JERSEY FUTURE HOSPITAL

CO004 – SITE OPTION REPORT

APPENDIX 1 Brief

QUALITY ASSURANCE

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Summary

The Ministerial Oversight Group at its meeting of the 17th September 2014 considered the outcome of the Health Social Services and Housing Scrutiny Panel's (HSSSH) Review of the Transformation of Health Services (SR.10 /2014) and recommended that a study be undertaken to confirm the preferred option for Feasibility Study consideration. The Ministerial Oversight Group at its meeting of the 17th December 2014 discussed the site options and recommended consideration of 4 options.

The Lead Advisor is asked to respond to this Brief by preparing a Change Order for consideration by the Future Hospital Project Board.

Background

The Strategic Outline Case Addendum (WS Atkins International plc. October 2013) set out the Refined Concept Dual Site Option, which involved the development of a new build Ambulatory Care Centre at the current Overdale Hospital site and a combination of new build and refurbished Acute In Patient services at the current General Hospital site in St Helier.

The HSSH Scrutiny Panel review of Health Transformation (SR.10/2014) recommended that:

> 12. *The Council of Ministers should lodge a proposition prior to the lodging of the Medium Term Financial Plan 2016 - 2019 to ask the States Assembly to decide on the site for the future hospital in order for a formal decision to be made on this issue.*

Ministers have accepted this Recommendation with the comment:

> *Ministers consider that in view of the scale of the project, a stand-alone Report and Proposition on the Future Hospital is in the best interests of transparent and open Government.*

Brief

The Future Hospital Project Board, at special meetings attended by the Chief Executive Officer of the States of Jersey on 24th September and 22nd October 2014, determined that a Site Validation Exercise should be undertaken with the outcome being reported to the States in response to Recommendation 12 of SR.10/2014.

The Project Board determined that the Review should include a review of the Dual Site concept against two Alternative Options developed on the same basis, one being a "Single Site" Option on the current General Hospital site and the second being a New-build Option on the best performing alternative site arising during the Pre-feasibility, this site being the 14C "Waterfront" Site Option. In addition, the Project Board recommended that for the purposes of completeness, a whole new build hospital on the current General Hospital site should also be evaluated.

Subsequently, the Chief Executive of the States and Chief Officers considered that three of the four proposed options would not be deliverable in an acceptable time frame and would result in an unacceptable level of disruption to the operational General Hospital. Instead, the Chief Executive and Chief Officers proposed that 100% new build options at Overdale Hospital and on adjacent land to the current General Hospital should be considered further. Ministers of the Ministerial Oversight Group reviewed Officer recommendations on 17th December 2014 and agreed that the Dual Site Option should be retained as a benchmark of the minimum investment necessary to achieve acceptable benefits in safety, sustainability and affordability – i.e. the "Do Minimum".

Good practice business case guidance suggests a "Do Nothing" option should always be developed as a comparator but the Special Board meeting considered that in approving P.82/2012 the States had ruled out consideration of "do nothing" options.

The table below summarises the options to be developed:

Option	Budget	Spatial standard	New build element
A. **Dual Site (Existing General Hospital and Overdale) – New Build and Refurbishment Option**	Capital: circa £297 Million. Revenue: Base Acute Service Planning Budget base with interventions determined from any specific costs of Dual Site operation.	85% of UK NHS Health Building Notes as a target wherever safe and sustainable to do so.	To be confirmed during optimisation of the Design but as per SOC Addendum would consist of a combination of new build refurbishment and existing use.
B. **Overdale Hospital Site and adjacent property – 100% New Build Option**	Capital: To be determined by Design. Revenue: Base Acute Service Planning Budget base with interventions determined from any specific costs of single site operation.	85% of UK NHS Health Building Notes as a target wherever safe and sustainable to do so.	To be confirmed during the optimisation of the Design and so could be 100% new build or new build refurbishment and existing use.
C. **Existing General Hospital Site and adjacent property – 100% New Build Option**	Capital: To be determined by Design. Revenue: Base Acute Service Planning Budget base with interventions determined from any specific costs of single site operation.	85% of UK NHS Health Building Notes as a target wherever safe and sustainable to do so.	To be confirmed during the optimisation of the Design and so could be 100% new build or new build refurbishment and existing use.
D. **Waterfront Site (14C Zephyrus,**	Capital: To be determined by Design.	85% of UK NHS Health Building Notes as a target wherever safe	100% New Build.

Crosslands and Jardins de la Mer) – 100% New Build Option .	Revenue: Base Acute Service Planning Budget base with interventions determined from any specific costs of dual site operation.	and sustainable to do so.	

A draft "R" Report will be prepared by the Project Board that will set out the following requirements in relation to the Site Options appraisal:

i. **Dual Site (Existing General Hospital and Overdale) – New Build and Refurbishment Option.**
A "Dual Site" Option contained within the £297 million budget associated with the Funding Strategy approved by the States Assembly in P.122/2013. This option will be consistent with the Refined Concept agreed by the Council of Ministers developed at pre-feasibility stage (and set out in the WS Atkins Strategic Outline Case Addendum). It will assume that a "dual site" is developed, separating ambulatory care at Overdale and emergency and in patient care at the existing General Hospital and will employ the 85% of UK NHS Health Business Notes spatial standard proposed in the Strategic Outline Case Addendum where safe to do so. This option will assume a combination of new build and refurbishment is necessary where this is safe and sustainable as set out within the Refined Concept. A difference to the Refined Concept will be that the costs of any subsequent refurbishment required during the life cycle of the new build elements will be included to assess a true whole life cost comparison with other options.

ii. **Existing Overdale Hospital Site and adjacent land – 100% New Build or New Build and Refurbishment Option.**
A "Single Site" option either 100% new build or a combination of new build and refurbishment of existing Health and Social Service buildings at Overdale. This option will assume a consistent spatial standard as that within Option ii above, i.e. 85% of UK NHS Health Business Notes spatial standard proposed in the Strategic Outline Case Addendum where safe to do so. However, the option will propose that all development occurs on the existing Overdale Hospital site including any site acquisitions necessary to do so. This option will assume a combination of new build and refurbishment is necessary where this is optimal and safe and sustainable. A difference to the Refined Concept will be that the costs of any subsequent refurbishment required during the life cycle of the new build elements will be included to assess a true whole life cost comparison with other options.

iii. **Existing General Hospital Site and adjacent land – 100% New Build Option.**
Single Site option A "Single Site" 100% new build option developed on the existing General Hospital site and such adjacent land that would enable an optimal site configuration to be developed. This option will assume a consistent spatial standard as that within Options i and ii above. However, this option will assume that all development occurs on the existing General Hospital site and adjacent land including

any site acquisitions necessary to do so. This option will assume a complete new build hospital or a combination of new build and refurbishment is developed.

iv. Waterfront Site – 100% New Build Option.
A "Single Site" 100% new build option developed on the best performing alternative site – this being the Waterfront site option encompassing the development of Crosslands, Westwater and Jardins de La Mer Waterfront plots (on the south side of La Route De La Liberation). This option will assume a consistent spatial standard as that within Options i, ii and iii above. However, this option will assume that all development occurs on currently vacant Waterfront plots including the site acquisitions necessary to do so. This option will assume a complete new build hospital is developed.

4.5 For the purposes of completeness, all site options considered during the pre-feasibility spatial assessment will be re-reviewed to check that the introduction of a reduced spatial standard under the "like for like" analysis does not alter the reasoning under which these options were removed from further consideration.

4.6 The basis for assessing benefits, risks and costs to be undertaken during the site Assessment is set out in **Appendix 1** to this Report. The accommodation schedule employed to develop the options will be informed by the latest Acute Service Planning service and activity data generated during the Feasibility Study. This will inform both the capital accommodation required and also the revenue implications of service operation.

4.7 All options will retain the Westmount Centre at Overdale as this building is considered fit for purpose as a rehabilitation centre with minor investment, However, Pain and Diabetes clinics, currently located at Overdale due to restrictions on space within the current General Hospital, will be relocated under all of the options to co-locate with out-patient clinics within new build or refurbished accommodation wherever this is located under the option concerned.

4.8 A comparison to revenue assumptions contained within the Long Term Revenue Plan will be undertaken. EY LLP (formerly Ernst and Young), who have been retained as independent financial advisors, will undertake an assurance review of the options appraisal to review that the work has been undertaken on a fair and consistent basis, is numerically accurate and consistent with best practice. In this way, Ministers believe that all potentially viable remaining single site options will have been fully and robustly tested.

4.9 In accepting Recommendation 12 of SR.10/2014, Ministers set a target for lodging of the Options Appraisal outcome of by the end of Quarter 2, 2015. Therefore the options appraisal must be completed within 12 weeks of the start of 2015.

The Options Appraisal will involve the development of four site Design Concepts for the alternative Site Options identified above and then evaluating these as part of the Options Appraisal Deliverable within the Feasibility Study to identify the Preferred Option to be progressed during the Feasibility

Study and to propose this to the Project Board, who will in turn recommend it on to the Ministerial Oversight Group, the Council of Ministers and finally the States Assembly for approval.

The Brief is therefore for the Consultant (Lead Advisor) to identify any additional or consequential work to the agreed Deliverable 5 necessary to undertake this Review on an independent basis, including the independent assurance reviews proposed, and report the Options Appraisal Deliverable outcome back to the Project Board as early as possible.

Parameters

The Parameters for the Site Validation Review are as follows:

1. The Review will require the development by the Lead Advisor of only the necessary feasibility studies on the three single site options involved necessary to inform a robust options appraisal. Site information that informed the site appraisal for the Strategic Outline Case should be utilised wherever possible to avoid repeating previous work.
2. The Activity Analysis developed during the Feasibility Study from the Acute Service Planning currently underway should be utilised consistently across the options.
3. The Accommodation Schedule that will be developed from the current Acute Service Planning should be utilised to inform all the options.
4. The target Spatial Standard of 85% reductions from UK NHS Health Building Note standards should apply for all Departmental areas (where safe and sustainable to do so) excepting the Do Minimum Option (Option A) which should assume the minimum safe standard. A clear derogations schedule should be developed by the Consultant and agreed with the Contracting Authority (as proposed within the original Agreement) to inform the accommodation schedule.
5. The indicative Capital Budget developed for the Dual Site Concept set out within the Strategic Outline Case Addendum (circa £297 Million) should apply for option A adjusted for inflation since its development. Trade-offs that would enable considerable revenue or operational benefit for minimal capital cost should be identified as sub-options for consideration by the Contracting Authority. Those options where 100% New Build is mandatory (Option D) or may be considered optimal (Options B and C) should assess the capital cost from the requirement to completely replace the hospital with new build provision.
6. Indicative Revenue base budgets will be advised by the Contracting Authority (HSS Department) and will be those aligning with the feasibility Activity Analysis (and identifying any changed assumptions from the Strategic Outline Case Addendum and KPMG Bailiwick Models). Relevant interventions specific to the Option identified as set out in the table above should be developed and shown separately and the assumptions clearly stated.
7. The Available Site Information identified during the Pre-Feasibility Study and Feasibility Study thus far should be used to inform the detailed feasibility site investigation work. Only such feasibility investigation absolutely necessary (as agreed by the Project Board) to enable determination of the Preferred Option should be undertaken in advance of the Project Board agreeing the Preferred Option as appropriate for recommendation to the Ministerial Oversight Group.
8. The same basis for developing cost information as that undertaken for the Pre-feasibility Refined Concept should apply i.e. in accordance with UK NHS Health Premises Cost Guidance

where relevant. Any key changes from SOC Assumptions should be agreed with the Project Board.

9. The cost of any likely prior and subsequent refurbishment costs arising during the whole life cycle of the facility should be estimated and set out for each of the Site Options.
10. The key opportunity costs associated with the Site Options should be estimated and explicitly included in the Site Cost Evaluation (as opposed to being undertaken as sensitivities).
11. In accordance with the Ministerial Oversight Group response to the HSSH Scrutiny Panel Report SR.10/2014 the Options Appraisal Deliverable Report should be completed in time to enable the approval process to be undertaken before the end of Quarter 2 2015.
12. The benefits, risks and costs of the Site Options should be established as part of the Options Appraisal and an evaluation process undertaken to identify the recommended Preferred Option. Non-financial benefits and risks should include but not be limited to patient safety, planning risk and sustainability.
13. The consequential cost and impact of the variation should be determined and set out within a revised Project Programme submitted with the Change Control Request.
14. The Consultant should identify and clearly explain any cost difference required to the Options Appraisal proposed within the Agreement within the Change Control Request.

Outputs Required:

The Options Appraisal Deliverable should include the following:

1. Design Concepts for each of the Site Options (A – D) (to include Departmental layout scale drawings, bed number phasing and outline developmental phasing drawings) of at least equivalent detail as within the previous Strategic Outline Case as a minimum, for presentation to and approval of the Project Board. A development management control programme for each option should be prepared by the Lead Advisor.
2. A completed Feasibility Capital Cost Estimate prepared by the Lead Advisor for each of the Site Options in accordance with the HPCG Cost Guidance, this to include at least equivalent detail to the Strategic Outline Case Feasibility Cost Estimates and should include a combined works cashflow and maintenance plan in addition. The costs of property acquisitions, disposals, and planning obligations should be included.
3. A completed Feasibility Revenue Assessment for each of the Site Options prepared by the Lead Advisor, this to include the relevant quantum of revenue costs for each option tracked against the projected base revenue budgets of the HSS Department in a form agreed with the Contracting Authority, maintenance proposals for the life cycle of the option equivalent to the duration of a new build option and an Net Present Value calculation. The Revenue Assessment in each case shall consider the whole life cycle period of the new build hospital option which takes the longest to develop.
4. A completed independent Benefit, Risk and Cost evaluation for each of the Site Options the evaluation process to be agreed in advance by the Project Board.
5. A Report explaining the implications (risks and opportunities) of implementing each of the Site Options.
6. The above to be contained within a Report suitable for appending to a Report and Proposition to the States Assembly.

7. An independent Assurance review by the Financial Advisor of the Report and in particular the financial analysis, cost estimation and evaluation process to give an independent verification that the evaluation has identified the correct Preferred should be undertaken.
8. An independent Assurance Review by the Design Champion of the Report and in particular the Site Option Design Concepts to give an independent verification that the evaluation has identified the correct Preferred Option should be undertaken.
9. This to be presented to the Project Team, Project Board and onwards to the Ministerial Oversight Group, Council of Ministers and States Assembly for consideration and approval by Quarter 2 2015.

Consultation required:

The above process must be undertaken in consultation with:

- The Managing Director of the Hospital and any Clinical Directors identified by the Managing Director as pertinent with regards to the alternative Sit Option Design Concepts their clinical adjacencies and their implications for Hospital clinical benefits risks, safety and sustainability;
- The Director of Jersey Property Holdings (with regards to Property matters);
- The Director of Project Delivery (JPH) with regards to previous information relating to the pre-Feasibility site analysis and with regards to any contact that may be required with third parties.

Project Team required:

It is proposed that the following integrated Project Team members will be required for delivery of the Review:

Output	**Activity**	**IPT Lead and Key People**
1.	Site Option Design Concepts, Phasing etc.	Hassell / Lead Designer
2.	Capital Cost Estimates	Gleeds / Cost Manager (coordination) Hassell / Lead Designer
3.	Revenue Assessment	Gleeds / Cost Manager HSSD Financial Lead
4.	Benefit, Risk and Cost evaluation	Lead Advisor (collectively) Financial Advisor Legal Advisor
5.	Review of Option Implementation	Lead Advisor (collectively) Financial Advisor Legal Advisor
6.	Report preparation	Lead Advisor (collectively) Financial Advisor (advisory)
7.	Independent Financial Assurance Review	EY / Lead Partner, Senior Partner
8.	Independent Design Review	Design Champion
9.	Project Board presentation	Lead Advisor (collectively) Financial Advisor

		Legal Advisor

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