

STATES OF JERSEY



STATES RESOURCE PLAN 2004 – 2008 (P.118/2003): SECOND AMENDMENTS (P.118/2003 Amd.(2)) – COMMENTS

**Presented to the States on 16th September 2003
by the Policy and Resources Committee**

STATES GREFFE

COMMENTS

The Policy and Resources Committee considers that this amendment could be beneficial if it –

- further reduces States expenditure and therefore the scale of future tax increases;
- reduces numbers employed by the States and therefore means more people would be available for employment in those areas of the economy which produces income for the Island.

However this benefit is dependent upon –

- expenditure reductions not adversely reducing the key public services provided by the States;
- sufficient wealth-producing jobs available to employ up to 900 people;
- people no longer employed by the States being sufficiently well skilled for the jobs created;
- States reductions in employment achieved without significant industrial unrest or significant redundancy payments.

The Committee does not believe that the latter conditions could be met. Therefore if the States were to support the amendment it should be with a full understanding of the following implications.

Effect on public services

The amendment envisages cumulative expenditure reductions of £55 million or 13% of expenditure over the 4 years 2004/8. This equates to reductions of up to 900 jobs, or one in 6 States employees.

If frontline police, clinical, medical and education staff are excluded, the ratio is one in 3 of all other staff including other services' frontline staff. It is therefore evident that the level of reductions will directly impact on all services.

The proposed level of reductions could not be met from further efficiency measures. The Resource Plan is already proposing limiting the provision for pay awards and delivering £33 million cumulative savings by 2008.

Additional wealth-creating jobs for people with appropriate skills

There would be an additional 900 income-producing jobs and would those people not employed by the States have the appropriate skills for these jobs?

It would be unrealistic to expect that this could be achieved without significant investment, either in support of business development or skills acquisition. If the States were to support significant additional investment in these areas, whilst achieving major expenditure reductions, it could only be at the expense of other services. This would inevitably mean reductions in expenditure on Health, Social Security benefits and Home Affairs.

Industrial Relations

Staff turnover within the States is running at approximately 5% of total workforce. If this continued over the 4 years 2004/8 some 300 people per annum would leave the States' employment over those years. However it would be likely to reduce if sufficient alternative jobs were not being created elsewhere in the economy.

Given that expenditure reductions would be targeted on specific services or functions, the proposed reductions would not be achieved without significant redundancies and training costs to support redeployment.

If the States support the amendment it must be understood that there could be very significant industrial relations

implications. The States would need to be very determined. It is also very important to consider the implications of significant industrial action on the Island's international reputation.

Conclusions

Taking account of the foregoing, the Committee is supportive of the principle of these expenditure reductions, but considers that the overall implications of the amendment would be very detrimental with serious social and welfare consequences. The Committee does not oppose the principle but believes that such major changes should be considered as part of the Strategic Plan. This will allow the States to balance service priorities, taxation, economic and social implications.

The Committee and Presidents have supported a benchmarking exercise to compare the performance of the States and its Services against those of appropriate organisations. This will provide comparative information to support objective decisions on efficiency and levels of service. This exercise is expected to report by the end of 2003.

The Committee considers that changes of this magnitude could only succeed if they are implemented over a longer period and based on a full understanding of the implications.