

STATES OF JERSEY



DRAFT ANNUAL BUSINESS PLAN 2011 (P.99/2010): FIFTH AMENDMENT (P.99/2010 Amd.(5)) – AMENDMENT

**Lodged au Greffe on 31st August 2010
by Deputy J.A.N. Le Fondré of St. Lawrence**

STATES GREFFE

DRAFT ANNUAL BUSINESS PLAN 2011 (P.99/2010): FIFTH AMENDMENT
(P.99/2010 Amd.(5)) – AMENDMENT

1 PAGE 3, AMENDMENT (3) –

For the figure “£300,000” substitute the figure “£138,000”.

2 PAGE 3, AMENDMENT (3) –

For the words “Restructuring Costs” substitute the words “Central Reserves”.

DEPUTY J.A.N. LE FONDRÉ OF ST. LAWRENCE

REPORT

Deputy Southern has correctly identified that the Minister for Social Security has proposed the removal of the GST Bonus as one of his departmental savings as part of the first phase of the CSR reductions.

The GST Bonus was originally introduced as a combined idea by the former Minister for Treasury and Resources (Senator Le Sueur) and the former Minister for Social Security (Senator Routier).

My proposals (under P.138/2008) effectively doubled the GST bonus to £150, and this was implemented through P.163/2008 and P.164/2008.

As far as I was concerned, (and I continue to be of the same view), the GST Bonus was not just for 3 years and then going to finish.

The purpose of the GST bonus was to meet the concerns of members over those individuals who were not protected by Income Support, and also did not pay tax (and therefore could not benefit from any adjustments to income tax allowances, thresholds, etc., etc.).

I have always understood that it would therefore continue, unless it was ultimately replaced by some other similar form of protection. The principal attraction of my overall proposals under P.138/2008 was to keep the simplicity of the GST system, and in particular to avoid the extra costs of bureaucracy that would have resulted from the exemptions that were being proposed.

Thus far the system appears to work. The key advice of the day was to keep the system simple, and I am not aware that this has changed.

Therefore I am concerned that this aspect of the proposed reductions by Social Security does not recognise the principles and spirit in which these propositions were approved and adopted by the States in the past, and I was disappointed that this proposal was brought forward in the 2011 Business Plan.

Deputy Southern has proposed a provision for a full year (i.e. £300,000), based on 2,000 households.

However, I believe that Deputy Southern has overlooked 2 matters in arriving at the figure required to continue the protection for 2011.

Firstly, and most importantly, Social Security have retained £172,000 to cover the period up until 23rd July 2011, when the first set of Triennial Regulations expires (this can be seen on page 83 of the Annex).

Secondly, if one pro-rates this for the entire year (assuming no further uplift upon renewal of the Regulations), the total required sum should actually be approximately £310,000.

The impact of Deputy Southern's amendment is therefore to take the £172,000 already accrued by Social Security and increase it by £300,000 to make a total of £472,000 allocated towards the GST bonus for 2011.

Therefore I would submit that Deputy Southern's proposed amount can be reduced to £138,000, leaving the estimated total for 2011 as being £310,000 (£172,000 already within the Social Security budget + £138,000 increase).

For the avoidance of doubt, I believe that provision should be made for a full year. I would anticipate that this would allow for the renewal of the Triennial Regulations. However, in any event the provision by Social Security appears flawed.

This is because the GST Bonus can be claimed at any time during the year. The assumption by Social Security is that it will be taken up evenly throughout the year, however it is perfectly feasible for everyone to claim the amount they usually claim before 23rd July 2011, and accordingly there would actually be an overspend.

In my view it is preferable for the correct sum to be accrued, and in the meantime for a proper dialogue to be had over how the GST Bonus system is going to be either carried forward or replaced; who should control the funding of it; and who should administer the scheme itself. Proper proposals should then be brought back to this Assembly during 2011, in time to be in place for 2012.

The second part of my amendment is purely to redirect the source of the funding from the Treasury restructuring costs (which are a one-off package), to the central reserve. As noted on page 29 of the Business Plan: "... the second element of the central reserve is to provide for variations in general departmental expenditure limits (DEL), typically... where a significant recurring pressure arises which can not be addressed by the department or the Council within limits. The central reserve could provide time in-year for priorities to be reassessed and balanced within cash limits ahead of the next Business Plan."

In my view this is a far more logical place for the funding to come from, and should ensure that this matter will then be properly addressed during 2011.

The amendment by Deputy Southern in respect of this item is supportable in principle. However, I would argue that any increase should only be for the difference between the amount already allocated and the likely total expenditure. I also consider that the source of the funding should be slightly amended.

I hope members will also support this view.

Financial and manpower implications

There are no manpower implications arising from this amendment. As compared to the original amendment by Deputy Southern, this will reduce estimated expenditure by £162,000.