STATES OF JERSEY

DRAFT ANNUAL BUSINESS PLAN 2012 (P.123/2011): FIFTH AMENDMENT (P.123/2011 Amd.(5)) – COMMENTS

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

STATES GREFFE

COMMENTS

The Council of Ministers opposes this amendment.

Deputy G.P. Southern of St. Helier proposes that the net revenue expenditure of the Chief Minister's Department shall be increased by £60,000 to enable the Statistics Unit to produce a 'Relative Cost of Living' comparator between Jersey and the United Kingdom by 2013, and the net revenue expenditure of the Treasury and Resources Department (Provision for Restructuring Costs) shall be reduced by an equivalent sum in 2012.

Comment

The advice to the Council of Ministers from the independent Statistics Unit and Statistical User Group is that this comparison still has a low priority compared to other initiatives.

The Statistics Unit already produces an annual UK/Jersey Price comparison on a simple basket of goods, but the comparison being sought by Deputy Southern is more complicated and requires a great deal more analysis and research, particularly in the UK. In essence this introduces a purchasing power parity (PPP) index specifically for Jersey.

In 2002, a previous Statistical User Group had identified this comparison analysis as a lower priority than other surveys and analyses currently undertaken by the Statistics Unit. This has included the annual production of National Accounts aggregates, the annual household survey for monitoring social policy and the quarterly business survey. The main issue lies in the UK, and the gathering of data in the UK, to make a meaningful comparison with similar data held in Jersey. The best method to achieve this would be the use of trained researchers (possibly from the Office of National Statistics) to gather the information, and the likely cost of this part of the exercise would indeed be about £60,000. The exercise would be undertaken every 5 years to reset the base and indexed every year in between.

For information, Guernsey and the Isle of Man currently do not produce a purchasing power parity index.

The Council of Ministers therefore cannot support the transfer of funds from the Restructuring Fund as proposed.

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, adding to the potential liabilities of this provision with a funding initiative that is not prioritised or supported by advice from the relevant Department or its advisory body is not appropriate.