

4.10 Deputy J.A.N. Le Fondré of the Chief Minister regarding the Chief Minister’s support of the decision to withdraw ‘Future Hospital Funding Strategy’ (P.130/2016), as amended: [1(328)]

Following the withdrawal of P.130/2016, as amended, just before the Assembly’s last meeting, will the Chief Minister explain why he supported the decision and provide an update as to the timing of when any new proposals from the Council of Ministers will be lodged?

Senator I.J. Gorst (The Chief Minister):

I supported the Minister for Treasury and Resources’ decision to withdraw the proposal because I believe we will be in a better position to propose the right blend of borrowing and reserves when we have a more detailed business case, an updated budget and greater clarity on the planning process. As I have previously stated, we will be planning to publish a detailed timeline by the end of June.

4.10.1 Deputy J.A.N. Le Fondré:

Through this Assembly the Chief Minister clearly stated that he welcomed the decision by the Minister for Treasury and Resources, which was basically to pull the debate. While procedurally it is clear that it is the Minister for Treasury and Resources’ responsibility to withdraw a proposition, could he confirm his statement to the Corporate Services Scrutiny Panel that he stated to the Minister for Treasury and Resources on the Friday, which I believe is the 19th, before the proposition was pulled, and I quote: “I was clear from our detailed conversations that we should either be deferring it or pulling it”?

Senator I.J. Gorst:

Absolutely, yes.

4.10.2 Deputy M. Tadier:

So, to follow up from that, is it not the case that in reality, while it was the Minister for Treasury and Resources who had to bring that, it was not simply supported by the Chief Minister, it was actually the Chief Minister who asked the Minister for Treasury and Resources to pull P.130/2016?

Senator I.J. Gorst:

No, I stand by the comments that I gave in answer to the Scrutiny Panel.

4.10.3 Deputy M. Tadier:

Given that the Minister for Treasury and Resources himself only a couple of sittings before was adamant that any delay to P.130 should be minimal and that it was vital that we get this approved and the funding sorted as soon as possible, who was it that changed the Minister for Treasury and Resources’ mind? Which individual in the Council of Ministers put pressure on the Minister for Treasury and Resources or convinced him to change his mind?

Senator I.J. Gorst:

The Deputy wishes to see conspiracy. I am sure the Deputy has read Scrutiny’s expert adviser’s report that said quite clearly while Scrutiny had one proposal, which was to take all the money from reserves, and the Minister for Treasury and Resources had another proposal, which was to borrow up to £400 million, the Minister for Treasury and Resources then amended that to say up to £275 million, therefore maintaining the capital value of the Strategic Reserve Fund, the expert adviser nonetheless said that more work should be done on getting the benefit from both of those proposals and more work should be done on the timing: if you are going to borrow when you should take that borrowing and not just take it straight away. It is not one individual.

Other answers have been given about the meeting on Friday. It is not one individual. It made absolute sense for the Minister to make the decision either to defer or to come back with further details later in the year, and he chose to come back with further details later in the year.

4.10.4 The Deputy of St. John:

I have to ask the Chief Minister - with what we know now with regards to the hospital funding and the way that all of this has, let us be honest, been put together, it raises serious issues around, from my point of view, integrity of decision making within the Council of Ministers - why I should trust him or his Ministers going forward with any proposal they bring forward to the States if we cannot even handle one of the most important decisions that this Assembly is going to make properly going forward?

Senator I.J. Gorst:

I have never for a minute felt that the decision about how we should fund the hospital would be an easy one or a straightforward one, and so it has proved. Because markets change, different proposals come forward. One has to carefully understand and think about the implications of those proposals. A number of advisers, not only Treasury's advisers but also the independent advisers to Scrutiny, have come forward and added complexity to those proposals. The Member should only have confidence when further details are provided, when those experts are more aligned than they are now about any timing and any quantum, and when the Treasury Advisory Panel have given their view on what is the optimal proposal. At that point, she should have confidence. I understand now, sitting here today, why she does not.

4.10.5 The Deputy of St. John:

A supplementary. Could I ask that the Chief Minister then apologises for trying to force this States Assembly to agree to a £400 million bond borrowing on 17th January when if the questions had not been asked by the Members of the States Assembly we may have that borrowing now?

Senator I.J. Gorst:

There the Deputy again hits the nail on the head. The proposal before the Assembly was not to borrow £400 million. It was up to and at that point the advice that the Minister was receiving was that that was the flexibility that was required. This Assembly I think rightly would have been cross with the Minister had he come back and taken a different amount and not discussed it fully in this Assembly, and that is why on balance I agreed with the decision.

4.10.6 Deputy M.R. Higgins:

When the Minister for Treasury and Resources came before the States and made his statement about withdrawing P.130, he made it quite clear that he wanted to carry on in the same way that he was planning on carrying on, in other words the proposal he had. He made it very, very clear. Did the Chief Minister lean on him to get him to change his mind and to pull it or did any other Minister do so?

Senator I.J. Gorst:

The Minister asked for my advice. I gave him my advice based on the evidence and the experts' questions that remained about what was on the table. As far as I was concerned, I am surprised that Scrutiny now are not supporting the questions that their own adviser raised about the proposal that was on the table about doing more work, about timing, about the benefits of various options. I agreed with that adviser and I took the view that either it should be deferred or, as Treasury themselves suggested, that no, it would be better to pull the funding option and come back with other further details in due course.

4.10.7 Deputy M.R. Higgins:

A supplementary: the Minister mentioned he agreed with the advice of that individual. Is he talking about the private individual who came along and did he take his advice?

Senator I.J. Gorst:

No, I was quite clear: the individual Scrutiny expert adviser that raised the questions that I have just outlined in my answer.

4.10.8 Deputy J.A. Martin:

I really must push the Chief Minister and clarify this. Earlier on today the Assistant Minister for Treasury and Resources told us that the person who was a private individual - one private individual - came up with a different solution. We are told he is the best in his field. He is an all-singing, all-dancing expert, better than anybody else, and we should be listening to him. The Chief Minister has said it was not down to one individual. Does he know this individual? He did encourage the Minister for Treasury and Resources to invite him along to this meeting? If not, which is the truth? Was it the Minister for Treasury and Resources' version or do we now believe the Chief Minister's version?

Senator I.J. Gorst:

I am not sure where the disagreement is between the Minister for Treasury and Resources' version and the Chief Minister's version. I stand by what the Assistant Minister for Treasury and Resources said. For my part, having read all of the expert reports, there was without doubt a range of advice. The individual that the Deputy is referring to on the Friday meeting is one individual, an individual I had never met previously until that meeting, but I have been approached by other eminent individuals in our community with similar experience, who have said that further work needs to be done in these particular areas.

[11:15]

That is why on balance one of those 2 options I think was the right one. I understand why Members are feeling frustrated today because they were coming to a debate a fortnight ago thinking it was straightforward, it was one option or the other, despite a range of expert advice that was saying no, further work should be done to see how you could get the greater benefit from just those 2 particular options. It is right that we do that work because it is right that as far as possible we get this decision right. It is a big, momentous decision. The hospital has to be built for future generations. **[Approbation]** The funding of it, even though it is technical, even though it is difficult, we have to try and bring all that advice together and make the best decision for the future.

4.10.9 Deputy J.A. Martin:

A supplementary: so this private individual advice seems to have trumped all the other advice that has been happening over the last X amount. Will the Chief Minister then be engaging this expert or is it just going to be whispering in the ears?

Senator I.J. Gorst:

I equally understand that some Members are feeling that a private individual has overrode expert advice. That is not the case. The private individual himself has introduced proper, official banking advisers into the mix. That private individual should not be making any of these decisions and the Minister for Treasury and Resources should not be making decisions based on one individual's advice. What he should do, as Members do when they are

approached by members of the public, is get their expert advisers to review the information that they have received. That is exactly what the Minister for Treasury and Resources is doing.

4.10.10 The Deputy of Grouville:

Is there not another twist to the tale of the hospital? I apologise if I am speaking out of turn here, but it seems to be the only way Back-Benchers can get any information these days is to bring it to the floor of the House. Could the Chief Minister confirm if there is a private investor, a private third party, wishing to assist the States in the building of the hospital?

Senator I.J. Gorst:

Not as far as I am aware. It never ceases to amaze me how conspiracies and conversations develop into fact. Ernst & Young, of course, did do a piece of work for the health service looking at private provision for patients and whether that could be expanded as part of their hospital model. They did that report. I understand that report is in the public domain. It says there is some opportunity for growth in that particular area but not in the way that some Members of the Assembly might have thought from a health tourism and making money point of view as we see some private London hospitals doing. The proposal on the table was an “up to” proposal around borrowing. The proposal and the proposition did not say the type of borrowing, the duration of borrowing, in any detail and I think that is at the heart of where a lot of the confusion is now coming. I think that Members, in order to make this important but momentous, difficult but technical decision want more details.

4.10.11 Deputy J.A.N. Le Fondré:

To be blunt, I think it is the Chief Minister who is causing quite a lot of the confusion at the moment. I quoted earlier, and I will read it again, what the Chief Minister said to our Corporate Services Scrutiny Panel in a quarterly hearing: “I was clear from our detailed conversations we should either be deferring it or pulling it.” That was in response to a question from me which said: “So your [the Chief Minister’s] opinion at that time was to suggest or recommend that the debate was deferred?” So, in my view, the Chief Minister has confirmed he was clear that the debate should be pulled. Therefore, given it would be a very foolish Minister who ignores his boss and proceeds with a debate in such circumstances, why can the Chief Minister not accept that in practical terms - I am not talking procedurally - he was responsible for the decision being taken to defer or pull the debate?

Senator I.J. Gorst:

It just goes to show that the chairman has little understanding of the power of the role of the Chief Minister. The Minister and every Minister is under law the one that makes their decision. Ministers do things that I might advise them not to do, not quite every day of the week but certainly from time to time. When they have done it, I then support them because they are the ones who will be held to account for the decision, and that is exactly the case in this particular case. As much as the chairman might like to spread the blame for political purposes, that is the actual situation that we find ourselves in.

Deputy J.A.N. Le Fondré:

The Minister did not answer the question. I said not procedurally; I said in practice.

The Deputy Bailiff:

Well, Deputy, the Minister has answered the question in the way that he has and it is a matter for challenge on a different day if thought to be appropriate.