

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
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ANSWER TO BE TABLED ON MONDAY 9th APRIL 2018**

Question

In respect of the new hospital project, will the Minister set out in a table the following information, broken down by each year of the project and including all types of costs?

- (a) The total funds required for the project;
- (b) The source (of any type) of the funds described in (a);
- (c) The latest planned year for borrowing to be incurred (i.e. bond proceeds taken);
- (d) The imputed year-end balances of such borrowing over the project lifetime;
- (e) The coupon or borrowing costs;
- (f) The expected, or assumed, returns from the balances of funds in hand not yet drawn or expected to be built up before repayments; and
- (g) Withdrawals from, or allocations to, the Strategic Reserve and the new hospital fund?

Answer

- a) The overall project cost will need to be contained within the £466m in order to rely upon the approval made by the States Assembly under P107/2017. This is currently being verified.
- b) Once that assumption is verified, the funding source will be as described in P.107/2017 i.e. a blended solution with up to £275 million by means of borrowing, £23.6 million for budget previously allocated and the balancing amount from the Strategic Reserve Fund.
- c) No formal Ministerial decision has been taken as to when any borrowing will be incurred. The latest planned year for borrowing is the current year.
- d) Until the duration and quantum of any borrowing is decided, this is subject to the decision required in part c of this answer and to market conditions.
- e) The costs are subject to the decision referred to in part c of this answer.
- f) After consultation with the independent investment advisers for the States, an assumed long term return of the Strategic Reserve is $RPI(Y) + 2\%$. For prudent modelling purposes a lower level of return, 1%, is assumed for any balances held in hand.
- g) Any sums borrowed will be paid into the Strategic Reserve Fund and will remain there and transferred into the Hospital Construction Fund in line with specified trigger points in a cash-flow funding statement provided from the Department for Infrastructure once that cash-flow is known.