

STATES OF JERSEY



STATES' EXPENDITURE: REDUCTION IN COST OF PUBLIC SECTOR WORKFORCE (P.90/2003) – COMMENTS

Presented to the States on 20th January 2004
by the Finance and Economics Committee

STATES GREFFE

COMMENTS

The Finance and Economics Committee fully supports the aim of making savings to States expenditure and believes that the States have made good initial progress towards this aim. The Committee also believes that the message from the public is that significantly more progress is required.

The Connétable is correct in identifying that in order to reduce cost in the public sector, significant savings to the public sector wage bill must be identified, as it accounts for 60.3% of net revenue expenditure.

Whilst the Committee therefore agrees with the sentiment of the Connétable's report and proposition, it believes that savings in States expenditure will be most appropriately achieved by targeting all States costs. A more targeted and efficient approach is to identify those services of lower priority to the public and the less efficient services, rather than applying a percentage cut across the board to manpower costs only.

To this end the Committee believes that the Strategic Plan being developed by the Policy and Resources Committee is the appropriate means of prioritising services.

Furthermore, the Benchmarking exercise currently being undertaken shall identify those services where efficiency improvements can be made. When completed, these two initiatives will highlight the most appropriate areas where savings can be made and accordingly they shall shape Future Fundamental Spending Review processes.

The Resource Plan 2004-2008, establishes the maximum increases to revenue expenditure for 2005 to 2008 at 3%. More recent income forecasts and repeated messages from the public to control expenditure will necessitate a reconsideration of whether even such a small increase is too much. However, estimates indicate that in order to achieve even an increase of 3% in net revenue expenditure and provide essential growth, savings of £33 million over the period to 2008 will be required.

Savings of such a level may necessitate savings in staff costs of a similar level proposed by the Connétable, although over a longer period of time. The Committee believes such savings levels implicit in the Resource Plan are challenging yet achievable. The integration of manpower and States finances within the Finance and Economics Committee facilitates a more co-ordinated delivery of manpower and financial savings in accordance with P.192/2002.

In respect of part (a) of the proposition, the Committee believes that the data provided in the Annex to the 2004 Budget broadly meets the requirements of the Connétable for 2004, identifying the direct and indirect financial and manpower inputs of services provided and will form the basis for ongoing manpower estimates, which will be dependent upon outcomes of the Fundamental Spending Review (FSR) process. Also the FSR process itself is structured in a way as to enable the prioritisation of services, thus achieving much set out by the Connétable in part (a) of his proposition.

The Committee agrees with the principle of the proposition and is wholly committed to cutting States expenditure. The Finance and Economics Committee already has a clear mandate from the States and the public to cut expenditure and is confident that appropriate mechanisms to achieve savings in a targeted way are already being established.

The Committee further agrees that a single Committee being empowered to direct manpower savings, will further aid the efficiency of the process to deliver savings, but will only work if supported by all Committees and the States.