

**STATEMENT TO BE MADE BY THE
MINISTER FOR TREASURY AND RESOURCES
ON TUESDAY 23RD MAY 2017**

Future Hospital Funding

The Council of Ministers remains fully committed to the delivery of a modern, new hospital to meet the needs of our community for the future.

However, we have to get the timing and level of borrowing right for this important project, so following discussion with the Chief Minister and other members of the Council of Ministers, I have agreed to withdraw this proposition on the Future Hospital Funding Strategy, until the autumn when there should be greater certainty about key aspects of the project.

I would like to stress that this should not disrupt progress on the delivery of the new hospital as officers will continue with the preparation work necessary to keep the project on schedule.

I know that many people are concerned about the cost of the hospital and about the level of borrowing it may require.

I remain convinced, based on professional advice, that using a blend of borrowing and reserves is the right way to fund the hospital construction. Equally, I remain convinced that using solely the strategic reserve in these uncertain times is not the right solution.

Indeed we recently received a report from the Chartered Institute of Public Finance and Accountancy, commissioned by the Corporate Services Scrutiny Panel.

This report recognised the merits of combining borrowing with some reserves to fund the hospital. But it also suggested that we should wait until the project costs and risks become clearer before deciding on the final funding blend.

We have listened and have decided to wait until the autumn, when we will have a more detailed business case, an updated budget and greater clarity on the planning process.

We will then be in a better position to make a final decision on the best way to optimise the blend of borrowing and reserves.

I must be clear, as I have been before, that risks remain in delaying a decision on borrowing; however there are also some advantages in having greater certainty on the project timing, budget and planning process.

Members will be invited to debate the business case, updated budget and funding strategy together in the autumn. It is hoped that this coordinated approach will assist members in reaching an informed decision on what is the Island's largest and most important capital project.