



States Greffe: Scrutiny

Senator J A Le Fondre
Chief Minister

By email

6th July 2021

Dear Chief Minister.

Our Hospital – Outline Business Case and Funding Proposition

I write to inform you that the Future Hospital Review Panel has agreed to undertake a review of the Outline Business Case (OBC) and the associated funding proposition.

We intend to progress this work in two phases, beginning immediately with the OBC and subsequently reviewing the proposition as soon as it is available. Our current understanding is that this will be no later than 3rd August. This being the case, the review will run over the Summer recess period and we are in the process of engaging expert advisors. Attached to this letter are the Terms of Reference.

We will be intending to hold a series of public hearings with you and/or the Deputy Chief Minister and the Treasury Minister. In addition, we propose to seek the views of the public and those affected by the proposed changes.

We hope that the evidence we gather and our final Report will help inform the Members of the Assembly in time for the debate.

I would be happy to address any questions you may have about our work.

Yours sincerely

Senator Kristina Moore
Chair, Future Hospital Review Panel

CC Senator Lyndon Farnham, Deputy Chief Minister

Future Hospital Review Panel

Our Hospital – Outline Business Case and Funding

Terms of Reference

To undertake an in-depth appraisal of the Outline Business Case (OBC) and the accompanying proposition for funding the Our Hospital Project in a two-phased approach

1. To review the Outline Business Case and determine whether it meets best practice with particular regard to the following:
 - a. Examination of the structure and ensure this is within the expectations of the five-case model and follows the HM Treasury Green Book Standard.
 - b. Analyse each of the five cases and provide detail on the robustness of each to meet the overall objectives of the OH Project.
 - c. Compare each of the five cases within the OBC to the documents issued previously and make comparisons to show any major changes highlighting risks and/or benefits.

2. To provide detailed analysis on the funding and budget with particular attention to the following:
 - a. Review the overall costs and budget and measure against the budget proposal of £804 million to ensure it is sufficient to meet all aspects of the Our Hospital Project.
 - b. Analyse any amendments to the budget since the proposal of £804 million in [P.123/2020](#) and highlight any differences in costs.

3. Review and analyse the proposed use of a bond and if this is the best value for money for the OH Project and ensure this funding solution is appropriate and proportionate for the project:
 - a. To list any other funding options, as appropriate
 - b. To review the budget increases and interim funding solution used throughout the project and measure these against best practice
 - c. To review the proposed repayment, in particular to analyse if the returns on the Strategic Reserve over the full life of the bonds will be

sufficient to meet both the annual financing costs and grow the value of the investments to a sufficient level to meet investor capital repayments, as proposed

- d. To analyse the financial impact on the Island's economy
- e. To analyse the impact that repayments of borrowing of this scale will have on general revenue expenditure, particularly meeting the costs of running a health service, such as maintenance, staff facilities and pay increases.