

# **FRIENDS OF OUR NEW HOSPITAL**

**P O Box 442**

**Jersey JE4 5RE**

A Non-Profit Organisation NPO1277

Email: [Friends@ournewhospital.org.je](mailto:Friends@ournewhospital.org.je)

Website: <https://www.ournewhospital.org.je/>

## **To Our Friends of Friends**

### **Bulletin 11:**

### **Delivering the Our Hospital Project**

**15 March 2015**

©Copyright Friends of Our New Hospital 2021

#### **Introduction**

The Bulletin has been written by a member of the Friends of Our New Hospital Group, Stephen Regal, who recently retired two years ago from his business after 54 years in the island construction sector. It covers the areas that are taken into account when a major construction project is planned and applies them to our understanding of what has happened, so far, in the Our Hospital ("OH") project to be built at Overdale.

The Bulletin analyses the limited but accessible, information available on the OH website<sup>1</sup> and the 'Functional Brief' published on 8<sup>th</sup> February 2021 and highlights what is missing from the information normally covered in any large construction project. It describes the stages in the completion of the planning of the project, up to the Full Planning Application, which, in the case of the OH, is to be submitted in November 2021 with the aim of the start of construction being in March 2022. As the intervening period between November 2021 and March 2022 is only 4 months, this is an ambitious target and vulnerable to unforeseen delays. Therefore, the processes and stages described below make up the key areas for the development of the OH, which started in May 2019.

#### **The Organisational Structure for the Delivery of the OH**

The client for the OH is the Health and Community Services Department ("HCS") of the Government of Jersey. The detailed planning is being carried out by the OH Project Team on behalf of the client, supervised by a Steering Group of Chief Officers chaired by the Chief Executive of the States, currently Mr Charlie Parker. Political oversight is delivered through the Political Oversight Group ("POG") chaired by the Deputy Chief Minister, Senator Lyndon Fareham, answering to the Council of Ministers. The client, HCS, has appointed an OH Clinical Director, Professor Ashok Handa to develop the Functional Brief, setting out the overall design principles of the OH and the Design Brief that sets out the actual details of department, adjacencies and the administrative and training requirements of the OH, plus the support functions and facilities, including car parking and public transport support requirement.

#### **Functional Brief versus Scope of Works**

The starting point for any construction project is the 'Scope of Works' defining the extent and type of construction, in this case of the proposed new hospital, the OH. This should define the objectives of the OH and its supporting facilities. It needs to be unequivocal, clearly defining in one document

---

<sup>1</sup> <https://ourhospital.je>

the following<sup>2</sup>:

- The overall floor area(s) of the building(s) to be constructed. This can be either internal or external. It does not matter as long as the measurements are consistent.
- The number of storeys to be built (In the case of Overdale the number of and discrete purpose of each individual building) for example Medical Facility, Administrative Block, Car Parking, etc.<sup>3</sup>
- Overdale is, we understand, a “stepped” building. Thus, in order to provide clarity, each level should be delineated.
- The form of construction in outline, for example Medical Block reinforced concrete, Administrative Block reinforced concrete, Car Parking steel frame with concrete floors.
- The format of the external envelope should be stated e.g., decorative concrete panels or rendered decorated blockwork.
- Typical interior finishes to include flooring types, tiling ceiling finishes and the like.
- Service requirements, this would include methods of heating and boiler or other requirements, HVAC<sup>4</sup> requirements.
- Mechanical and electrical requirements.
- Roof(s) types and finishes e.g., flat or pitched, coverings e.g., slate or tiles etc.
- An indication of external works should be given and whether, or not these are included in the overall costing.

It is inconceivable that there is no Scope of Works for the OH project. Like so much of the project, it has not been made available to the politicians or the public.

### **The Missing Functional Brief?**

The published Functional Brief provides no real details e.g., reinforced concrete versus a steel frame construction. Therefore, meaningful comparisons with other projects are difficult to make due to the limited available information. We therefore assume that there is a parallel Functional or Design Brief that incorporates all these requirements. HCS should make this public now.

Above all, the overall design of the hospital is not clear. According to the Residents Briefings reported on the OH website<sup>5</sup> the basic design of the OH at Overdale has not yet been fixed (as of March 2021) and there are five options, with the favoured one, Option D 2, requiring additional space to be achieved by moving Westmount Road to the east and reconstructing it through the two fields and intervening

---

<sup>2</sup> The following list is not exhaustive but merely indicative.

<sup>3</sup> These are not factual, but symbolic.

<sup>4</sup> Heating and Ventilation

<sup>5</sup> <https://ourhospital.je>

small estate of 7 houses to accommodate the expanded OH site.

The outline design needs to show the differentials between the medical components of the hospital, (wards, operating theatres consulting rooms and the like), and the administrative areas (office suites administration areas and even the visitor and circulation areas), together with the service areas; (machine rooms, waste disposal areas kitchens, food storage, car parking etc).

Each of these will require differing construction techniques and therefore very large and significant cost differentials. It is therefore axiomatic that the square metre costing methods used for the comparative measure fails.

A separate budget should be detailed for the cost of fitting out the hospital with any new equipment, or the relocation of existing equipment into the OH. This can be as simple as knowing the extent and types of equipment required and the transferable equipment in the existing hospital properties. Again HCS, as the client, will know this and should publish the new equipment and installation costs of the new and old equipment in the OH.

### **The Dangers of Using Square Metre Prices for Cost Comparisons**

The comparison of areas in metres<sup>2</sup> with other single hospital constructions is at best simplistic and fails to provide any type of properly targeted or meaningful comparison.

A simple analogy is to try to compare the cost of two cars, say a Ferrari and a Ford Mondeo. Both are fine cars of similar size but constructed for vastly differing purposes, notwithstanding that they are of similar sizes and indeed in some cases of similar engine size, no validated comparison can be made in the absence of further and better details.

Another analogy could be of two houses of similar overall size, one a luxury bungalow and another a terraced house. These rudimentary comparisons can never work, particularly as in the case of the OH as a single example. Additional and more diverse examples would provide a better, more accurate comparison.

Notwithstanding this, States members fell back on to this fundamental and demonstrably unreliable method when debating the OH and the Jersey Care Model (JCM) last autumn and in January this year. In the absence of dependable substantiating information, it is not possible for even an expert to make valid and effective cost comparisons.

The fact that States members have based their steadfast support of the procedures that have been followed for the apparent costs of the new hospital in an information void is telling. As a result of the lack of specialist knowledge in this complex field there have been no detailed questions in the OH and JCM debates, and Government has little alternative but to rely upon the advice of its specialist advisors.

Thus, if the argument that the Government as a whole is failing to examine and understand, in detail, the requirements of the OH project, one can only question whether Government has the correct and appropriately skilled and, more importantly, neutral advisors - or more likely that there is more information available that is not in the political or public domain.

If the information is not publicly available, the only remaining question must be why is it not available?

It is both understood and accepted that there will be some commercially sensitive elements of the design and build contract between the parties, but the overall cost and the costed elements of the project should be public knowledge.

### **Tender Procedures in Large Scale Capital Projects**

There are a number of tried and tested methods at arriving at an agreed contract price between the client (in his case The States of Jersey/HCS) and the contractor (RoK/FCC). The primary method, and by far the most common, is through a tender process. This involves the client getting a complete set of architectural and structural drawings, plus the various costs of the sub trades (mechanical and electrical, HVAC) and finishes (door types and sized window construction and detailing including, decorative finishes, specialist flooring and the like). In the case of the OH this will have been done by the Project Office on behalf of the client and presumably would have been cleared by the Political Oversight Group (POG), with the acknowledgement of the Treasury Minister and signed off by the Council of Ministers. If so, it has not been made public, even in reassuring press releases or on a website detailing an outline of progress. It both should be and needs to be.

By definition, this involves significant and extensive design input from the client and the design team prior to selection of the successful contractor. This takes time and in the case of the OH, will have been in progress since mid-2019 with Professor Ashok Handa establishing both the Functional Brief and the Design Brief on behalf of HCS, the client.

A Quantity Surveyor will have been tasked with the preparation of Bills of Quantity<sup>6</sup> for the bidding contractors to price, thus ensuring a level playing field and consistency. Part of this includes the preparation of specifications that clarify the standards and quality required for the work.

Generally, but not necessarily always, the contractor submitting the lowest price becomes the successful bidder.

An alternative method of selection is to invite contractors to submit tenders based on a Design and Build<sup>7</sup> contract. This has advantages as the contractors submitting the tenders can design the building to suit their preferred methods of construction. It is assumed that this is the type of contract with RoK/FCC. Again, this should be political and public knowledge.

This method cuts out much of the pre-construction phases that the traditional BoQ method takes, including the associated drawing and design works. The Contractor thus becomes responsible for the design and drawings and this can be undertaken without significantly interrupting the set-up activities.

Much of the information will be commercially confidential and sensitive. However, there should be a vigorous and auditable process to ensure that there is parity of judgment in the evaluation of all the bids received from alternative contractors or submissions.

The preliminary assessment process should include<sup>8</sup>:

- The assessed financial stability of the tendering contractors.

---

<sup>6</sup> Bills of Quantity of BoQ

<sup>7</sup> Design and Build or D&B Contract.

<sup>8</sup> Not necessarily in this order of preference, a weighting points-based marking system may be used to assess suitability.

- The experience of the tendering contractors in delivering projects of a similar nature. (FCC have built 25 major hospitals<sup>9</sup>.)
- A demonstration by the contractors of their skills and ability to undertake the Project as a whole.
- The contractors should provide details of the design team and the experience of projects of a similar nature. This should include the Architectural Team, the Structural Team and the M&E Team<sup>10</sup>.
- How the contractors view the prospective contract, with the potential contractor normally inserting details of this in their initial enquiry.
- As Jersey is an island, and the island's continuing economic stability is significant, details of how the successful contractor will ensure participation by local contractors in the project is essential.
- The timeframe for the various sections of the project, including setting up time, precontract survey works, design times and the commencement on site date and the completion date.

Once the successful contractor has been selected a rigorous costing exercise must be carried out in order to ensure that the D&B contractor is providing competitive and good value to the employer. As indicated above, the square metre comparison is not an appropriate vehicle for this exercise.

A more accurate manner is for the contractor to provide a Bill of Rates<sup>11</sup> for the works in order to establish both good faith and value. This is a simple but convenient method and can be verified by any qualified local Quantity Surveyor.

The Contractor's anticipated profit margin (highly commercially sensitive) should also be communicated to the client or its agent, to include separately the profit levels for sub-contractors.

The issue with the OH lies with the method of selection of the contractor, in the case RoK/ FCC. How was the contractor selected? What was the selection process? What are the contractor's costs for undertaking the works and what comparison was made in order ensure that public funds were safeguarded?

### **The Contract**

The method of regulating the relationship between the Employer and the Contractor is via the 'Contract'.

The OH contract has been awarded under the NEC format, which is understood to be a plainer and more 'user friendly' form of contract. The use of the NEC Contract encourages the use of a partnership

---

<sup>9</sup><https://jerseyeveningpost.com/news/2020/06/13/global-construction-firm-is-appointed-for-new-hospital>

<sup>10</sup> M&E the design Engineers of the Mechanical and Electrical works.

<sup>11</sup> A Bill of Rates is a list of the costs of the principal items to be used in the construction, in simple format shall indicate the cost of excavation in cubic metres, the cost of disposal, the cost of temporary works required during excavation. The cost of various grades of concrete in various situations. The cost of any formwork and so on, this is probably an extensive list.

between the client and the contractor, which can only be seen as a benefit to both sides. The contract shall of course include the overall cost of the works and indeed the management of the stage payments.

The contractor will have costs prior to commencement on site and these shall generally be reimbursed on a progressive basis. Such costs will include surveying, general design costs, geotechnical investigation and the preparation of the plan for the development of the OH and the preparation of the Full Planning Application. It is entirely normal and proper for the contractor to be reimbursed on a stage-by-stage basis as these issues are progressed and it is assumed that this is included in the OH contract.

Some of the above may be included ex-contract but these costs need to be included in the overall scheme in order that accurate costs can be established and included from the outset. This allows for works to be expedited whilst tied to the overall contract, but in a simplified and efficient way.

There has been some uninitiated discussion of a Penalty Clause. There is no such thing. The Law does not allow for the extraction of a Penalty. Most contracts have a clause referring to delay(s) and the causes and resolutions of such delay, many of which have a financial implication to one or other of the parties and these delays are defined in the Contract.

A delay might be as a result of some kind of procrastination by the contractor, or the client, such as an addition to the building. The cause and effects are also be defined in the contract between the parties. Generally, both parties (particularly applicable to D&B Contracts) will insert a genuine pre-assessment of the costs of delay and these sums will be applied, usually but not always on a weekly basis, or pro rata. These sums are called Liquidated and Ascertained Damages.

I have noted these as there are some delays as a result of the actions by the Parish of St Helier which may delay the project. I make no comment here, as the legality and ownership of the lands is a matter outside my remit.

## **Conclusions**

There is a real imperative for the successful delivery of the OH in 2026, caused by the condition of the General Hospital in Gloucester Street and its inability to meet the contemporary, let alone future requirements of medical treatment. The timetable for delivery is extremely tight, which is why the approach towards the OH project is of a juggernaut that must not be stopped. The project planning stages explained above will have been followed. The issue is the political and public understanding of the progress of the OH project, caused by virtually non-existent public consultation, information and reassurance.

This is not the fault of the Project Team, but of the client, HCS, which has chosen to ignore the requirement for detailed political understanding of the detail of the OH project and has failed to keep the public consulted, let alone informed of even the simplest changes, such as the decanting of departments and services currently at Overdale to the old Quennevais School building, with no consultation with the Parish authorities prior to the announcement and no announcement of the services returning to the OH, or being outsourced to Primary Care.

The announced budget for the OH project is £550 million plus a contingency allowance of £254.5 million which will undoubtedly be spent. The £804.5 million project is the largest capital project ever

undertaken in our Islands' long history. We trust that this Bulletin will lift some of the veil of secrecy that clothes the OH project and will encourage a more informative and broader outreach of information from the client, HCS, to the public that it serves, who will be using the OH and, above all, paying for it for many years.

“Friends of Our New Hospital”

The Friends Steering Group

Tom Binet, Graham Bisson, Ann Esterson, Peter Funk (Interim Chair),  
Andy Howell, Stephen Regal, Tamara Vanmeggen, Mary Venturini, Bruce Willing CBE