

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 25th SEPTEMBER 2012**

Question

Following the publication of the half year corporate report 2012, will the Minister explain to members what he believes to be the underlying economic basis for a £13.7 million improvement in personal tax yield over expectations?

Will the Minister account to members for the Treasury and Resources £1.2 million underspend 'attributable to the timing of restructuring provision funding for Procure to Pay' and explain whether this represents a failure to deliver policy objectives in a timely manner?

Answer

The question consists of two unrelated elements which will be answered separately.

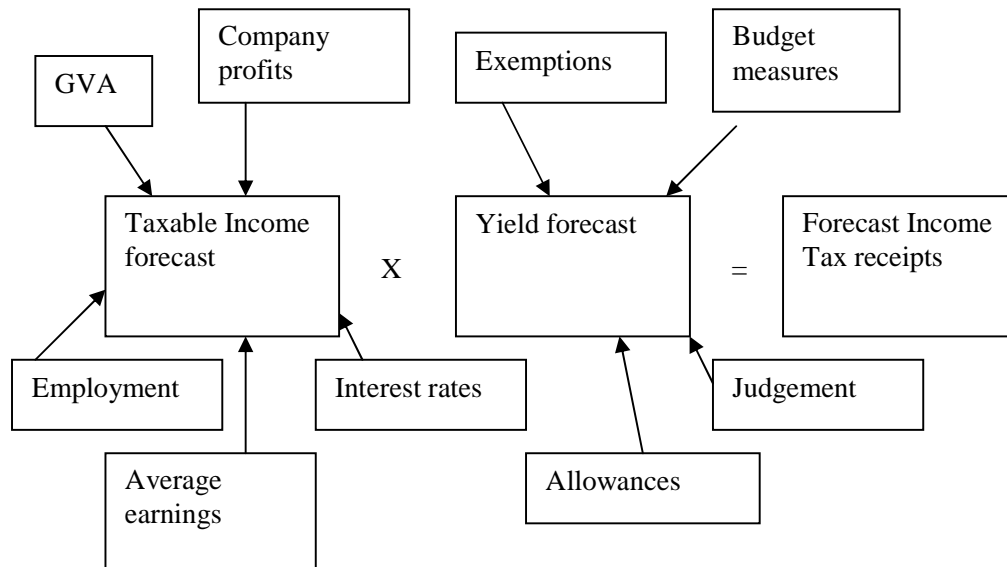
Part one

The figure the Deputy has extracted from the Half-Year Corporate Report appears to be the £13.7 million favourable year to date variance on General Revenues income (as opposed to Departmental income). The full year forecast provides a more complete picture. At the start of each year the budgets for income and expenditure are allocated across months in which they are expected to occur. If that income or expenditure occurs in a different month than expected there can be variances which do not necessarily represent underlying increases or decreases. However, the year to date data does provide useful information from which full year forecasts can be revised.

To answer the first part of the question, the £13.7 million favourable income variance at the end of June was made up of the following:

	Actual	Budget	Variance to Budget
	£'000	£'000	£'000
INCOME - ANALYSIS OF GENERAL REVENUES			
Tax Revenue	(260,933)	(246,832)	14,101
GST	(42,719)	(43,994)	(1,275)
Impôts	(25,922)	(24,941)	981
Stamp Duty	(11,394)	(12,117)	(723)
Other	(16,225)	(15,574)	651
Total Income from General Revenues	(357,193)	(343,458)	13,735

The year to date favourable variance on tax revenues was therefore £14.1 million. Of this personal tax accounted for £13.6 million and company tax £0.5 million. The personal tax figure was based on a similar number of completed assessments at this stage of the year to 2011. As detailed in the MTFP there are two main elements to forecasting personal tax revenue:- total taxable income and the yield derived from that taxable income.



Analysis suggests that the £13.6 million improvement in personal tax is due to improvements in the *yield* from the forecast taxable income, rather than an improvement in the total level of taxable income itself. (It should be noted that personal tax includes sole traders and partnerships). It is therefore too soon to attribute any changes to underlying economic factors that are affecting the level of personal tax receipts.

Part two

The Procure to Pay system will improve the requisitioning and payment processes for buying goods and services from corporate contracts. Whilst the current plans for the delivery of CSR savings do not rely upon the delivery of the Procure to Pay system, the system when implemented will be a major step forward in putting us in a position to have States wide data and information on contracts that will help us aggregate spending by departments and help identify future savings. The aim is to deliver long term improvements in procurement processes and the short delay regarding the purchase of the system does not represent a failure to deliver a policy objective in a timely manner. The underspend relates to restructuring funding drawn down but not yet spent. Any unspent funding at the end of the project would be returned to that budget.

The tender for a Procure to Pay system has been completed and a supplier selected. This supplier is currently completing the proof of technology stage of the procurement process and the final system specification is being developed.