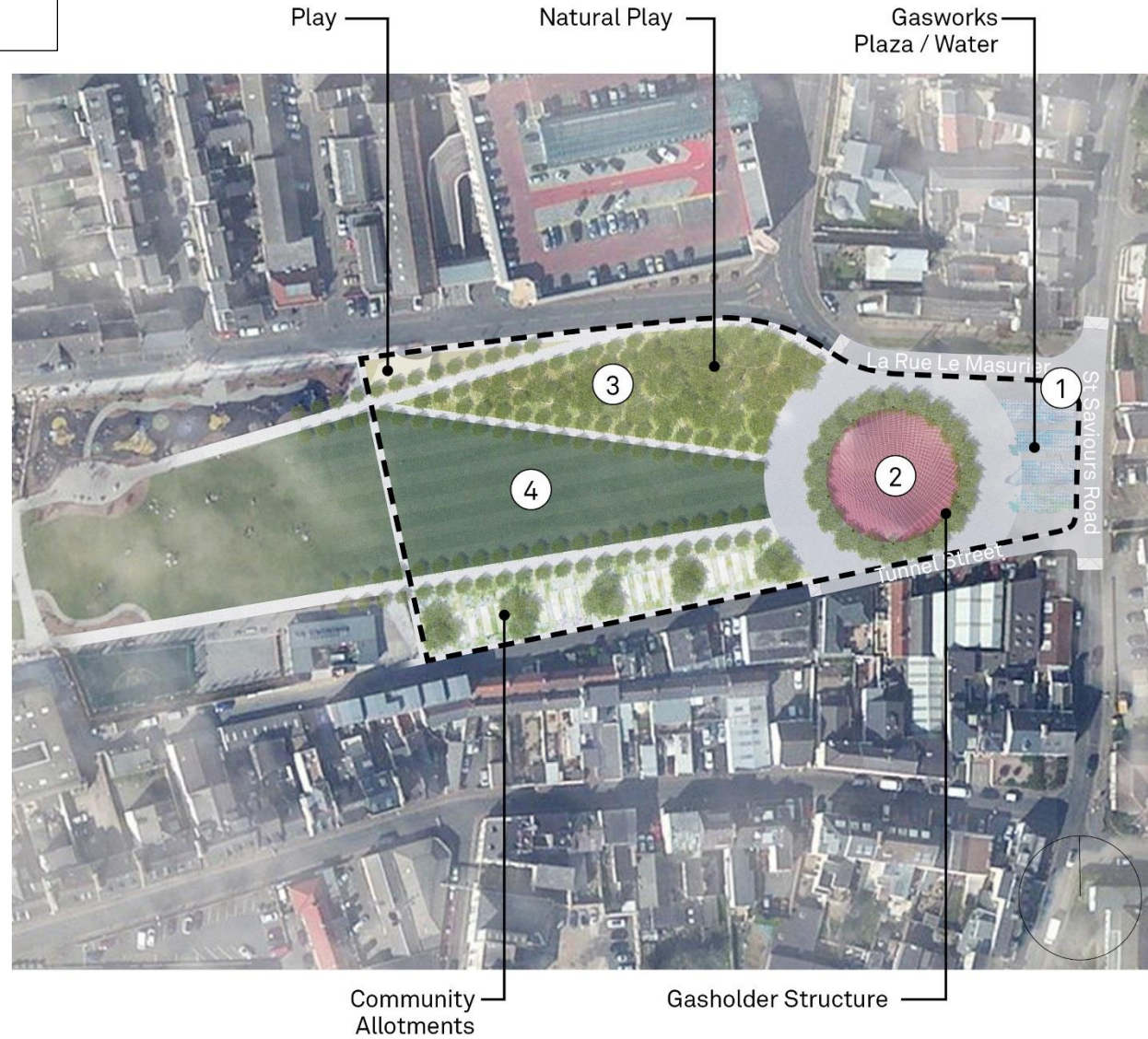
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- 4.12 It has been assumed for the purposes of the addendum that the following scope would be developed at Gas Place. This would of course, be subject to much further feasibility consideration, public consultation and planning application
- 4.13 The skeletal structure of the existing gasometer could be retained and after refurbishment could be reused in creating a bespoke flexible amenity space suitable space for events/open-play. This facility and specific amenity area of the new park would be further defined by radial arcs of semi-mature trees and other planting.
- 4.14 The strong path structures within Millennium Town Park could continue to feature in the new park space with the two main diagonal footpaths in Millennium Town park being extended eastward toward the new gasometer structure. Between each main path a large area of open lawn is proposed, providing the main gathering space for functions and events.
- 4.15 Public community use space could be developed on either side of this 'event lawn' to include a screened community allotment to the south along Tunnel Street and community woodland to the north.
- 4.16 Further play space could also be provided adjacent to the existing play area for Millennium Town Park.
- 4.17 The public realm to the east of the new gasometer structure along St. Saviours Road could be enhanced through the creation of 'Gasworks Plaza'. This would be a hard-surfaced space incorporating an area of interactive water play complimenting the existing feature to the west of Millennium Town Park.
- 4.18 Safety within this Plaza area could be enhanced by traffic calming measures in the streets around the western end of the park and the formation of a traffic calmed shared use zone based on raised tables, shared surfaces and paving features that prioritise this space as a pedestrianised zone.
- 4.19 Consistent with the approach at Millennium Town Park there is no parking provision within this proposal.

Gas Place Park

Total Area =
approx. 9310 m2

- ① Raised Table Traffic Calming
- ② Play
- ③ Community Woodland / Gardens
- ④ Event Lawn



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Highways and access Issues

- 4.20 The site is located within St Helier and supported by an established local road network which provides highways and bus access. The local St Saviour's Road is part of the local ring road network.
- 4.21 The existing highway network provides adequate capacity for day-to-day demand associated with an amenity park but parking in the area is limited and well utilised during weekdays. Future proposed closures/redevelopment in the area may reduce the parking provision further.
- 4.22 The site is considered to be well served by cycle routes from the north and west.
- 4.23 During the hosting of major events, event management strategies may be required to prevent pedestrian and road traffic conflict. These would include an ability to temporarily park on site during specific events and the provision of special bus services from and around the town as required;
- 4.24 The location offers scope for traffic calming in support of pedestrians. The creation of a shared space environment across Tunnel Street and across the east-west section of L'Avenue et Dolmen du Pre des Lumineres from the junction with St Saviour's Road would be helpful in achieving this
- 4.25 Roadways also offer good scope for raised tables again as a means of reducing vehicular speeds and cycle parking facilities and provision of bus stop improvements/areas for temporary bus stands/coach parking/Park and Ride stops will also prove useful in improving access.

Geotechnical Issues

- 4.26 Environmental Impact Assessments undertaken within previous planning applications suggest that significant land remediation work has been undertaken through earlier works. However, a significant number of commercial buildings and structures remain which together with the sites previous use suggests that further remediation will be required.
- 4.27 There is neither indication of below ground structures nor evidence to suggest any difficulty in undertaking ground works. It may be necessary to import landscape materials if insufficient topsoil is available on island.

Amenity re-provision Achieved

- 4.28 The amount of public open space compensated through development of this new park is 9,310sq.m.
- 4.29 The proposal will also increase both the extent and range of public amenities and facilities in this part of St Helier and, when combined with the adjoining Millennium Town Park, will allow an increased range of events to be accommodated than was previously the case.

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5 Cost Appraisal

- 5.1 Consistent with UK Treasury business case guidance, the cost of all mitigation / re-provision measures must be included within the overall cost of the option(s) to which they relate. In this respect the capital cost of all amenity re-provision measures within this report have been added to the capital cost of delivering Option E as set out in CR021 Appendix 15 – Capital cost pricing.
- 5.2 To maintain price consistency and to aid evaluation, all amenity re-provision proposals have been priced on the same basis as the principle options contained in CR021. This includes:
- The estimating methodology employed;
 - The approach to accounting for inflation, location factor, risk and Optimism Bias; and
 - The use of CR021 pricing base date for inflation.
- 5.3 A full explanation of the project's capital pricing methodology can be found in Part A of the main CR021 report.

Capital Works costs

The overall capital works cost for the additional amenity re-provision included in the alternative Option E is set out below:

Capital Works elements	Cost £000
Gas Place Park	5,951
Parade Gardens Park	11,427
Total	17,378

Table 2: Capital works cost for amenity re-provision

- 5.4 The scale and timing of the Park works suggest that they are unlikely to be delivered by the main hospital construction contractor. Consistent with the treatment of other similar costs in CR021, Parks works costs have therefore been included within the HPCG pricing model as 'non-works costs'.
- 5.5 The detailed impact of this on the CR021 Option E works cost breakdown is summarised in the table below and reflects our best understanding of capital works at this time. However, being based on high level strategic design only further cost movements may be required subsequent to detailed design and the completion of physical site surveys.

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Cost element	Cost £000			
	Option E	Gas Place Park	Parade Grounds Park	Total £000
Works Costs*	219,501	4,107	5,288	228,896
Fees	30,730	439	843	32,012
Off-site highways improvements	1,736	281	3,137	5,154
Other non-works costs	6,298	47	91	6,436
Equipment	21,343	-	-	21,343
Contingency & optimism Bias	61,793	1,077	2,068	64,938
Inflation	85,432	-	-	85,432
Inflation on parks contingency	-	-	-	796
Total	426,833	5,951	11,427	445,007

Table 3: Impact on Option E cost breakdown

Site Acquisition Costs and other capital provisions

- 5.6 Site acquisition costs and other capital provisions are included separately within the options Generic Economic Model [GEM] and, along with the above works costs, are reflected in the overall Net Present Value (NPV) of the option.
- 5.7 All site acquisition costs have been proposed by BNP Paribas and are summarised in the valuation reports included in Appendix 20. These reflect their professional opinion of open market values and take into account the proposals for site remediation at each location.
- 5.8 The following acquisition costs have been included within the GEM model for this Option:

	Valuation £	Status	Source
People's Park	Commercially sensitive	Capital expenditure	BNP Valuation
Gas Place park	Commercially sensitive	Capital expenditure	BNP valuation before remediation works
Parade Gardens Park	Commercially sensitive	Reduced asset value	BNP Valuation
2 Edward Place	Commercially sensitive	Capital expenditure	BNP Valuation prepared for and included in CR021
4 Edward Place	Commercially sensitive	Capital expenditure	BNP Valuation prepared for and included in CR021

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Stafford & Revere Hotels	Commercially sensitive	Capital expenditure	BNP Valuation prepared for and included in CR021
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Table 4: Acquisition costs

- 5.9 An additional capital provision of [Commercially sensitive] has been included based on an initial assessment of the refurbishment cost of St Helier House. This provides some contingency and a balancing provision to support the outcome of any acquisition negotiation.

Sensitivity Analysis

- 5.10 An additional sensitivity test has been added to the financial appraisal to allow for general cost movement such as that associated with unforeseen site contamination or movement in the negotiated acquisition costs. This has been modelled as a test of the effect of increasing the Gas Place acquisition cost to [Commercially sensitive]

Key Assumptions

- 5.11 The following key assumptions have been made in evaluating the cost impact of introducing amenity re-provision measures to the alternative Option E:
- That the revenue costs of operating the new hospital remain as stated in CR021 as they have not been reassessed within this study
 - Cashflow projections for CR021 Option E remain valid as all parks works expenditure will be incurred within the year that they have been forecast.
 - There are no programme implications on the CR021 Option E Delivery programme¹ given that work to both parks occur before (Gas Place Park 2017) and after (Parade Grounds Park 2025) completion of the new hospital construction.
 - The Parade Gardens Park site residential scheme has been based on a pro-rata reduction of the SOJDC cost Appraisal² used to develop housing receipts within CR021.

¹ Actual programme timescales would run from the timing of a formal site selection decision.

² SOJDC Site Alternative Use Appraisal 13.09.12 includes the cost of site demolition works and has been reflected fully in the pro rata reduced housing scheme at Parade Gardens Park.

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6 Findings and Conclusions

General

- 6.1 The site analysis and high level planning completed to date indicates that both Gas Place and the released Jersey General Hospital site are capable of delivering high quality, multi-amenity park solutions.
- 6.2 The retention of a reduced housing scheme adjacent to Parade Grounds Park is helpful in re-utilising the listed Granite block and in balancing the building forms retained on that aspect of the site.
- 6.3 In spatial terms the following has been achieved:

	Lower level area m ²	Upper terraced area m ²	Total site greenspace m ²
People's Park	14,176	8,934	22,570
Gas Place Park			9,310
Parade Grounds Park			16,900
		Net gain / Loss	+4,330

Table 5: Green space areas

Benefits and risks

- 6.4 To fully consider the effect of amenity re-provision on Option E, the benefits and risks attributed to the CR021 option were revisited by the CR021 Benefits / Risks Review Group.
- 6.5 The review process followed the same methodology as had previously been assured by EY in CR021 and the results noted in an update of the Benefits / Risks model attached as Appendix 22.
- 6.6 This process resulted in minor changes to the risk and benefits scores reflecting the review group's opinion of residual planning risk.
- 6.7 The results expressed as both 'raw' and 'weighted' scores are set out below.

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	CR021 Option A	CR021 Option B	CR021 Option C	CR021 Option D	CR021 Option E	Alternative Option E
Raw Benefits score	49	63	79	106	117	116
Weighted Benefits score	1.69	2.30	2.76	3.77	4.20	4.19
Raw Risk score	237	207	203	94	114	118
Weighted Risk score	9.94	8.68	8.24	3.06	3.58	3.62
Option Ranking						
By weighted Benefits	5	4	3	2	1	1
By Weighted Risk	5	4	3	1	2	2
Differential over 'the base case'						
Benefits differential	-	26.48%	38.82%	55.22%	59.74%	59.68%
Risk differential	-	-14.5%	-20.6%	-225.1%	-177.2%	-174.8%

Table 6: Benefits and Risk Analysis

- 6.8 From the above it can be seen that the addition of amenity re-provision proposals to Option E results in only a minor change in scoring and has no material impact upon the previous report's findings.
- 6.9 A 100% New Build at the People's Park continues to offer the greatest level of benefit whilst Option D at the Waterfront presents the lowest level of project risk.
- 6.10 It is also clear from the differentials that the outcome of the CR021 report remains unchanged with a significant change in weighted benefit or risk scores being required to change this outcome.

Capital Costs

- 6.11 Given that the amenity re-provision proposals associated with this option involve both works and site acquisition costs the overall capital requirement has increased to the point where option B now offers the lowest capital cost.

Capital Cost [£m]					
CR021 Option A	CR021 Option B	CR021 Option C	CR021 Option D	CR021 Option E	Alternative Option E
503.8	445.5	628.7	470.5	326.8	464.1

Table 7: Capital cost for all options

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Net Present Value (NPV) findings

6.12 The EY assured methodology described in CR021 Appendix 15 - Costing Methodology has again been applied to the costing of the alternative Option E proposal. The result are expressed as its Net Present Value reflects the same financial elements included for all options with CR021 being:

- Acquisition and disposal costs based on BNP Paribas Valuations;
- Housing development receipts based on previous SOJDC cost appraisals;
- Capital costs of all construction and delivery works;
- Lifecycle cost for the hospital only set over a defined 60-year hospital depreciation period; and
- A forecast of all hospital only operational costs.

6.13 The findings set out below indicate that the inclusion of amenity re-provision costs within the previous Option E – Peoples Park increases its NPV to a point where Option B – Overdale offers the lowest overall cost

NPV [£m]					
CR021 Option A	CR021 Option B	CR021 Option C	CR021 Option D	CR021 Option E	Alternative Option E
4,092	3,971	4,054	4,002	3,938	3,981

Table 8: NPV for all options

Value for Money Assessment

6.14 The change outlined above in both Net Present Value and Benefits and Risks indicate the following changes in VFM assessment:

	CR021 Option A	CR021 Option B	CR021 Option C	CR021 Option D	CR021 Option E	Alternative Option E
Option NPV (£m)	4,092	3,971	4,054	4,002	3,938	3,981
NPV per weighted benefit point (£m)	2,421.4	1,727.4	1,467.4	1,060.4	938.3	949.9
Ranking	5	4	3	2	1	1

Table 9: Value for money assessment

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6.15 From the above it can be seen that the alternative Option E continues to offer the lowest cost for each benefit point delivered when compared with all other options.

6.16 It is also clear that a significant margin remains between the alternative Option E and all other options suggesting that a significant change would be required to amend this ranking.

Switching point Analysis

6.17 Switching Point Analysis provides a useful means of determining the extent to which findings are sensitive to changes. The addition of the amenity re-provision costs into the results of the CR021 analysis yields the following:

	CR021 Option A	CR021 Option B	CR021 Option C	CR021 Option D	Alternative Options E
NPV Switching Point					
Option Net Present Value [NPV £m]	4,092	3,971	4,054	4,002	3,981
% Reduction required for other options to be best	2.96%	-	2.05%	0.78%	0.27%
Weighted benefit Switching point					
Weighted Benefits score	1.69	2.30	2.76	3.77	4.19
% Increase required for other options to be best	148.54%	82.72%	52.05%	11.29%	-
Weighted risk Switching point					
Weighted Risk score	9.94	8.68	8.24	3.06	3.62
% Reduction required for other options to be best	-69.30%	-64.85%	-62.97%	-	-15.65%
NPV reduction required to switch based on NPV/weighted Benefit					
NPV/Weighted Benefit Point	2,421.4	1,727.4	1,467.4	1,060.4	949.88
% NPV Reduction for other options to be best	60.8%	45.0%	35.3%	10.4%	-

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Benefit increase required to switch based on NPV/weighted Benefit					
NPV/Weighted Benefit Point	2,421.4	1,727.4	1,467.4	1,060.4	949.88
% Benefit increase for other options to be best	254.9%	181.9%	154.5%	111.6%	-

Table 10: Switching Point Analysis

- 6.18 It is clear that the addition of amenity re-provision measures to Option E has increased its Net Present Value (NPV) to a point where Option B 100% New Build at Overdale becomes the best performing option.
- 6.19 However, even at this point the alternative Option E remains within 0.27% of Option B
- 6.20 In weighted benefit terms, the alternative Option E remains the strongest performing over 11.29% better than the next nearest Option D.
- 6.21 Option D continues to present the least risk with the next nearest being the alternative Option E which has deteriorated slightly due to the evaluation group's view of current planning risk.
- 6.22 It worth noting that planning risk rather than health risk accounts for a considerable proportion of the Option E risk score.
- 6.23 Lastly, in terms of NPV/Benefit Point, the alternative Option E continues to perform better than all other options and would require a 10.4% reduction in the NPV of its nearest rival Option D to bring about a change. However, this must be considered in tandem with consideration of the evaluated risks of this option.

Sensitivity Analysis

- 6.24 The CR021 Sensitivity analysis has been updated based on alternative Option E costs and yields the following results:

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Considered Sensitivities		Cumulative Sensitivity Effect					
		Option A	Option B	Option C	Option D	Alternative Option E	Alternative Option E Still Best performing?
NPV		4,092	3,971	4,054	4,002	3,981	No
NPV / weighted benefit point		2,421.4	1,727.4	1,467.4	1,060.4	949.9	Yes
New Sensitivity 0 Gas Place Acquisition increase from [Commercially Sensitive]	NPV	--	--	--	--	3,987	No
	NPV / weighted benefit point	--	--	--	--	951	Yes
Sensitivity 1 Loss of income from the Jersey Finance Centre	NPV	--	--	--	4,134	--	No
	NPV / weighted benefit point	--	--	--	1,095	--	Yes
Sensitivity 2 Option C, D & E - reduction in Overdale receipts - affordable housing replacing prime	NPV	--	--	4,059	4,007	3,987	No
	NPV / weighted benefit point	--	--	1,469	1,062	951	Yes
Sensitivity 3 Option B, D & E - reduction in Jersey General receipts - affordable housing replacing prime	NPV	--	3,979	--	4,005	3,984	No
	NPV / weighted benefit point	--	1,731	--	1,061	950	Yes
Sensitivity 4 Option B, C, D & E - reduction in Jersey General & Overdale receipts - affordable housing replacing prime	NPV	--	3,979	4,059	4,010	3,989	No
	NPV / weighted benefit point	--	1,731	1,469	1,063	952	Yes
Sensitivity 5 Option D - lost Tax Receipts and GVA should finance centre not proceed	NPV	--	--	--	5,209	--	No
	NPV / weighted benefit point	--	--	--	1,380	--	Yes

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Considered Sensitivities		Cumulative Sensitivity Effect					
		Option A	Option B	Option C	Option D	Alternative Option E	Alternative Option E Still Best performing?
Sensitivity 6 Option D & E – Increased Car Parking -from 140 to 540 Spaces	NPV	--	--	--	4,010	3,988	No
	NPV / weighted benefit point	--	--	--	1,063	952	Yes
Sensitivity 7 Option D & E - 1-year programme delay	Capital cost increase				+11.8	+10.8	
	NPV	--	--	--	4,013	3,991	No
	NPV / weighted benefit point	--	--	--	1,063	952	Yes
Sensitivity 8 Option D & E - 2-year programme delay	Capital cost increase				+23.7	+21.5	
	NPV	--	--	--	4,024	4,001	No
	NPV / weighted benefit point	--	--	--	1,066	955	Yes
Sensitivity 9 Option A - E - worst case scenario – all of the above	NPV	--	3,979	4,059	5,247	4,022	No
	NPV / weighted benefit point	--	1,731	1,469	1,390	960	Yes

Table 11: Sensitivity Analysis

6.25 As will be seen from the above, the alternative Option E remains in all cases the best performing option by a significant margin in terms of the NPV cost of each delivered benefit point (NPV/Benefit point).

Conclusion and Recommendations

- In greenspace terms, the combined parks at Gas Place and the Jersey General site will result in a net increase of over 4,330m² above that currently available at People's Park.
- The benefits and risks associated with the alternative Option E have marginally deteriorated, due mainly to the evaluation team's opinion on the associated planning risk. However, this is not material in changing the NPV/benefit point rankings or in any of the sensitivity and switching point outcomes.

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- The alternative Option E continues to rank as the best performing site in weighted benefits performing some 11.29% better than the next nearest Option D Waterfront.
- Option D continues to present the least risk performing 15.65% better than the next nearest being the alternative Option E.
- In NPV terms the inclusion of amenity re-provision works within Option E has resulted in an increase in its NPV to a point where Option B Overdale is now the best performing option.
- In VFM NPV/Benefit point terms, alternative Option E continues to perform better than all other options and would require a 10.4% reduction in the NPV of its nearest rival Option D to bring about a change.
- The VFM NPV/benefit point score for alternative Option E is resilient and is not sensitive to any of the proposed tests applied.

6.26 As a result of the above, and other than in NPV terms, the alternative Option E remains the best performing option and the recommendations set out in CR021 remain valid.

7 Appendices Schedule

7.1 The appendices provided with CR021 remain valid and the following updates are included to reflect additional work completed in reflecting the inclusion of amenity re-provision within an alternative Option E proposal

No.	Content
3	Site Boundary ‘Red Line’ Plans – relating to the proposed new amenity sites
4	Site Appraisal Plans – Annotated Aerial plans for the proposed new amenity sites
5	Local infrastructure / transport assessment – Local Infrastructure / transport assessments - Parks
7	Town Planning Assessment – proposed new amenity sites only
11	Proposed Site Massing Proposals – site block plans of each Park proposal
15	Capital cost Pricing - Methodology and price book for the proposed new amenity sites including cashflow, On-costs non-works costs
19	Investment Summary – GEM model pricing summary for each site
20	Site Valuations – Additional site valuation advice received from BNP Paribas
22	Benefits and Risk Analysis – Process and Evaluation outcomes based on proposed park developments
32	Discounted variants – setting out variants explored and discounted

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Glossary of Terms

ADB	Activity Data Base Sheets
All-in TPI	All-in Tender Price Index published by BCIS
ASS	Acute Services Strategy
BCIS	Building Cost Information Service of the RICS
BIM	Building Information Modelling
BQ	Bill of Quantities
BRE	Building Research Establishment
BREEAM	Building Research Establishment Environmental Assessment Model
Brief	Feasibility Site Option Appraisal Brief 'FH – 1.6 – Change Order 004 – Variation to Options Appraisal – 20141230'
Capex	Capital expenditure(s)
CDM	Construction Design & Management Regulations 2007
CDU	Clinical Decision Unit
CO004	Change Order 4 – Review of four site options, report presented April 2015
CO018	Change Order 18 – Long list review of additional park sites, report presented August 2015
CO021	Change Order 21 – Review of five site options, including Option E People's Park
COM	The Council of Ministers of the States of Jersey
Contracting Authority	The States of Jersey
CPI	Consumer Price Index
CR004	Change Request 4 - See CO004
CR018	Change Request 18 - See CO018
CR021	Change Request 21 - See CO021
DCAG	Departmental Cost Allowance Guide. Previously published by the UK Department of Health, now superseded by HPCGs.
Department for Infrastructure	Prior to January 2016 formerly TTS, Transport and Technical Services Department of the States of Jersey
DOH	UK Government Department of Health
EAU	Emergency Assessment Unit
EPI	Equipment Price Index
EY	The Contracting Authority's Financial Advisor

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FAE	Functional Area Estimate
FBC	Full Business Case
Financial Advisor	One part of the ICA Team
Financial Direction	The directions issued by the Treasurer of the States of Jersey
GBCI	General Building Cost Index published by the BCIS
GEM	Generic Economic Modelling
GIFA	Gross Internal Floor Area
GMS	Gleeds Management Services
HBN	Health Building Note
HPCG	Healthcare Premises Cost Guide
HSSD	The Health and Social Services Department of the States of Jersey
HTM	Health Technical Memorandum
ICA	The team of Independent Client Advisors
ICT	Information and Communication Technology
IPT	The team comprising of the Client Team, ICA Team and Supply Team
ITT	The Invitation to Tender Document
JFH	Jersey Future Hospital
JGH	Jersey General Hospital
JIFC	Jersey International Finance Centre
KPIs	Key Performance Indicators
LCC	Life Cycle Cost
Legal Advisor	The legal entity that enters into the Contract with the Contracting Authority to provide the legal and commercial advisory and consultancy services. One part of the ICA Team.
LOD	The Law Officer's Department of the States of Jersey
LPA	Local Planning Authority
MEAT	Most Economically Advantageous Tender
MEP	Mechanical, Electrical & Public Health Engineering Services
MIPS	Median Index Pricing Study
MOG	The Ministerial Oversight Group of the States of Jersey
NPV	Net present value
OBC	Outline Business Case
ONS	United Kingdom Office for National Statistics

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OPD	Outpatients Department
Opex	Operating expenditure
Optimism Bias	Empirically determined adjustment to redress the tendency toward overly optimistic project appraisal
Procurement	The process of obtaining a tender
Project	The Future Hospital Project
Project Board	The Board of the Project, assembled quorate
Project Director	The sponsor of the project, who reports to the Chairperson of the Project Board
Project Team	Those operational staff assembled by the Contracting Authority to manage the delivery of the Project
PUBSEC	Public Sector Tender Price Index published by the BCIS
QA	Quality Assurance
QRA	Quantified Risk Analysis
Refined Concept	The Dual Site refined concept Addendum to the Strategic Outline Case, as prepared by WS Atkins October 2013
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
RPIJ	Retail Price Index Jevons
Supply-Chain Procurement Strategy	The procurement strategy developed by the Contracting Authority (with support from the ICA Team)
SMART	Specific Measurable Achievable Realistic Time Related
SMEs	Small & Medium Enterprises
SOC	Strategic Outline Case, as prepared by WS Atkins May 2013
SOJ	States of Jersey
SOJDC	States of Jersey Development Company
SOJTES	States of Jersey Technical and Environmental Services
SRO	Senior Responsible Owner (the Treasurer of the States of Jersey)
Stakeholders	The organisations or departments of the Contracting Authority that have an interest in the successful delivery of the Services
States Assembly	The elected officials of the States Assembly
States Member	A member of the States Assembly
Strategic Brief	The strategic brief of the project, as contained in the Services Information
Technical Advisor	The Consultant