# STATES OF JERSEY

# MEDIUM TERM FINANCIAL PLAN 2013 – 2015 (P.69/2012): NINTH AMENDMENT

**Lodged au Greffe on 23rd October 2012**
**by the Corporate Services Scrutiny Panel**

**STATES GREFFE**

1 **PAGE 2, PARAGRAPH (c)(i) –**

After the words "Summary Table B" insert the words –

"except that for the financial years 2014 and 2015 the net revenue expenditure of the States funded bodies listed in the table below shall be decreased by the amounts shown.

| **Ministerial Departments** | **2014 £'000** | **2015 £'000** |
|---|---|---|
| Chief Minister | 1,700 | 1,670 |
| Economic Development | 350 | 350 |
| Education, Sport and Culture | 1,490 | 2,260 |
| Home Affairs | 250 | 250 |
| Social Security | 900 | 1,200 |
| Transport and Technical Services | 1,000 | 2,000 |

".

2 **PAGE 2, PARAGRAPH (c) –**

After sub-paragraph (c)(iii) insert a new sub-paragraph (c)(iv) as follows –

"(iv) the amounts of £5,690,000 and £7,730,000 that, in the budgets for 2014 and 2015 respectively, may be appropriated to growth expenditure.".

3 **PAGE 3, PARAGRAPH (f) –**

After paragraph (f) insert a new paragraph (g) as follows –

"(g) to request the Minister for Treasury and Resources to develop a defined performance-monitoring and reporting framework which produces a high level of transparency on the tracking of actual performance against the Medium Term Financial Plan and to report to the Assembly on the development of such a framework by July 2013.".

CORPORATE SERVICES SCRUTINY PANEL

## REPORT

The Scrutiny Report, *Review of the Medium Term Financial Plan* (S.R.18/2012) was presented to the States on 22nd October 2012 on behalf of the Corporate Services (MTFP) Sub-Panel. We would invite Members to refer to that report for a full understanding of why these amendments have been lodged. A brief description of the rationale underlying each one is set out below.

**AMENDMENTS 1 and 2:**

The MTFP Sub-Panel found that expenditure proposals within the draft MTFP rely too heavily upon income and economic forecasts and that consequently there may be little room for flexibility if intended income is not realized. The Sub-Panel also found that the draft MTFP does not include a specific allocation for growth as envisaged by the *Public Finances (Jersey) Law 2005* (and contrary to the advice provided to the Assembly when it agreed to amend the Law to establish the MTFP). The first amendment seeks to address both findings.

The Sub-Panel has considered the section of the draft MTFP relating to 'new bids for growth'. It has identified schemes for which the Council of Ministers has proposed growth funding but for which the funding is not to be provided until 2014. The Sub-Panel is proposing that the funding for those schemes be removed from the relevant Departments' net expenditure limits and that, instead, growth allocations for 2014 and 2015 be created. This would allow the Assembly opportunities at the time of the 2014 and 2015 Annual Budgets to consider how those growth allocations should be used (if at all). The schemes identified in the draft MTFP which could be affected by this amendment are as follows –

| **Schemes starting in 2014 with ongoing costs** | **Dept.** | **2013** | **2014** | **2015** |
|---|---|---|---|---|
| External Relations – Establish a London Representative Office | CMD | 0 | 600 | 600 |
| Finance Sector – JFL Saudi Office/GCC Financial Services | EDD | 0 | 350 | 350 |
| Private Sector Rental Support | SSD | 0 | 750 | 1,000 |
| External Relations: International Adviser to the Council of Ministers | CMD | 0 | 50 | 50 |
| External Relations: Shortfall in Grant to Channel Islands Brussels Office | CMD | 0 | 50 | 50 |
| External Relations: OECD Global Forum/Peer Review Group/British Irish Council Secretariat annual contribution | CMD | 0 | 60 | 60 |
| External Relations: International meetings, monitoring and visitors dignitaries | CMD | 0 | 160 | 160 |
| External Relations: External specialist advice | CMD | 0 | 100 | 100 |
| Law Draftsman: one additional permanent Law Draftsman | CMD | 0 | 130 | 130 |
| HR – Learning and Development – MMP and other programmes | CMD | 0 | 170 | 170 |
| Higher Education – Increased Fees | ESC | 0 | 1,490 | 2,260 |
| Equipment/Vehicle Replacement | HA | 0 | 200 | 200 |
| Maritime Incident Response Group | HA | 0 | 50 | 50 |
| Anti-Discrimination Legislation | SSD | 0 | 150 | 200 |
| Treatment and disposal of ash | TTS | 0 | 1,000 | 2,000 |
| HR Base Budget Shortfall on Staff | CMD | 0 | 230 | 200 |
| CSR: Fund permanent members of the CSR delivery team | CMD | 0 | 150 | 150 |
| **Total** | | **0** | **5,690** | **7,730** |

Removal of these amounts from the relevant Departments' expenditure limits would therefore create growth allocations of £5.69 million for 2014 and £7.73 million for 2015. The ability of the Assembly (and individual Members) to influence the allocation of funding would, therefore, to an extent be restored, and a degree of flexibility would be incorporated within the MTFP for later years of the plan.

**AMENDMENT 3:**

On the basis of the advice received from CIPFA (one of its expert advisors), the Sub-Panel has found that an appropriate reporting and monitoring mechanism must be established for the MTFP. This mechanism is required to ensure not only the sound management of States finances but also the delivery of decisions made by the States Assembly. For example, a sound reporting system would reassure the Assembly that growth funding provided for a particular service was indeed used for that service and not (as has sometimes happened in the past) diverted for use on a different matter. We understand, for instance, that the Minister for Treasury and Resources could undertake to present a report twice-yearly to the States detailing progress on each item of growth approved in the MTFP. For each item this could include –

- The amount approved in the MTFP;
- The amount spent to date;
- The amount to be returned to the Consolidated Fund as not needed (if any);
- Brief details of how the money was spent;
- Outcomes anticipated from the expenditure; and
- Actual outcomes achieved.

The Sub-Panel has therefore recommended that the Minister for Treasury and Resources develop an appropriate monitoring and reporting mechanism. Approval of this amendment would provide a clear steer to the Minister that this was indeed an expectation of the Assembly.

**Financial and manpower implications**

The financial implications of Amendments 1 and 2 are self-evident from their content and the report above, although it is worth noting that their adoption would not increase overall States expenditure and manpower resources. In terms of Amendment 3, it is anticipated that enhancements and amendments to current financial reporting processes (that would be required in order to implement the amendment) could be undertaken within current resources.