

STATES OF JERSEY



DRAFT ANNUAL BUSINESS PLAN 2012 (P.123/2011): FOURTEENTH AMENDMENT (P.123/2011 Amd.(14)) – COMMENTS

**Presented to the States on 12th September 2011
by the Council of Ministers**

STATES GREFFE

COMMENTS

The Council of Ministers opposes the amendment.

The Deputy of St. Mary proposes that the indicative total of net revenue expenditure for 2013 set out in Summary Table E on page 73 shall be increased by £14,801,800.

Comment

The Deputy refers to the modest increase in total States expenditure between 2012 and 2013 of £4 million, in contrast with the more significant increase between 2013 and 2014 of £36 million. The Deputy concludes that 2013 expenditure should be increased, presuming that items such as inflation have not been provided.

This is in fact totally inaccurate. The 2013 total States net expenditure includes provision for pay, inflation, benefit and income support increase and adjustments for supplementation. As Figure 1 illustrates, the 2013 proposals also include growth in Health and Social Services (2%) and Overseas Aid (5%), as well as provision for a new Growth allocation consistent with the Medium Term Financial Plan proposals agreed as part of P.97/2011.

Figure 1 – Explaining increases in total States net expenditure 2012 to 2014

	£m 2013	£m 2014
Prior Year Net Expenditure Allocation	632	636
Provision for Pay, Non Staff Inflation, Benefits and Income Support, and the new Supplementation formula	19	21
Growth in accordance with current policies for Health and Social Services (2%) and Overseas Aid (5%)	4	4
Increase in the new “Growth” allocation from an initial allocation in 2013 of £6 million to £16 million in 2014	6	10
Increase in Capital Allocation (Net of Capital to Revenue movements)	5	1
Pre CSR Net Revenue Expenditure Allocation	666	672
CSR Savings and User Pays	(30)	*
Net Expenditure Allocation	636	672
Increase Over Prior Year	4	36

** Note: The Council of Ministers did not feel it was appropriate to set savings targets for 2014, in advance of a new Council Of Ministers, and before the current CSR programme has been completed.*

The reason the 2013 proposals do not see a significant increase in expenditure is the proposal to deliver the third year of the CSR programme, incorporating £30 million of savings and user pays. The result is that over the period of the CSR States net

expenditure has remained relatively flat in cash terms, but seen a significant reduction in real terms.

The Council of Ministers was clear, in its presentation of the Business Plan to States members at the Town Hall in July, that the 2014 projections were indicative and at this stage included no provision for further savings in 2014. The Council of Ministers did not feel it was appropriate to set savings targets for 2014, in advance of a new Council of Ministers, and before the current CSR programme has been completed. Consequently, there is a more stepped increase in States net expenditure of £6 million in 2014 which reflects this.

The Deputy also raises concerns about the anticipated funding required for long-term resource initiatives, Section 8 (page 43) of the Business Plan report. Closer reading of this Section should provide Members with an assurance that proposals for these resources will be brought forward with associated funding options and solutions.

Section 7 (page 41) of the Business Plan report identifies all the assumptions behind the 2013 and 2014 expenditure allocations and these include a further Growth allocation of £10 million and an increase in the Capital Allocation by a further £5 million in 2014.

The Council of Ministers recommends the proposed States net expenditure limits to Members, and provides assurance that where possible appropriate provisions for pay, inflation and future funding pressures have been included and are sustainable within the overall tax and spending envelope for 2013 and 2014.

The Council of Ministers opposes this amendment.

Financial implications

The amendment proposes that the net revenue expenditure for 2013 be increased by £14,801,800.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

The Council of Ministers was unable to approve the comments before the deadline as a result of the States Sitting beginning on Monday 12th September.

Re-issue Note

These comments have been re-issued at the request of the Council of Ministers as there were slight amendments to the text as originally printed.