

STATES OF JERSEY



DRAFT ANNUAL BUSINESS PLAN 2012 (P.123/2011): THIRTEENTH AMENDMENT (P.123/2011 Amd.(13)) – COMMENTS

**Presented to the States on 9th September 2011
by the Council of Ministers**

STATES GREFFE

COMMENTS

The Council of Ministers opposes all parts of the Amendment.

The Deputy of St. Mary proposes that –

Part 1 – the net revenue expenditure of the Education, Sport and Culture Department shall be increased by £269,657 with respect to the “Special Education Needs and Special Schools” line in the Department’s service analysis (page 37 of the Annex) in order to maintain the value of funding in this area, and the net revenue expenditure of the Treasury and Resources Department (Provision for Central Reserves) shall be decreased by the same amount for 2012.”.

Part 2 – the net revenue expenditure of the Education, Sport and Culture Department shall be increased by £101,493 with respect to the “Instrumental Music Service” line in the Department’s service analysis (page 37 of the Annex), in order to maintain the value of funding in this area, and the net revenue expenditure of the Treasury and Resources Department (Provision for Central Reserves) shall be decreased by the same amount for 2012.”.

Part 3 – the net revenue expenditure of the Education, Sport and Culture Department shall be increased by £15,547 with respect to the “Culture” line in the Department’s service analysis (page 38 of the Annex) in order to maintain the value of funding in this area, and the net revenue expenditure of the Treasury and Resources Department (Provision for Central Reserves) shall be decreased by the same amount for 2012.”.

Part 4 – the net revenue expenditure of the Education, Sport and Culture Department shall be increased by £154,423 with respect to the “Grants and Advisory Council” line in the Department’s service analysis (page 38 of the Annex), in order to maintain the value of funding in this area, and the net revenue expenditure of the Treasury and Resources Department (Provision for Central Reserves) shall be decreased by the same amount for 2012.”.

Part 5 – the net revenue expenditure of the Education, Sport and Culture Department shall be increased by £54,990 with respect to the “Playschemes and Outdoor Education” line in the Department’s service analysis (page 38 of the Annex), in order to maintain the value of funding in this area, and the net revenue expenditure of the Treasury and Resources Department (Provision for Central Reserves) shall be decreased by the same amount for 2012.”.

Comment

The Council of Ministers fully supports the efforts being made by the Minister for Education, Sport and Culture and his Department to deliver the target savings for that Department. The Department has undergone a detailed review of its services, which has included: an external validation by Tribal, an Independent Review Group, and most recently a Ministerial Peer Group Review.

The CSR savings and user pays proposed can be delivered without impacting on essential front-line services and are supported by the Department.

The Minister for Education, Sport and Culture's comments (P.123/2011 Amd.(13)Com.) identifies in some detail the position of each of the savings which the Deputy has proposed to reinstate. There also appears to have been some confusion in the Deputy's Amendment regarding provision for inflation, which is also covered by the detailed comments of the Minister for Education, Sport and Culture.

The Council of Ministers has had to consider the appropriate allocation of savings across departments, but at the same time has allocated investment into priority services and to areas where service pressures have been identified.

In 2012, the Education, Sport and Culture budget will increase by £1.7 million, despite the CSR savings and User Pays, which can be delivered and are supported by the Department. This reflects additional funding for Higher Education, Teachers' Terms and Conditions and Jersey Heritage Trust.

The Council does not believe this amendment is necessary or helpful to the Department and opposes all parts of the Amendment.

Financial implications

The Amendment proposes that the financial implications are neutral and this is achieved by reducing the Provision for Central Reserves held by Treasury and Resources.

At the start of the CSR process, the Council of Ministers invited senior UK Treasury and IMF advisors to brief them on the merits of longer-term financial planning, and were strongly advised that central reserves and contingencies were an essential part of any such framework.

The States has supported the principle of central reserves or contingencies as part of the 2011 Business Plan, and also as a fundamental principle of P.97/2011 (Draft Public Finances (Amendment No. 3) (Jersey) Law 201-) which amended the Public Finances (Jersey) Law 2005.

The Council of Ministers is proposing a Provision for Central Reserves of £13 million for 2012. This represents a similar provision of £9 million as agreed in the 2011 Business Plan for a One-Off, DEL and AME Reserve, with part of the One-Off reserve also earmarked to provide a Smoothing Fund for exceptional court and case costs.

In addition, there are a number of significant emerging items that are almost certain to require funding in 2012 and beyond, but for which the costings and timing are still uncertain. The Council of Ministers is proposing an additional provision of £4 million from 2012 to address these emerging items, which include: a Committee of inquiry (HCAE), Freedom of Information and potential changes to Legal Aid. The Council of Ministers is also aware that there are risks around the funding of Higher Education, Nurses Retention and Recruitment and senior Medical Staff replacements, which could also be covered by this additional provision.

The principle of central reserves is to provide flexibility within spending limits to be able to manage urgent and unforeseen items without returning to the States for further expenditure allocations. There are already a number of significant potential calls on the central reserves, and reducing the level of the provision for central reserves any further by offsetting savings as proposed in a number of Business Plan Amendments will reduce the flexibility that this provision is intended to provide.