STATES OF JERSEY

DRAFT ANNUAL BUSINESS PLAN 2011 (P.99/2010): THIRTEENTH AMENDMENT (P.99/2010 Amd.(13)) – COMMENTS

Presented to the States on 10th September 2010
by the Council of Ministers

STATES GREFFE

COMMENTS

The Council of Ministers opposes this amendment.

The Deputy of St. Mary proposes that –

Part 1 the net revenue expenditure of the Chief Minister's Department shall be increased by £50,700 and not proceed with the Comprehensive Spending Review proposal CMD-S4 (reduce recruitment budget for Law Draftsman) and CMD-S5 (reduce the Legislation Advisory Panel Budget) and reduce net revenue expenditure of Treasury and Resources from restructuring costs by the same amount; and

Part 2 the net revenue expenditure of the Economic Development Department shall be increased by £204,000 and not proceed with the Comprehensive Spending Review proposal ED-S3 (overheads – Efficiency savings) and reduce net revenue expenditure of Treasury and Resources from restructuring costs by the same amount; and

Part 3 the net revenue expenditure of the Health and Social Services Department shall be increased by £400,000 and not proceed with the Comprehensive Spending Review proposal HSS-S20 (procurement savings from corporate project) and reduce net revenue expenditure of Treasury and Resources from restructuring costs by the same amount; and

Part 4 the net revenue expenditure of the Health and Social Services Department shall be increased by £140,000 and not proceed with the Comprehensive Spending Review proposal HSS-S22 (recurrent reduction in all Health and Social Services third party provider SLA) and reduce net revenue expenditure of Treasury and Resources from restructuring costs by the same amount; and

Part 5 the net revenue for the Housing Department shall be increased by £100,000 and not proceed with the Comprehensive Spending Review proposal HSG-S4 (staffing rationalisation, reduced training and temporary staff provision together with a general reduction in departmental running costs) and reduce net revenue expenditure of Treasury and Resources from restructuring costs by the same amount; and

Part 6 the net revenue for the Viscount's Department shall be increased by £33,000 and not proceed with the Comprehensive Spending Review proposal JG/VD-S2 (delete a vacant post in Viscounts) and reduce net revenue expenditure of Treasury and Resources from restructuring costs by the same amount.

Comment

Part 1

The budget for recruitment is not required every year and changes to the recruitment process will lead to a reduction in these costs in the future. The intention is that these costs will be met from the Chief Minister's department staff budget as and when recruitment costs arise.

There will be no reduction in service by this budget cut. The Legal Advisory Panel (LAP) was formerly known as the Legislation Committee and it was formed as part of government reform in 2005. The panel is responsible for making recommendations to the Chief Minister with regard to possible changes in legislation, including engagement with the Jersey Law Commission and consultation with the public.

The LAP has historically under spent its budget and the proposed saving will make the budget available to the panel more in line with historic expenditure. The impact of this may be that the panel has reduced scope to undertake large legislative developments and consultation exercises which involve significant external spend, however such exercises should be planned and the necessary resources secured in advance. There will be no reduction in service by this budget cut.

Part 2

The Economic Development department has re-appraised the range of services that it has historically delivered and sought to identify new methodology for future programme delivery that can produce genuine efficiency savings from within its corporate departmental budget.

The department is seeking to adopt an innovative approach to service delivery, the resultant restructuring efforts and the elimination of direct costs as a consequence of proposed changes. Whilst these changes would probably have been implemented at some future point, the implementation of the CSR process has brought forward the need for revisions to delivery of products and services.

Part 3

The proposed efficiency saving for procurement is associated with the continued development of using agreed UK (highly likely to be NHS) negotiated health supplies contracts to drive down prices for consumables. The savings also occur from the enhancements and monitoring of basic financial controls and the ability for H&SS to comply with the Financial Direction for Procurement of Goods and Services. The scheme attempts to source the same or similar supplies at a lower price and hence is an efficiency saving.

Part 4

The proposed efficiency saving for third party providers (SLAs) is to ensure all Health and Social Services departmental expenditure is subject to the same rigour and review in the CSR process. Work is currently ongoing with each provider to identify how savings are to be made that can achieve a level of savings.

Considerable progress has already been made and it is fully appreciated that some third party providers will achieve greater savings whilst others are less able to. No savings have been sourced for a number of years and it is expected that some efficiency savings should be available in these services without significant or noticeable reduction in frontline services.

Part 5

The savings are being made in reorganising the manner in which the department delivers its functions. This includes the transfer of a vacant post to another team at a lower grade to provide administrative support, removing the requirement for that team to have two higher grade posts, one of which would be redeployed to the maintenance area.

Part 6

This post has been vacant since late 2006 in an attempt to maximise cost effectiveness.

Financial implications

The amendment proposes that the financial implications are neutral with the funding increase offset by a reduction in the central provision for restructuring costs held by Treasury and Resources.

However the scale of savings required over the next 3 years cannot be achieved without significant up-front investment whether that be 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 any organisation 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 voluntary redundancies and procurement. A significant number of amendments propose funding from this source and if agreed, the proposed £6 million central restructuring provision in 2011 will be halved. Indications from department's submissions for the 2011 CSR process indicated that this level of funding is required and, if it is the intention that 2012 and 2013 savings are substantially greater which will require more fundamental change, it is even more critical that these future restructuring provisions are also protected.

In addition, the provision for restructuring costs is one-off and there is no ongoing provision. Although some programmes, such as procurement, may span the years of the CSR, most costs will be one-off. Therefore, funding the reinstatement of savings proposals from this provision is not sustainable – the funding may last up until 2013 but, thereafter, there will be no budget to reinstate the saving.