

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT**

ANSWER TO BE TABLED ON TUESDAY, 21st NOVEMBER 2006

Question

With regard to the £20 million savings that were due to be made in order to help fill the 'black hole', would the Minister give precise details of where the £20 million was taken from and exact details of what it has been decided to use it for?

Would the Minister also advise what consultation took place with States' members with regard to the change of use of the £20 million and why the change was not subject to a States' debate ?

Answer

Where are the savings being made?

The programme of £20 million efficiency savings relate to the Change Programme and the detailed allocations of these savings by programme area have been agreed by the Council of Ministers as part of the Annual Business Plan 2007, and are shown at Table 4.4 on page 31 as follows -

Programme Area	2005 £' 000	2006 £' 000	2007 £' 000	2008 £' 000	2009 £' 000	Total £' 000
<u>Corporate Efficiencies</u>						
Human Resources	300	400	-	-	-	700
Information Technology	500	440	-	-	-	940
Finance	206	494	427	-	-	1,127
Procurement	150	300	750	700	-	1,900
Total Support Services	1,156	1,634	1,177	700	-	4,667
Cross-Departmental	120	120	120	120	-	480
Executive Overheads	-	-	330	330	-	660
Property						
- Revenue	-	400	500	600	-	1,500
- Capital	-	-	700	1,600	1,700	4,000
Total Corporate Efficiencies	1,276	2,154	2,827	3,350	1,700	11,307
Departmental Efficiencies	4,724	1,846	1,173	650	300	8,693
Target	6,000	4,000	4,000	4,000	2,000	20,000

These amounts have then been removed from the budgets of individual departments according to an agreed allocation basis. For example, in 2007 the allocation of the £4 million saving is made up of £3.3 million from departments revenue budgets (as shown in Table 4.1 on page 26 of the Annual Business Plan 2007) and £0.7 million as capital receipts within the 2007 Capital Programme, (Summary table C page 58).

Extract from Table 4.1 - 2007 Revenue efficiency savings

States Funded Bodies	Efficiency Savings 2007 £'000
<u>Ministerial Departments</u>	
Chief Minister	105.3
- Grant to the Overseas Aid Commission	-
Economic Development	(98.4)
Education, Sport and Culture	(340.9)
Health and Social Services	(948.5)
Home Affairs	(226.9)
Housing	5.2
Planning and Environment	(50.9)
Social Security	(32.3)
Transport and Technical Services	(192.3)
Treasury and Resources	(1,358.0)
<u>Non-Ministerial States Funded Bodies</u>	
- Bailiff's Chamber	(8.6)
- Law Officers' Department	(37.6)
- Judicial Greffe	(33.9)
- Viscount's Department	(13.6)
- Official Analyst	(4.3)
- Office of the Lieutenant Governor	(7.7)
- Office of the Dean of Jersey	(0.1)
- Data Protection Commission	(1.1)
- Probation Department	(9.8)
- Comptroller and Auditor General	(5.1)
States Assembly	(40.5)
Total Revenue Efficiency Savings	(3,300.0)
Property – capital receipts	(700.0)
Total Efficiency Savings 2007	(4,000.0)

What are the savings being reinvested in?

The Council of Ministers made it quite clear that the States Strategic Plan looks to maintain Jersey's position of pre-eminence in the international arena – “In order to compete in the face of growing competition we must protect and improve the level of services and investment in social, environmental and economic initiatives”. The Council also made clear that this must be achieved within a sustainable financial framework.

This investment began with the prioritisation of savings as part of the resource allocation processes for 2005 and 2006, predominantly to growth and pressures in health and social welfare, as described in the respective budget documents. Most recently the investment in the outcomes of the Strategic Plan review were proposed and approved in the 2007 Business Plan, in Table 4.2, page 28 as follows -

Extract from Annual Business Plan 2007 Table 4.2 – Strategic Plan Outcomes

	2007 £m	2008 £m	2009 £m	2010 £m	2011 £m
Strategic Plan Initiatives					
Economic Growth Plan	1.00	1.00	1.00	1.00	1.00
Education, Sport and Culture					
Vocational and Tertiary (adult skills)	1.00	1.00	1.00	1.00	1.00
Home Affairs					
Discrimination Legislation	0.50	0.50	0.50	0.50	0.50
	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
Emerging Pressures					
Social Security					
Parish Welfare increases	-	-	1.50	3.00	4.50
Education, Sport and Culture					
Teachers Pension Deficit	1.30	1.30	1.30	1.30	1.30
Opera House Loan	0.20	0.20	0.20	0.20	0.20
	<u>1.50</u>	<u>1.50</u>	<u>3.00</u>	<u>4.50</u>	<u>6.00</u>
Impacts of Fiscal Changes					
Treasury and Resources					
Administering GST	1.00	1.00	1.00	1.00	1.00
Social Security					
Insulating those on low incomes from GST	-	1.75	1.75	1.75	1.75
Transitional costs of income support scheme	3.00	5.00	4.00	4.00	4.00
	<u>4.00</u>	<u>7.75</u>	<u>6.75</u>	<u>6.75</u>	<u>6.75</u>
Total Strategic Plan Review	<u>8.00</u>	<u>11.75</u>	<u>12.25</u>	<u>13.75</u>	<u>15.25</u>

States debate on investment of £20 million savings

The investment of the £20 million efficiency savings was highlighted in the States Strategic Plan and therefore in the States debate in June 2006, and also in the Annual Business Plan debate in September. However, the States had in effect previously agreed this principle in the 2005 and 2006 Budget debates.

In each of the 2005 and 2006 Budgets the detailed make up of the Committee allocations included savings found from both service reductions and efficiency savings. These savings enabled the real growth in priority services of health and social welfare to be achieved within overall growth in spending of 2.5% in these years.

	2005 Budget £'000	2006 Budget £'000
Efficiency savings	(6,000)	(4,000)
Service reduction	<u>(6,173)</u>	<u>(3,066)</u>
Total savings	(12,173)	(7,066)
Growth in services	13,793	9,598

The States has therefore been informed and could be seen to have had the opportunity to debate the “investment” of efficiency savings on at least four occasions.