

**STATEMENT TO BE MADE BY THE CHAIRMAN OF THE
CORPORATE SERVICES SCRUTINY PANEL
ON TUESDAY 17TH JANUARY 2017**

During this sitting, this Assembly will be voting on the proposals set out in P.130/2016- namely, the Future Hospital Funding Strategy.

This is the biggest capital project ever undertaken by the States, with proposals to borrow money that will impact upon generations of Islanders for up to the next 40 years. Therefore a suitably high level of scrutiny is required and indeed expected from this Assembly by the public.

As Chairman of the Corporate Services Scrutiny Panel, I would like to have been able to stand up today and state that we have completed a review of the proposals before they are debated.

However, this is unfortunately not the case. We were given too short a timeframe to conduct a review effectively.

Whilst technically the proposal will have been available for just over the minimum official six-weeks required, this did not take in to account the Christmas holiday period and the practicalities in recruiting advisors to work during this time. Highlighting this, we requested a four-week extension from the Minister for Treasury and Resources, and confirmed that we had found an advisor who could meet this time period. The Minister initially responded by offering an extra two weeks but withdrew this offer on the 30th December 2016.

Therefore, despite having suitable advisors lined up, with a completion date for a review, we were unable to proceed as we simply could not justify spending tax-payers money on commissioning a report that would ultimately not be received in time to inform today's debate.

In his responses to the Panel, the Minister has justified a strict adherence to his timeframe due to the risk of an increase in financial costs that any delay might cause. His unwillingness to allow a short additional period for Scrutiny, despite his initially offering us a two-week extension, is in stark contrast to the four years in which it took the Council of Ministers to bring a suitable site to the Assembly for approval. The Panel cannot fathom why a two-week extension was initially acceptable, whereas four weeks was not.

In the reasons provided to the Panel by the Minister for not agreeing to the extension, we have been told that the bond rates will "grind higher" in 2017. However, we have not been shown to what extent a two-week delay at this point will lead to additional costs.

In addition, the Minister has further suggested that costs of construction are increasing daily, potentially running to millions of pounds every month. This seems odd,

considering that during a public hearing on the 4th of November last year, Scrutiny was informed that the hospital's capital cost had dropped last year from £490 million to £466 million due to lower inflation forecasts.

Therefore, it seems that only one month after the financial implications were accepted by the States, the Treasury Minister is now talking about the risk of increasing construction costs.

In the absence of sufficient time to undertake proper scrutiny and provide Members with detailed findings and recommendations on the proposals, there are certain key safeguards which the Panel considers should be included within the proposition. The Minister's final response to the Panel declining the requested extension, did not leave sufficient time to coordinate a Panel response before the deadline for amendments on the 3rd January.

Therefore, the Constable of St John submitted an amendment in his own name, with Panel input. The Panel emphasises that this amendment does not represent the sum of the concerns of the Panel, but rather an initial observation using the time that was available to us between the Minister's response and the deadline for Amendments to be lodged.

To summarise. The project being debated today is to fund the most expensive capital project that the States has ever entered into and will result in the Island having the highest level of debt in its history. The role of Scrutiny is essential to thoroughly examine such proposals, which takes time. When the six-week prescribed period encapsulates two major public holidays, this becomes exceedingly difficult. Quite reasonably, the Panel requested an extension to allow a suitable level of rigour to be applied to their work. This was rejected by the Minister.

Members will know that they have the ability to refer this matter to Scrutiny at any time during the debate. In that event, I can confirm that the Panel is ready, willing and able to take on such a review, the advisors are standing by and we can report back within the timeframe permitted under Standing Orders.