

STATES OF JERSEY



H1N1 INFLUENZA PANDEMIC FUNDING: EXPENDITURE APPROVAL (P.174/2009) – AMENDMENT

Lodged au Greffe on 12th November 2009
by the Public Accounts Committee

STATES GREFFE

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After paragraph (b), insert the following new paragraphs –

- “(c) to request the Minister for Treasury and Resources to forward a detailed and comprehensive breakdown to the Public Accounts Committee (PAC) as soon as practicable detailing exactly how the funds were spent in order to confirm that funds were used only for pandemic-specific costs, and to provide written confirmation to the PAC that the States Treasurer will monitor and verify all spending;
- (d) to agree that the ability to withdraw funds under paragraph (b) will expire on 31st December 2009 and shall not be carried forward.”

PUBLIC ACCOUNTS COMMITTEE

REPORT

The Public Accounts Committee has requested that the Comptroller and Auditor General (C&AG) review the Public Finances Law as a matter of urgency. It is of grave concern that once funds have been allocated by the States Assembly they may be used for purposes outside of the original proposition.

The Public Accounts Committee are concerned that the pandemic funding will ultimately be used to cover budget overruns in the Health and Social Services Department (H&SS) that have little to do with actual pandemic spending requirements. The proposition is to be debated on 1st December 2009 and seeks to increase the expenditure approval for 2009 that was approved by the States on 23rd September 2008. The funds would therefore be available to cover any general overspend in 2009, but is not an increase in the 2010 budget.

The paucity of information within the Proposition also gives cause for concern. The request for a total of over £5.5 million, to be spent within the current year's budget, and requested towards the end of the financial year, should be accompanied by robust and verified expenditure figures. Indeed the PAC feel that the amendment would be more relevant if applied to the expenditure approval for 2010 given that most of the expenditure, if required, will fall within the 2010 financial year.

By requesting written confirmation, and verification by the States Treasurer that funds have been applied for pandemic-specific purposes only, the PAC is ensuring that taxpayers' funds are not misappropriated to other areas.

It should be noted that full funding for the vaccine has already been passed by the States, together with sufficient funds to cover ancillary matters. Indeed when the Assembly voted on P.67/2008, assurances were given by the Minister for Treasury and Resources that, should a pandemic occur, any additional costs would be met from the budget of H&SS –

“That flu-specific vaccine would only be purchased as and when the pandemic occurred, but the general vaccine is required on an ongoing basis and there will be ongoing recurring revenue expenditure costs which will have to be met from the Health and Social Services budget” –

Senator T. Le Sueur

The Public Accounts Committee sees no urgency in seeking to allocate the £4,200,000 to amend the expenditure approval for 2009. The pandemic management and recovery phase is in its infancy and it is looking increasingly likely that the bulk of this expenditure, if required at all, should actually be applied to the 2010 expenditure approval.

The Public Accounts Committee does have some sympathy for the Minister for Treasury and Resources, who is forced to operate within the constraints of the Public Finances Law. However, given the information available it does not support paragraph (b), and has added the amendments as a failsafe to ensure that funds are allocated and spent in a prudent manner should paragraph (b) be passed by the Assembly.

If the amendment is passed, the Public Accounts Committee would expect full co-operation from the Minister for Treasury and Resources and the States Treasurer in respect of providing evidence that the funds have only been spent on pandemic-

specific exceptions and not to cover day-to-day expenses that would be expected to be incurred under normal circumstances. The funding must only relate to additional costings, and matters will be carefully scrutinised.

The Public Accounts Committee is aware that historically there have been insufficient checks to ensure that funds, once allocated, are spent as intended. This amendment is one small step towards remedying this weakness. The Proposition is due to be debated just 4 weeks before the 2009 financial year – the year in which the £4,200,000 is to be allocated. By the time of the debate the Assembly should have a better understanding of how the pandemic is developing, the implications for Jersey in 2009, and the necessity to release such significant funds in this manner.

Financial and manpower implications

There are no manpower implications from this amendment. The financial implications could be significant, in a positive manner, if the amendment is adopted.

Extract from Hansard

8th September 2008

The Bailiff:

We come next to Projet 67, Flu Pandemic Funding, in the name of the Minister for Treasury and Resources. I will ask the Greffier to read the proposition.

The Deputy Greffier of the States:

The States are asked to decide whether they are of opinion: (a) in accordance with Article 11(8) of the Public Finances (Jersey) Law 2005 to amend the expenditure approval for 2008 approved by the States on 18th September 2007 in respect of the Health and Social Services Department head of expenditure to permit the withdrawal of up to an additional £1,230,000 from the consolidated fund for its net revenue expenditure in order to fund preparations for pandemic flu; **(b) to agree in principle that they will approve an additional allocation of £590,000 to the Health and Social Services Department in the event of an outbreak of pandemic flu.**

6.1 Senator T.A. Le Sueur (The Minister for Treasury and Resources):

Members may be aware that we now agree all our expenditure at one time in the year at the time of the Annual Business Plan. Nonetheless, there will be occasional exceptions when some unforeseen expenditure has occurred which does need to be met and, in such instances, it is the duty of the Minister for Treasury and Resources to bring forward to the House such a proposal. Those, I am pleased to say, are relatively few and far between but there has been one in respect of pandemic flu, and that was first brought to the States last year and a preliminary payment was made which we agreed as an increase on the 2007 Heads of Expenditure. I am now proposing a sum reflecting the balance of the money needed to prepare for a pandemic flu outbreak about which the Minister for Health and Social Services can speak in more detail but certainly his advisers say it is a question of when and not if and we are perhaps fortunate that the “when” has not occurred yet because we would not, at this stage, be adequately prepared. By approving this expenditure, we will become fully prepared. The proposal is in 2 parts. **Firstly, a basic sum of £1.23 million in order to provide the basic requirements and then, if needs be, a further sum of up to £590,000 should pandemic flu break out.** I shall leave the Minister for Health and Social Services to add any further comments he may wish to make in respect of this but, as I said, this is the balance of funding previously proposed and agreed and I propose this addition to the 2008 spending.

The Bailiff:

Is the Proposition seconded? [**Seconded**]

6.1.1 Deputy A. Breckon:

I would just like to add that there are some comments attached from the Health, Social Security and Housing Scrutiny Panel. We did question officers and Members may remember that some of them attended a presentation in March of this year and there were a number of slides. I have kept them and it outlines some of the detail because questions were, Sir: “Is the funding necessary?” and “Is this a possibility, and if it is an insurance policy, then what is the likelihood?” We also held a public hearing, Sir,

on 9th June this year when officers, including the Emergency Planning Officer, came to give evidence and answer questions. The conclusion from this, Sir, is that the panel were satisfied that the Health and Social Services Department and its consultants have taken a proactive stance and it is to be commended. Heaven forbid anything like this should happen but the precautionary approach is there and when questioned, Sir, it was not a case of “if” it will happen. The professional opinion was “when” it will happen. We did question that, Sir, because the historic evidence was that in 1918 in the Spanish flu, between 40 and 50 million deaths occurred there. The one following that was in 1957 when it was Asian flu when there were 1 million deaths and the most recent one in 1968 was the Hong Kong flu when there were 1 million deaths. The question is do we need to fund this, do we need this insurance policy, and the conclusion that we came to, Sir, listening to the professionals, is, yes, indeed, we do. We did also find, Sir, that there was some thoroughness in their investigations and, indeed, the preparation for the worst case scenario, without being alarmist about it, and I think at the time, Sir, some of that information was reported in the local media. In short, Sir, while no one could say that they were fully prepared, the preparations that were being made would give some protection for the local population and we did commend this cautious approach, Sir, and it was not alarmist at all but it was an insurance policy and it did require funding. Therefore, the view of the panel, which I hope Members will be mindful of, is that we would support this and we did investigate the circumstances and I believe it is an example, Sir, of where Scrutiny can inform the process and perhaps be a critical friend. Although the papers that Members have before them today are fairly short, there has been – and I am sure the Minister will say – a great deal of research and professional analysis being done behind the scenes, Sir. With those comments, Sir, I hope Members will support this.

6.1.2 Deputy C.J. Scott Warren:

This proposition, Sir, comes before us today as we receive news only over the last few days that scientists now believe that there could be a breakthrough vaccine within the next 5 years which will be effective against all variations of the flu virus. Sir, this is obviously excellent news and obviously we must hope this does come to fruition. We nonetheless need these sums to be set aside now and so, Sir, this proposition has my full support.

6.1.3 Senator B.E. Shenton:

As Members will be aware, I did have concerns last year about the spending of this money on pandemic flu vaccines and we have consulted quite widely on this and I think all the medical advice that we have been given, without exception, has very much been that this will be money wisely spent. I would like to thank Deputy Breckon and the Scrutiny Panel for doing a very thorough analysis of the work we have done at Health and Social Services. Obviously, I am delighted that his report came out so positively with regard to the department. **It is not just about buying the vaccine but it is also about making sure that you have the resources and the infrastructure available to distribute the vaccine in the case of a flu pandemic.** We have had plenty of meetings to make sure that this will be the case and we have tried to make sure that no stone has been left unturned and that we have covered every single detail. As well as agreeing to the funding, the States is also agreeing to take on a small amount of liability, so I think it is only fair to draw their attention to that. With vaccines that are prepared specifically for an outbreak of a disease, there has not been the opportunity for the pharmaceutical companies to undergo the rigorous testing that vaccines have to go through before they are made available to the public. Indeed, there

was a case in the U.S. (United States) of a swine flu vaccine which did cause side effects to a very small minority number of the population and the U.S. Government was left picking up the liability for that. It is not something that we can insure against but the chances of that happening on any scale, given the size of the population that we are looking to inoculate, is quite small and I believe it is a liability that we have to take. I think it is only fair as Minister to draw your attention to this. **Similarly, the part of the funding that we are looking for is very much on the basis of if a pandemic does break out so it is money that we need to put aside, almost like a facility that we can draw down on, to buy the pandemic's specific vaccine should it ever be required.** We have given presentations to States Members to try and make sure they are as fully informed as possible. Obviously, if you have any questions – I can only speak once in this debate because of the way that States is structured – if you have any other questions, I will try and get a note down to Senator Le Sueur so that he can answer them or I will answer them separately or my department will answer them if they are of a more complex matter, but I would ask Members to please support this proposition.

6.1.4 Deputy S.C. Ferguson:

While I would normally say: “No, you cannot spend it”, I would agree with this because it is insurance. However, in view of the fact that the World Health Organisation only has Avian flu on a low yellow alert, I am hopeful that such an outbreak is less likely. There were more deaths last year from diseases such as Ebola and other tropical diseases than there were from Avian flu. Like Deputy Scott Warren, I would hope that the Health Committee keeps a weather eye on the recent development of the anti-flu vaccine, as you would expect. I would be hopeful that it would enable the States to cut back on the expenditure, at the same time giving proper protection to the population.

6.1.5 Deputy J.B. Fox of St. Helier:

I went to the presentation, which was an excellent presentation, and unlike most other presentations, we were told and are dealing with something that is not only a possibility but will happen, but I think one of the main things about this is, of course, that you cannot buy these preventative measures until you identify what the problem is and therefore instant decisions or calculated instant decisions will have to be made and that is why there is a necessity for this preventative measure. I am all in favour of preventative measures and, yes, indeed, the new flu vaccine that could be available within the next 5 years is fantastic news. It is not here at the moment and therefore this is a proposition that has to go through. Indeed, it is not just a health thing. This is also something that we heard that the Civil Emergency Officer and all his support from the various departments, ministries and organisations are involved in as well, and we must play our part and that is by accepting this proposition to enable the protection of our people and the Island as a whole.

6.1.6 Deputy J.G. Reed of St. Ouen:

Very briefly, I was heartened by the words of the Minister for Health and Social Services and the fact that we are ensuring that we protect our population from this pandemic flu outbreak. I would just like to ask the Minister for Treasury and Resources 2 questions, I suppose. **Following on from the comments that the Minister for Health and Social Services said, is that what assurances can the Minister for Treasury and Resources give to this Assembly that, in fact, the funds allocated for the funding of the flu pandemic will, indeed, be only used for that**

purpose? Also, in light of the fact that we are coming to the end of 2008, I would like him to explain part B of the proposition which is that we are agreeing in principle to an additional allocation of funds, but obviously it is only linked to when or in the event that there is an outbreak. So, I would like to know when exactly are we going to see the £590,000 deducted or removed from or added to the Health Department's budget.

6.1.7 Deputy R.C. Duhamel:

I would like the Minister for Treasury and Resources, advised by the Minister for Health and Social Services perhaps, to answer one of my queries here. At the moment, we are being told that some vaccine has been bought, in fact, sufficient to vaccinate the whole population. In previous discussions, Sir, when we were looking at this proposition or the first part of it, it was stated that there were question marks as to the longevity of the vaccine and having purchased it and kept in the cupboard, so to speak, you could only keep it in the cupboard for a particular length of time before it was deemed to be ineffective. Could the Minister for Treasury and Resources outline to the House the amount of monies that have been spent on the purchase of any vaccines at the moment and, indeed, whether or not the suggestion that should a pandemic break out, the additional £590,000 would be the total cost of the replacement vaccine to the vaccine that is already kept in the cupboard, so to speak, but might well be out of date by the time we come to use it. It does seem to me, Sir, with a cynical hat on, that we appear to have got ourselves into a position whereby we have committed to pay monies up front for a particular health programme and this proposition is a way of saving face, up to a point, to get something out of perhaps a mistaken direction that we took previously.

6.1.8 Deputy D.W. Mezbourian:

I am grateful to the Minister for Health and Social Services for raising the issue of the indemnity and insurance because I am sure, like other Members when they read the executive summary in P.67, they were concerned about the quote that says the States insurers' quote for indemnity cover was not cost effective and, indeed, the Minister has just confirmed that, and we know from reading further on that we will ourselves need to carry the indemnity if anything is found to be wrong with this vaccine. I have a general question for the Minister for Treasury and Resources. We are told that the States insurers' quote for the indemnity cover was not cost effective. Will he advise the House whether the States went to other insurers to find out whether we would be able to get insurance that would preclude us, as a House, from having to cover the indemnity ourselves?

6.1.9 Senator T.A. Le Sueur:

Firstly, I should apologise to the members of the Health and Social Services Scrutiny Panel for failing to commend the comments that they have made which I think we all agree are very helpful and, certainly, even though there may be a new vaccine in the next 5 years, what we have before us is an immediate issue which requires an immediate solution. I think as far as the questions from the Deputy of St. Ouen are concerned, he wishes to be assured that the funds that we are voting here will only be used for this purpose and not go into the general Health and Social Services coffers. That is certainly clear from the financial directions which the accounting officer of Health has to comply with. **The funds are only drawn down on the basis of validated invoices and other expenditure incurred. It is not just given to the department to spend willy-nilly so any expenditure on this has to be justified and**

any expenditure which is not incurred can stay within the consolidated funds. As to part B, when would this be added to the Health and Social Services budget? It is a question really, I think, there of when the outbreak of flu occurs and I do not know if that will be in 2008, 2009, 2010 or whenever. Until such stage as the flu-specific vaccine is required, those funds can stay within the consolidated funds but they have to be earmarked as being available should they be required so they cannot be spent for any other purpose, either by Health and Social Services or by the States generally. I think that probably leads me on to the question from Deputy Duhamel about the longevity of the vaccine and how much we have spent so far on the programme itself. That is an issue on which the Minister for Health and Social Services clearly has more experience than I have. As far as I am aware, the basic vaccine has a longevity of about 5 years. It needs replacing and updating on a 5-year basis. What we have here is, I think, a 2-part situation where there is a general vaccine applicable to all flu in general and then when the specific type is identified at the time of an outbreak, a further flu-specific vaccine is required and that is the purpose of part B of this proposition. *That flu-specific vaccine would only be purchased as and when the pandemic occurred, but the general vaccine is required on an ongoing basis and there will be ongoing recurring revenue expenditure costs which will have to be met from the Health and Social Services budget.* This is a one-off because of the nature of this particular activity but the future has to be funded because it is now a known expense out of Health's budget. Are we committed to a particular programme? The programme, I think, is not a particular one. It is one where there is a general vaccine available and the ability to acquire the flu-specific one, should the pandemic arise, when it arises. Finally, as far as the question of insurance is concerned, the States does not have an insurance company. The States uses a firm of insurance brokers who will shop around to see what quotes could be available for this sort of activity. Insurance companies tend to set premiums on the basis of their likely expectation of risk and if they have no particular background experience to work on, they will think of a figure and generally double it or make it a bit more to be on the safe side. All I would say is that while insurance could have been acquired, it would have been at a significant and, in my view, unrealistic cost in relation to, as the Minister for Health and Social Services says, a relatively low likelihood of that occurring. Should the situation change in the future as more experience becomes available, it may well be that liability insurance could be obtained in the future but at the current time, it is not appropriate. I think those comments deal with everyone's questions. I certainly hope so and, on that basis, Sir, I maintain the proposition.

The Bailiff:

Well, I put the proposition. Those Members in favour of adopting it, kindly show? Those against? The proposition is adopted.