STATES OF JERSEY

DRAFT ANNUAL BUSINESS PLAN 2012 (P.123/2011): SIXTH AMENDMENT (P.123/2011 Amd.(6)) – 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 this amendment.

Deputy G.P. Southern of St. Helier proposes that the net revenue expenditure of the Health and Social Services Department shall be increased by various amounts reflecting the proposed cancellation of the draft CSR savings and user pays proposals for 2012 and the net revenue expenditure of the Treasury and Resources Department (Provision for Restructuring Costs) be reduced by an equivalent sum in 2012.

Comment

The Council of Ministers supports the commitment of the Health and Social Services Minister and Department to deliver the target savings. A process has been undertaken to identify the initial savings programme, and appropriate resource is now in place to develop the proposals for implementation in 2012 and 2013.

The Department are on target to meet their 2011 commitment and are confident that with the specialist input now available in the project management team, the savings and user pays for 2012 and 2013 can be delivered, and proposals will match the level of detail seen in the 2011 schemes.

The Council of Ministers have 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 Health and Social Services Department’s budget will increase by almost £4 million, including a growth provision and specific additional funding for the recruitment and retention of nurses and additional senior medical staff. This is despite also delivering £2.1 million of savings and user pays proposals. Furthermore, the States spending limits for 2013 and 2014 also include provisions for growth in Health and Social Services in 2013 and 2014, and the Council is committed to support the outcomes of the Strategic Review of Health and Social Services.

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 central provision for restructuring costs held by Treasury and Resources.

The Restructuring Provision is required if sustainable savings are to be achieved. The Provision is intended to provide up-front investment, whether for changes in systems or processes, voluntary redundancy or retraining schemes, procurement infrastructure, or simply the cost of moving premises or rationalising office accommodation. Experience from organisations going through such a major change programme shows the need for such a provision.

The States supported the need for this kind of investment in approving Article 11(8) funding for P.64/2010 for £6.5 million towards voluntary redundancies and procurement, and in agreeing a further £6 million in the 2011 Business Plan.

The Council of Ministers has already received indicative bids from departmental submissions and the corporate savings projects to the Restructuring Provision for the 2012 and 2013 CSR process. These indicative bids are shown in Figure 6.3 (page 37) of the Business Plan report.

The Council of Ministers has also had to consider providing for a potential offset against –

- the timing of corporate procurement savings;
- any remaining shortfall in the timing of Education, Sport and Culture savings which have been deferred as a result of the approval of P.72/2011; and
- any shortfall to fund the continuation of the current skills and training initiative from September 2012.

Although there is much work to be done before the extent of these different calls on the provision are finalised and adding to the potential liabilities of this provision, from savings which can be delivered by the sponsoring department and are supported by the Council of Ministers, is not appropriate.