STATES OF JERSEY

DRAFT 2015 BUDGET (S.R.12/2014): RESPONSE OF THE MINISTER FOR TREASURY AND RESOURCES

Presented to the States on 22nd September 2014
by the Minister for Treasury and Resources

STATES GREFFE

DRAFT 2015 BUDGET (S.R.12/2014): RESPONSE OF THE MINISTER FOR TREASURY AND RESOURCES

Ministerial Response to:	S.R.12/2014
Ministerial Response required by:	27th October 2014
Review title:	Draft Budget 2015
Scrutiny Panel:	Corporate Services

Introduction

The Minister and Assistant Minister thank the Corporate Services Scrutiny Panel for their report.

Whilst the Treasury has not always been able to agree with the views of the Panel, it is recognised that Scrutiny has provided valuable contributions to a number of financial and budget debates. Their work has been able to focus minds on the important policy options for States members ultimately to decide upon. The Ministerial team sincerely thanks the Panel and recognises the time and effort spent on reviewing numerous Treasury propositions and proposals over the last 3 years. Panel members should be acknowledged for the time and effort they have spent on their work. The Minister would also particularly like to recognise the work of the Scrutiny Officers, who have worked co-operatively and diligently with Treasury officials to support the Panel and Ministerial team in researching the many background papers and in drafting reports.

The Panel Adviser from CIPFA has also provided some useful insight over the last 3 or 4 years, which has informed and influenced the Treasury's work.

It is pleasing to note that many of the Panel's recommendations have already been identified as opportunities for further improvement. The move to 3 year fixing of spending limits has been widely welcomed. The Minister is immensely proud that Jersey's Public Finances Law is held up as a model for other jurisdictions to follow, and the Panel who encouraged that approach should be recognised for its important support and contribution to this work.

As with all new innovations, there are always a number of improvements to make based on experience. The Minister is as committed as the Panel is to ensure the experience of this first MTFP is used positively to make the next MTFP even more robust.

As members will have seen from the Long-Term Revenue Plan Review report, published on 16th September 2014, work on implementing a number of the suggested improvements to MTFP 2, which will fix expenditure levels for the period 2016 to 2019, is already underway.

Two particular areas of the Panel's report warrant a detailed introduction. Firstly, regarding the proposal in the Budget 2014 to reduce the marginal taxation rate from 27% to 26%, the Minister wishes respectfully to remind the Panel it was in full possession of all the latest forecasts and supporting papers prior to the debate of the

Draft Budget 2014. All but one member of the Panel voted in favour of part (a) of that Budget proposition which authorised the rate reduction.

The Minister signalled very clearly that the aim of this measure was carefully and specifically designed to put money into the pockets of middle- to low-income Islanders. Moreover, this was at a time when both households and the economy needed further support. In addition, as clearly explained, this was an important step in simplifying the marginal rate system of taxation.

The Minister and Assistant Minister strongly maintain their position on this important and landmark decision. They have also signalled their desire to go further to a rate of 25%, with the full support of a majority of Ministers, including strong support from the Chief Minister and Assistant Chief Minister (Senator P.F. Routier).

For that reason, Ministers are disappointed that the Panel has now chosen to be critical of this important measure. Had it felt so strongly that this proposal was wrong, or should be reversed, then an amendment could have been brought to the Budget 2015.

None has been brought, and the Minister for Treasury and Resources is surprised and disappointed by this criticism.

Secondly, members of the Panel have suggested that an additional Budget may be required. This has been the subject of a high-profile media report.

Under the Finance Law, any new Minister for Treasury and Resources could bring alternative proposals upon his or her appointment for an additional Budget, notwithstanding the potential serious negative effects this could have on stability and business confidence.

A supplementary Budget should not be necessary or required. The very raising of the suggestion could unintentionally send out a message of a lack of strength in Jersey's financial position. The opposite is the case. Whilst income projections have been reduced following a continued international recession, Jersey’s finances remain incredibly strong. This is in part due to the Panel’s own endorsement of Treasury policy of prudent fiscal and treasury management.

The majority of the Panel’s concerns appear to relate to measures designed to ensure that there is a sufficient unallocated balance on the Consolidated Fund to provide for expenditure designed to secure an economic recovery.

The majority of these measures do not form part of the Budget 2015 report and proposition. It could be argued that the current legal arrangements for the Consolidated Fund, which often has a balance in excess of £100 million, are overly restrictive. The requirement to have the cash immediately available even before a capital project gets underway, and that it should be held before a project is even tendered, needs review in the context of a medium-term financial planning model. There should be no compromise on financial prudence. However, the current practices may not reflect best value or best use of taxpayers’ cashflow.

In any event, the schedule, which is provided for the States’ information, could be altered by a new Council of Ministers.

In addition, it should be remembered that should income levels recover or improve over the cautious estimates, then some of the currently proposed initiatives may not be required. The Minister has continued a policy of prudence and transparency in decision-making based on independent economic advice.

The Minister respectfully suggests that instead of making somewhat polemical recommendations, the majority view of the Panel should endorse an approach that seeks more efficiency from States departments, puts more money into the pockets of lower- and middle-income earners, and does everything possible to secure a sustainable economic recovery.

For these reasons, whilst accepting the majority of the Panel's recommendations, the majority of Ministers stand by proposals as being not only deliverable, but representing the best Budget possible for Jersey in 2015.

Findings

	Key Findings	**Comments**
1	Problems arose in the income-forecasting process in 2013 which meant that measures were proposed (and ultimately adopted) in the 2014 Budget which should not have been. These circumstances should not be allowed to repeat themselves.	The report refers to problems in income forecasting in 2013. The Minister does not agree and remains committed to the decisions made in the 2014 Budget. Work is always ongoing to improve financial forecasting in all areas and to continue to provide the appropriate information and briefings to Ministers, Scrutiny and all other States members. The initial response was very clear that the Panel was in full possession of all the latest forecasts and supporting papers prior to the debate of the Draft Budget 2014. All but one member of the Panel voted in favour of part (a) of that Budget proposition which authorised the rate reduction. The aim of this measure was very clear and was carefully and specifically designed to put money into the pockets of middle- to low-income Islanders. Moreover, this was at a time when both households and the economy needed further support. In addition, as clearly explained, this was an important step in simplifying the marginal rate system of taxation. The Minister and Assistant Minister strongly maintain their position on this important and landmark decision. They have also signalled their desire to go further to a rate of 25%, with the full support of a majority of Ministers, including strong support from the Chief Minister and Assistant Chief Minister (Routier). For that reason, Ministers are disappointed that the Panel has now chosen to be critical of this important measure. Had it felt so strongly that this proposal was wrong, or should be reversed, then an amendment could have been brought to Budget 2015. None has been brought, and the Minister for Treasury and Resources is surprised and disappointed by this criticism.

	Key Findings	Comments
2	Decisions of the Assembly need to take into account the most recent and up-to-date information.	The Minister has always endeavoured to provide the Assembly with the latest information. A significant number of briefings and presentations have been provided for States members, both ahead of lodging the draft Budget 2015 and also immediately prior to the debate. This has been a consistent approach in past Budgets and for other debates. The draft Budget 2015 incorporates the latest income tax forecasts from the ITFG and a full review of all other States income.
3	The timing and character of the proposed remedial measures undermine confidence in the States' financial strategy. It is vital that the measures are critically appraised in relation to their propensity for delivery.	Once the Income Tax forecasts had been confirmed, they were incorporated in the financial forecast. This led to the need to propose measures that would maintain a positive balance on the Consolidated Fund. The measures themselves are not a departure from the States' financial strategy nor a challenge to it. The States' income has grown less quickly than expected and the majority of these measures, as identified by the Fiscal Policy Panel (FPP), do not impact on economic activity, which is appropriate given the economic conditions. The FPP also comment that these proposals do not have a significant impact on the structural position of the States' finances. At the time of the draft Budget 2015 lodging, not all proposed measures were certain in their ability to be delivered. Since then, further discussions have been held, for example with the utility companies. Amendments were lodged by the Minister for Treasury and Resources to reflect the outcomes of such discussions.
4	It remains unclear how proposed savings will be met to ensure the Liquid Waste Project can be funded in the way envisaged.	The exact details of the proposed savings are a matter for the Transport and Technical Services Department (TTS) to manage. The expected cost of repaying the principal sum and interest of £29 million from the Currency Fund investment has been calculated at approximately £1.7 million per annum. Treasury and Resources have had discussions with TTS about how that cost could be met, and they have identified efficiencies in electrical, operational and maintenance costs which will contribute towards the repayments required once the new facility is complete.
5	There are reservations about how much confidence can be attached to the Draft Budget's anticipated level of sustained investment return performance on the Strategic Reserve.	It is acknowledged that there are many factors which may influence the actual returns achieved from the Strategic Reserve Fund, and that the RPI(Y) actuals will differ from the assumptions used in the rules. Based on historical Investment return rates achieved, the average Investment Returns for the last 3 years have been well in excess of these levels, with last year seeing overall fund growth of 14.1%. Given the Fund's strong Investment growth, and the scenario testing carried out, the Treasury feels comfortable that the assumed rates used in the rules are reasonable assumptions to use, and below the 3 and 8 year historic averages achieved. We are also starting from a strong position based on the excellent investment returns which have been banked for 2013.

	Key Findings	Comments
6	Further work is required to ensure confidence in the expected spending envelope for the Hospital Project.	This is accepted. However, as was set out during evidence to the HSSH Panel, the Strategic Outline Case, is the accepted means of identifying an outline budget. The current Feasibility Study will report back with greater certainty (following the development of an Outline and then Full Business Case) for the expected capital spend in response to the requirement (b)(i) under P.82/2012 – 'Health and Social Services: A New Way Forward'.
7	Whole-life costing should be fully embedded within project modelling and revenue budgets for the Hospital Project.	This is accepted; however, indicative revenue assessments were included within the Strategic Outline Case and more detailed assessments undertaken by the H&SS Department have informed development of the Long-Term Revenue Planning Review. Further detailed work to assess the revenue implications, underpinned by detailed Acute Service Planning, is underway by H&SS as part of development of the Feasibility Study in response to part (b)(i) of P.82/2012, and this will inform the whole-life cost analysis within the Outline and Full Business Cases developed for the Future Hospital Project.
8	In order to ensure the efficacy of the fiscal stimulus programme, measures to stimulate or support the economy must meet the '3 Ts' test of fiscal stimulus.	The flexibility inherent to the capital programme being approved annually allows it to be utilised to vary the overall amount and timing of spending. This has been effectively used in recent years as a tool to provide a specific programme of fiscal stimulus through targeted capital expenditure on projects meeting the '3 Ts' criteria of the stimulus being timely, targeted and temporary. The specific 'Economic Stimulus Plan' approved by the States Assembly in P.55/2009 allocated £44 million from the Stabilisation Fund for a one-off exercise designed to provide a discretionary and targeted programme of stimulus in response to the economic downturn. It was this plan that established the '3 Ts' test to ensure projects funded from the scheme met the objectives of the plan in providing stimulus to the Jersey economy, supporting local employment and creating new opportunities for Jersey businesses at the point it was most needed. However, an important distinction must be made between these types of one-off exercises and what the capital programme is ultimately for. The primary objective of the capital programme is to meet service delivery needs, rather than principally as a source of fiscal stimulus or a tool for managing the economy. Some steps are nonetheless possible – • Consideration is being given to actively manage the tendering conditions on capital projects to encourage an appropriate balance between on-Island and off-Island contractors, which will help manage capacity in the local economy, if appropriate. • Capital expenditure proposals in the next MTFP for 2016 to 2019 can also take account of both the prevailing capacity assessment and prevailing economic conditions.

	Key Findings	Comments
		Ongoing work on the management of the capital programme will still consider how projects meet the ‘3 Ts’ but the focus has shifted to looking at the likely impact on the local economy, and in particular the construction sector.
9	Actual performance in capital expenditure in recent years does not provide sufficient confidence that forecasted profiles for future capital expenditure will be achieved.	A great deal of progress has been made in recent years to improve the monitoring of capital projects and the quality of forecasts, as well as encouraging departments to utilise available resources to complete upfront planning and feasibility before allocations are approved to reduce the lag between approval and project commencement. Departments are required to sign off business cases, including forecast cashflows for each project prior to its inclusion in the capital programme. Preparatory work at the planning and tender stages also includes detailed evaluation by quantity surveyors to breakdown budgets at a granular level and verify project timescales. Forecasts are based on this detailed understanding of each project. The forecasts of capital spend included in the analysis in Appendix 2 (page 65) are comparable to actual spend in recent years. It must also be noted that the 3 major capital projects for Housing, Liquid Waste Strategy and Future Hospital, for which detailed preliminary work has been carried out, have been included, which contribute to increasing overall forecast spend significantly in future years.
10	There is a risk that deficit-financing may become the norm for the States.	It is not clear what is meant by this finding. Clearly there is a risk, but the Panel do not explain the nature or scale of such a risk and whether either is changing. The Minister has already identified that by updating the fiscal rules and principles that the States applies, this risk could be better managed, for example by committing to balance budgets over the economic cycle. The Panel’s Adviser (MJO Consulting) recognises the arguments in favour of the States running deficits during a recession and a surplus in good times, but this does not imply that deficits will be the norm – if that was the case then budgets would not balance over the economic cycle.
11	The Long-Term Revenue Plan will provide directions to both the Budget setting process and the foundation for the MTFP and is of direct relevance to the debate on the Draft Budget.	The Long-Term Revenue Plan is intended to be a working document and, as such, is best described as a process of Long-Term Revenue Planning rather than a finite report or plan. A Long-Term Revenue Planning Review (R.136/2014) has been issued to States Members. Publication of this Review is intended to set out the range of major issues and potential policy considerations which might affect the next Strategic and Medium Term Financial Plan. This is intended to assist States Members as to their future financial policy options and to inform the decisions that the next States Assembly faces.

	Key Findings	Comments
12	An urgent recalibration of the MTFP is required and its redesign needs to be on the basis of a robust economic model and not simply as an accounting model.	The current MTFP is a 3 year plan which is clearly based on an initial set of economic assumptions and financial forecasts, that are then revised and updated during the life of that plan. The Long-Term Revenue Planning (LTRP) Review provides a framework to look beyond the current MTFP period. The LTRP Review also provides the process by which an annual review of the plan and a re-assessment of the financial and economic forecasts can be made and revised as necessary. The annual Budget provides the mechanism by which the States can be asked to approve changes to the plan which take account of both the changing financial and economic position. Both the LTRP and Budget processes are supported by independent economic advice from the FPP and the Budget is informed by the review by Scrutiny. The LTRP process will provide a forward framework within which the next MTFP will be formulated. The economic assumptions and financial forecasts will be refreshed again as part of the work to develop a resource framework in the next Strategic Plan and to inform the next MTFP. The new Council of Ministers and new States Assembly will determine the appropriate economic and financial framework for the next MTFP and will have the opportunity to take into account any lessons learned from the first MTFP.
13	The time has come for a full debate on States' expenditure and taxation.	The draft Budget 2015 and all supporting papers have provided much of the information required to ensure that the new Council of Ministers and the new States Assembly are able to have the full debate the Panel suggests. The right time for this debate is when formulating the next MTFP, and the Minister has endeavoured to make all relevant information available in the public domain to ensure that the debates are as well informed as possible. In addition, by placing the FPP and their reporting procedures on a statutory basis, the next Assembly will have access to the best independent economic advice to inform that debate.
14	Further work is required in order to determine both the size of any structural deficit facing the Island and the strategy to be used to address it.	The FPP have already committed to providing further analysis of the States' structural position in advance of the next MTFP. The Scrutiny Panel should await this work before making judgements about whether there is a structural deficit, its scale and what remedial action may be required to address it and when.

RECOMMENDATIONS

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	Prior to the lodging of the next MTFP, the Minister for Treasury and Resources should ensure that membership of the ITFG is formalised within a structured reporting framework and with formal minutes being made available to the Council of Ministers.		Accept in principle	The Minister is happy to accept the recommendation in principle, but is conscious that we should not try and commit the next Council of Ministers and Assembly to the existing fiscal framework. This will need to be updated in a way that makes the fiscal framework more transparent and robust and builds on the experience of recent years. The responsibilities and roles in income tax (and wider financial) forecasting would need to be clear if the framework was to be strengthened and facilitate robust medium and long-term decision-making. Should that framework include the ITFG in its current or similar role, then obviously the suggestions of the Panel would be appropriate.	2015
2	The Minister for Treasury and Resources should ensure that the most up-to-date forecasts are used as the foundation for informing the Budget Setting Process.		Accept	The Minister has always endeavoured to provide the Assembly with the latest information, and will continue to ensure that the most up-to-date forecasts are used to inform MTFP and Budget debates. The economic assumptions and financial forecasts will be revised as part of the process to develop the next MTFP 2016–2019 and Budget 2016.	Ongoing
3	The Minister for Treasury and Resources should ensure that proposed base budget reductions are subject to independent validation in order to ensure both their deliverability and their ability to be monitored.		Accept	The proposed base budget reductions were included in the draft Budget 2015 with the appropriate commitments from both Corporate Management Board and the Council of Minister. The timing of these savings may mean that departments are not able to make sustainable changes at short notice and they will need to make one-off savings to meet their targets, but they have committed to finding sustainable base budget reductions now where they can. Budgets will be removed from Departments to match the savings agreed which negates the need for monitoring in the short term. It was envisaged that Treasury would have discussions with departments to understand how they will	2015

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
				be delivering their target savings and gain comfort over their deliverability, however it is not for us to suggest that the reductions should be subject to further independent review or validation.	
4	The Minister for Treasury and Resources should confirm with Departments that they have sufficient management and financial information to be able to monitor and report upon the proposed savings that the Draft Budget will require them to deliver.		Accept	The Treasury has focussed much attention in recent years on developing, monitoring and reporting management information, including how MTFP growth, Carry-Forwards and Contingency allocations have been spent. During the period of the Comprehensive Spending Review, the monitoring also included an analysis of how departments were progressing towards achieving their savings targets. In addition, the monthly and quarterly reports produced and presented to the Corporate Management Board and Council of Ministers include explanations of any significant budget variances and other key financial and non-financial performance indicators. All departments use a well-established financial reporting system that allows effective and consistent financial information to be produced and reported across the organisation. Departments are responsible for monitoring their own budgets, with Accounting Officers accountable for operating within the approved cash limit. Departments must be given an appropriate level of flexibility to manage savings within their overall cash limit. The Minister does not wish to issue a prescriptive list of savings proposals.	June 2015
5	The Minister for Treasury and Resources should ensure that, prior to the lodging of the next MTFP, an assessment is undertaken of the ability of the Department of Transport and		Accept	Treasury will be continuing to discuss the necessary return to the Currency Fund for its investment in Jersey's infrastructure, and a plan of how those costs will be met will be agreed. TTS has already started to identify efficiency savings that will be realised once the new plant has been completed.	July 2015

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	Technical Services to identify savings in order to fund the Liquid Waste Project.				
6	The Minister for Treasury and Resources should ensure that, prior to the lodging of the next MTFP, the feasibility of proposed investment returns on the Strategic Reserve is subject to further testing.		Accept	Accepting that the returns achieved last year were well in excess of proposed levels, Treasury will continue to closely monitor returns on the Strategic Reserve and will continue to assess the impact on returns through sensitivity analysis and scenario testing.	Quarterly from 2014
7	The Minister for Treasury and Resources should ensure that the capital cost of the Hospital Project is re-evaluated to ensure that there is appropriate precision within the expected spending envelope and that approved functionality synchronises with that expectation.		Accept	This was in any case the intent of the Feasibility Study currently underway and which will report with Outline and Full Business Cases in 2015.	2015
8	The Minister for Treasury and Resources should ensure that, prior to the lodging of the next MTFP, the full-life running costs of the Hospital Project are appropriately evaluated against the MTFP financing capability in respect of the Health and Social Services budget.		Accept	This was in any case the intent of the Feasibility Study currently underway and which will report with Outline and Full Business Cases in 2015.	2015

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
9	The Minister for Treasury and Resources should review the legislative framework surrounding the capital allocation process to ensure it allows for the realistic delivery of the Capital Programme and for appropriate performance management arrangements to be put in place, with the outcome of this review to be reported to the States Assembly ahead of the lodging of the next MTFP.		Accept	The Treasury is committed to an ongoing review of the Public Finances (Jersey) Law 2005. Following the significant progress made to develop medium term financial planning, further work is currently being undertaken to progress options for legislative changes that would improve the efficiency and effectiveness of financial management with the States whilst maintaining an appropriate framework of control and accountability. An issue high on the agenda within this review is the methodology behind the approval and allocation of capital funding. A number of options are being considered to more effectively manage States of Jersey resources and allow departments sufficient flexibility to effectively manage the delivery of their capital projects. Significant progress has been made in recent years to improve the quality of capital project monitoring. The information supplied by departments and reported back to the Corporate Management Board and Council of Ministers quarterly has increased to include project specific updates on project status, reasons for any delays, tender status and projects cashflows. A lot of work has also been done in conjunction with the Economics Unit and the Jersey Construction Council to develop our understanding of the impact of the capital programme on the local economy. The Minister will report back to the Assembly on progress early in 2015 as part of the development of the next MTFP process, and before the Assembly are asked to consider the next Strategic Plan.	Ongoing
10	The Minister for Treasury and Resources should investigate the potential for the States to run a budget surplus of 0.5% or 1%		Accept in principle	The principle of a surplus over the economic cycle will be considered as part of the ongoing work on updating the fiscal framework. However, the suggested rule is not clear in terms of whether the reference point is annual GVA/surplus or surplus that over the cycle, and also what the	2015

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	of GVA over the economic cycle, with the outcome of this work to be reported to the States Assembly ahead of the lodging of the next MTFP.			rationale is for such a rule. The reference to the Swedish model by the Panel's adviser is interesting, but no case is put forward as to why this is applicable to Jersey or preferable to fiscal rules elsewhere.	
11	The Minister for Treasury and Resources should ensure that the Long-Term Revenue Plan is presented as soon as possible to the Assembly for Members' approval.		Accept	A Long-Term Revenue Planning Review has been issued to States Members. Publication of this Review is intended to set out the range of major issues and potential policy considerations which might affect the next Strategic and Medium Term Financial Plan, to assist States Members as to their future financial policy options, and to inform the decisions that the next States Assembly will need to take.	September 2014
12	The Minister for Treasury and Resources should request that work begin immediately on the recalibration of the MTFP with a report on progress to be provided to the new Assembly by Christmas 2014.		Accept in principle Resource Frame-work by early 2015	R.136/2014 provides States members with an update on the progress of the Long-Term Revenue Planning review. The LTRP process will continue to be developed and will provide a forward framework within which the next MTFP will be formulated. The economic assumptions and financial forecasts will be refreshed again as part of the work to develop a Resource Framework in the next Strategic Plan and to inform the next MTFP. The development of the new Strategic Plan is likely to include consultation with States members and the Public, and would need to be produced in January 2015 to allow an appropriate period before lodging. This process and timetable will need to be agreed by the new Council of Ministers.	Early 2015
13	The Minister for Treasury and Resources should ensure that, prior to the lodging of the next MTFP, Departments are requested to identify measures to		Accept	This recommendation is welcomed and will be one of many options that will need to be considered for the next MTFP. Any options for income generation, economic growth or improved productivity will reduce the need for reductions in services or increases in taxes. In the same way that MTFP monitoring has	March 2015

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	optimise income generation capability, with service delivery benchmarking to be used as a means of identifying wider options.			been introduced for CSR savings, MTFP growth, contingencies and carry-forwards, it will also be important for any new measures in the next MTFP to be monitored.	
14	The Minister for Treasury and Resources should ensure that, prior to the lodging of the next MTFP, the economic drivers that influence tax yields are re-evaluated, and that all sources of data (including Social Security contributions) are used to inform financial strategy and to determine the extent of any structural deficit.		Accept	The Panel and/or their advisers seem to have misunderstood the forecasting process, as this recommendation is already part of the forecasting process. Economic drivers are re-evaluated for every forecast as is their relationship to the relevant tax bases. Tax yields are also forecast on the basis of the latest information and expected trends in the various income tax exemptions and allowances. In addition, all available data (including Social Security contributions) is used to inform this analysis.	March 2015

CONCLUSION

The Minister is encouraged by the fact that the Panel had clearly considered the Budget 2015 proposals in detail, and that none of the Panel’s key findings or recommendations indicated alternative proposals. Notwithstanding the Panel Chairman’s continued criticism, no amendments have been made by her to alter the key proposals in Budget 2015. The Minister has no alternative but to conclude the Chairman does not have an alternative approach.

In addition, given that the Corporate Services Scrutiny Panel, the FPP and members who have reviewed the measures contained in Budget 2015, and with the exception of 2 members who have proposed amendments, none have suggested an alternative course of action.

The FPP has endorsed the Minister’s approach, and the Minister and Assistant Minister hope that this gives members and the wider Public confidence that the proposed way forward is the right one.