

19-21 Broad Street | St Helier
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Deputy Doublet
Chair, Health and Social Security Scrutiny Panel

BY EMAIL

24 September 2024

Dear Chair,

Re: Budget 2025

1. Request for any supporting documentation which has informed the proposed funding allocations for 2025 for HCS workstreams.

- a. The proposed 2025 HCS revenue funding allocation is made up of:

Government Plan 2024 approved base budget for 2025	£286.2m
Staff Costs Inflation	£16.5m
Deficit Funding	£29.9m
Maintaining Healthcare Standards (2%)	£6.3m
Non-Pay Inflation	£1.4m
Net impact of Service Transfers	£0.3m
Savings	(£8.6m)
Reductions in Previous Growth*	(£10.6m)
<u>Other Adjustments</u>	<u>(£0.3m)</u>
<u>2025 Proposed Budget</u>	<u>£322.1m</u>

*Jersey Care Model £4.1m, previous deficit funding non-recurrent £6.5m

The deficit funding provided of £29.9m was based on the 2023 financial outturn, and the Drivers of the Deficit work produced in 2023 in collaboration with KPMG. Also informed by 2024 forecasting information.

Additional investment is proposed in relation to implementing P.20/2024 (In-Vitro Fertilisation Funding).

2. A detailed list of the projects and/or workstreams that you will be undertaking in 2025.

- a. Finance Recovery Programme will continue in 2025 and consists of 6 workstreams:
- Workforce - Medical Staffing, Nursing Staffing, AHP, Non-Clinical
 - Clinical Productivity - Theatres, Patient Flow, Off Island Acute Services
 - Non-Pay, Procurement, Centralised Purchasing and Commissioned Services
 - Medicines Management
 - Income Maximisation - Private Patients, Other IMG schemes
 - Digital Health

Capital Projects:

- Development of specialist accommodation for Islanders with learning difficulties.
- Health Services Improvement Programme. An extension to the existing well-established essential maintenance programme continuing to address the most urgent Health and Safety requirements, across the health estate. With particular focus on keeping the Hospital compliant and operational until new facilities are available.
- Digital Care Strategy. Continuation of existing project to ensure continuous update of digital systems.
- Digital Systems Improvements. Delivery of an electronic patient record system for Mental Health and Adult Social Care Services.
- General Hospital Wi-fi. Implementation of upgrades and extensions to the hospital Wi-fi.

3. An outline of your legislative programme for 2025

a. Please see below in Appendix 1

The Public Health Law revision will be progressed if capacity allows, subject to prioritisation of the legislative programme by Ministers.

4. A progress update in respect of any projects and/or workstreams agreed by the States Assembly as part of the Government Plan 2024-27 including where these:

- are continuing in 2025
- have been delayed and the rationale for this
- have been cancelled and the rationale for this.

a. Estates – continuing in 2025

- Funding for essential works within the HCS estate includes the development of specialist accommodation for Islanders with learning difficulties and an extension of the rolling Healthcare Services Improvement (Backlog) programme of renovations within the General Hospital. Due to the current hospital's age, ongoing refurbishment works are required to ensure the delivery of safe and modern services pending the construction of New Healthcare Facilities to meet the Island's long-term health and care needs.
- A Business Case has been prepared requesting additional monies (£5m p/a) for 2026 – 2027 to ensure there is adequate resources available to the Healthcare Services Improvement Programme.

5. A detailed breakdown of how the proposed £322m allocated for HCS will be spent.

a. HCS budget

Detailed budget setting for 2025 is to be conducted within HCS over late September to mid-December 2024. Due to this process only just commencing, it is not possible to provide a detailed breakdown of the 2025 budget at this time.

Per the lodged 2025 Budget, the proposed budget allocations are as follows.

Service Analysis by year (one table per year 2025-28):

Service Level Analysis						
2025 Estimate £'000	Near-Cash		Net Revenue	Non-Cash	Net Revenue	FTE
	Income	Expenditure	Expenditure	Depreciation	Expenditure	Employees
Chief Nurse	92	6,145	6,053	-	6,053	63
Hospital and Community Service	27,503	313,079	285,576	4,066	289,642	2,697
Medical Director	1,378	11,853	10,475	-	10,475	139
Improvement & Innovation	-	19,961	19,961	-	19,961	34
	28,973	351,038	322,065	4,066	326,131	2,932
FTE Role Reduction	-	-	-	-	-	(5)
	28,973	351,038	322,065	4,066	326,131	2,927

Service Level Analysis						
2026 Estimate £'000	Near-Cash		Net Revenue	Non-Cash	Net Revenue	FTE
	Income	Expenditure	Expenditure	Depreciation	Expenditure	Employees
Chief Nurse	92	6,145	6,053	-	6,053	63
Hospital and Community Service	27,503	310,299	282,796	4,066	286,862	2,697
Medical Director	1,378	11,853	10,475	-	10,475	139
Improvement & Innovation	-	20,023	20,023	-	20,023	34
	28,973	348,320	319,347	4,066	323,413	2,932
FTE Role Reduction	-	-	-	-	-	(5)
	28,973	348,320	319,347	4,066	323,413	2,927

Service Level Analysis						
2027 Estimate £'000	Near-Cash		Net Revenue	Non-Cash	Net Revenue	FTE
	Income	Expenditure	Expenditure	Depreciation	Expenditure	Employees
Chief Nurse	92	6,145	6,053	-	6,053	63
Hospital and Community Service	27,503	316,645	289,142	4,066	293,208	2,697
Medical Director	1,378	11,853	10,475	-	10,475	139
Improvement & Innovation	-	20,023	20,023	-	20,023	34
	28,973	354,666	325,693	4,066	329,759	2,932
FTE Role Reduction	-	-	-	-	-	(5)
	28,973	354,666	325,693	4,066	329,759	2,927

Service Level Analysis						
2028 Estimate £'000	Near-Cash		Net Revenue	Non-Cash	Net Revenue	FTE
	Income	Expenditure	Expenditure	Depreciation	Expenditure	Employees
Chief Nurse	92	6,145	6,053	-	6,053	63
Hospital and Community Service	27,503	323,095	295,592	4,066	299,658	2,697
Medical Director	1,378	11,853	10,475	-	10,475	139
Improvement & Innovation	-	20,023	20,023	-	20,023	34
	28,973	361,116	332,143	4,066	336,209	2,932
FTE Role Reduction	-	-	-	-	-	(5)
	28,973	361,116	332,143	4,066	336,209	2,927

Statement of Consolidated Net Expenditure

Statement of Comprehensive Net Expenditure				
£'000	2025	2026	2027	2028
	Estimate	Estimate	Estimate	Estimate
Revenue				
Levied by the States of Jersey	-	-	-	-
Earned through operations	28,973	28,973	28,973	28,973
Total revenue	28,973	28,973	28,973	28,973
Expenditure				
Social benefit payments	57	57	57	57
Staff costs	230,034	226,979	226,979	226,979
Other operating expenses	120,947	121,284	127,630	134,080
Grants and subsidies payments	-	-	-	-
Impairments	-	-	-	-
Finance costs	-	-	-	-
Total expenditure	351,038	348,320	354,666	361,116
Net revenue expenditure (near cash)	322,065	319,347	325,693	332,143
Depreciation and amortisation	4,066	4,066	4,066	4,066
Net revenue expenditure after depreciation	326,131	323,413	329,759	336,209

Population Health

The public health budget will reduce in 2025-6 in accordance with the Council of Ministers' commitment to reprioritise existing budgets to deliver CSP objectives. As a result, some workstreams in the Population Health Strategy are expected to be deferred or discontinued. A prioritisation exercise is underway and the workstreams that are continuing will be determined later in the year.

Work is also underway to consider how best to prioritise and resource the following public-facing areas:

- Interventions for PFAS, including the work of the PFAS scientific panel.
- Childhood vaccination, which is currently only partially funded.
- Responses to health protection crises, such as the vaccination campaigns needed to address disease outbreaks or run as “catch-up campaigns” (examples from 2023/4 include MPox, scarlet fever, measles, whooping cough and meningitis).

6. An outline of any changes in policy direction or delivery for 2025 and the impact thereof.

a. See Appendix 1 for details of legislative programme.

- IVF: Additional monies (£620k) provided in 2025 Budget in response to P.20/2024. Proposed for new service access criteria which have been published, pending funding approval. [Funded IVF \(gov.je\)](https://www.gov.je)
- Proposed structure for Jersey Health and Care System (details to be confirmed pending consultation): Intended impact is to enhance the health and wellbeing of Islanders by facilitating whole system, integrated approach to development and delivery of health and care services, and associate strategy. To include an emphasis on prevention services.
- For public health, please see above.

7. An outline of any changes to staff posts and restructuring within your department and the anticipated resultant savings and impact on service delivery (in 2025).

a. Five management posts have been identified to be removed within HCS, with an expected full year saving of £592,000.

The budget for Public Health will reduce by approximately 18% from 2023, which may result in a reduction of about 10-15 posts, with further detail available later in the year.

8. More information and a detailed breakdown of the figures in relation to the ‘Investment in HCS Digital Priorities’ (page 62) workstream.

- a.** The proposed investment in HCS Digital Priorities consists of three Capital Projects:
- Digital Care Strategy. Continuation of existing project to ensure continuous update of digital systems.
 - Digital Systems Improvements. Delivery of an electronic patient record system for Mental Health and Adult Social Care Services.
 - General Hospital Wi-fi. Implementation of upgrades and extensions to the hospital Wi-fi.

The financial breakdown is shown below as per proposed 2025 Budget (Government Plan).

Information Technology

Information Technology							
Project	Spon	Supp	2025	2026	2027	2028	
Total	Dept	Dept	Estimate	Estimate	Estimate	Estimate	
£'000							
10,261	Cyber Programme 2.0 (M)	TDS	TDS	2,514	3,608	3,403	-
13,000	IT Major Upgrade and Replacement	TDS	TDS	6,000	6,000	1,000	-
1,800	Digital Services Platform	TDS	TDS	600	600	-	-
18,308	Digital Care Strategy (M)	HCS	TDS	2,003	770	380	200
3,850	Digital Systems Improvements	HCS	TDS	800	730	1,520	800
1,200	General Hospital Wi-Fi	HCS	TDS	1,200	-	-	-
850	Next Passport Project	JHA	JHA	425	425	-	-
2,047	Combined Control Room	JHA	JHA	450	-	-	-
9,425	Revenue Transformation Programme (Phase 3) (M)	T&E	T&E	1,316	-	-	-
11,274	Revenue Transformation Programme (Phase 4) (M)	T&E	T&E	3,270	3,122	3,122	-
4,017	Court Digitisation	JG	JG	1,230	220	-	-
650	Replacement LC-MS System	OA	OA	-	650	-	-
763	Probation/Prison Offender Case Management System	PROB	PROB	425	110	110	-
974	Automatic Electoral Registration	SA	TDS	385	45	45	-
78,419	Total Information Technology			20,618	16,280	9,580	1,000

Table 29: Information Technology | (M) indicates a Major Project

9. Further details of how the Proposed Budget 2025-2028 sits within the long-term sustainable funding plan for HCS

- a. Proposed budgets for 2025-28 have been included into the proposed Budget 2025 (Government Plan).

All years 2025-28 include an allowance for non-pay inflation, 2% Maintaining Health Care Standards funding. The future years impacts of any Service Transfers are included (i.e. services moving between Government departments), and any changes to the value of previously agreed investment items from past Government Plans.

Pay Award funding for 2025 and beyond is yet to be confirmed and is not included in the 2025-28 figures. The recurrent impact of 2024 Pay Awards is included.

The proposed 2025 budget allocation has been increased by £29.9m from the amounts initially proposed, which includes a reprofiling of the Financial Recovery Plan, to reduce projected delivery in 2025. The figure of £29.9m also includes and offset of a budget reduction in relation to current Social Care costs to be recharged to the Long-Term Care Fund.

Although the Deficit funding for 2025 has been proposed, pending final approval from States Assembly:

- Health Care requires an evidence-based long-term funding settlement to make it financially sustainable and provide stability with budget resilience by building contingency reserves to absorb normal operational variations.
- In December 2023, additional funding was provided for HCS in line with the funding gap identified in the FRP. The associated Ministerial Decision noted the challenges faced by Health and Community Services in the aftermath of Covid-19 and recognised that the Financial Recovery Programme (FRP) has been put in place to deliver a 3-year roadmap to deliver necessary efficiency savings and income improvements.

- The proposed Government Plan 2024-2027 recognised the ongoing funding challenges that became evident at 2023 year-end and has proposed additional funds for the department in 2024 and an ongoing basis to ensure that the Department's finances are sustainable.
- The key drivers of this deterioration in the financial position are health inflation, high spend on agency staff, activity pressures and provision of unfunded services.
- The specific cost pressures were identified during the FY24 Budget Planning are non-pay inflation in excess of funding, activity pressures on existing services, e.g. Mental Health Placements, Social Care Packages, Tertiary care contracts tariff increases and high costs referrals, Commissioned services, Emergency travel and Companion Travel policy, Drugs inflationary pressure above budget funding driven by high cost drugs, activity and increasing complexity of patients, Estates and equipment, and the additional costs of implementing improved clinical/medical model following recommendations of Royal College reviews into Medicine and Maternity Services.
- In recent years, the affordability of care has become more challenging, creating a risk to the future sustainability of services. Jersey is not unique in this, with many health systems globally challenged by the Covid pandemic, health worker shortages, inflationary pressures and changing demographics driving increased demands and rising costs, and a number of unique island factors.
- The evidence-based findings and recommendations of the FRP Drivers of the Deficit work and the Health Economic Unit (HEU) work on Health Funding Reform highlight the rising exponential gap between expenditure and income and are consistent in their conclusion. As a result, this is likely to result in additional deficits in future years unless decisions are made to either fund these costs permanently, through additional funding or discontinue the provision of these services.
- The FRP Programme, which aims to deliver £25m of efficiency savings and reduce wastage, is in its first year of implementation and has delivered efficiency savings of £3.2m in FY23 (vs target £3m), and plans to deliver in excess of £7.1m vs target of £5m in FY24, £8m in FY25 and £9m in FY26.

However,

- Efficiencies alone will not be sufficient. Whilst the FRP efficiency savings reduce the deficit by limiting the rise in the rate of expenditure, it is known that the costs of health and care delivery are going to increase year-on-year, across the whole system not just HCS. This is in common with all other jurisdictions.
- Jersey must address the issue of sustainable health and care funding in the very near term. The Minister is currently developing proposed high-level arrangements for the Jersey Health and Care System; a key proposed component of these arrangements is a Partnership Board that will provide a framework in which providers from across the whole system can develop sustainable funding solutions, and associated a health and care strategy, for determination by the Assembly.

Appendix 1: Outline of 2025 legislative programme

The table below sets out the envisaged legislative programme for 2024 and 2025. All 2025 legislative projects are subject to prioritisation by COM. Projects shown in light grey indicates a policy initiative that may result in legislation, pending the outcome of the policy development process.

Title	2024
Mental Health, Capacity and Self-Determination (Amendments) (Jersey) Law 202-	Q4 2024 – lodge
Tranche 1 amendment - Termination of Pregnancy (Jersey Law) 1998	Q4 2024 - lodge
Title	2025 key milestone date
Tranche 2 amendments - Capacity and Self-Determination (Jersey) Law 2016	Q3 2025 – lodge amendments
Tranche 2 amendments - Mental Health Jersey Law 2016	Q3 2025 – lodge amendments
P31 / 2024: Cannabis - personal possession, cultivation and consumption	Q4 2025 – proposals lodged (may result in future legislation dependent upon States Assembly decision)
Assisted Dying	Q3 2025 – lodge draft law
Professional Registration Law for Health and Social Care Professionals	Q4 2025 – lodge draft law
Vaping Regulations	25
Jersey Health and Care System – matters related to establishment of new structure	TBC – depending on outcome of consultation and development process
Cannabis - Licencing Regulations to underpin the granting of a Cultivation Licence for the cultivation of medicinal cannabis granted under Article 12 of the Misuse of Drugs (Jersey) Law 1978 (to include Regulations to provide for appeals, required information, matter relating to Home Office advice)	2025
Tranche 2 - Termination of Pregnancy (Jersey) Law 1998	TBC
Medicines Manufacturing licencing regime Regulations (Regulations to underpin the granting of a licence to manufacture a medicine under Article 9 of the Medicines (Jersey) Law 1995 – to include, appeals	2025

process, required information, overarching approvals process and MHRA requirements)	
Public Health Law	2025
Title	2026
Medicines (Jersey) Law 1995 Review – A wholesale review of the Law following full consultation with stakeholders	TBC
Misuse of Drugs (Jersey) Law 1978 Review - A wholesale review of the Law following full consultation with stakeholders	TBC

Yours sincerely



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