

2024.12.10

Deputy J. Renouf of St. Brelade of the Minister for Health and Social Services regarding a health overspend in 2025 (OQ.240/2024):

Further to the publication of the Finance Report M10, by the Health and Community Services Advisory Board, and the forecast deficit of £28 million for 2024, will the Minister detail what steps, if any, he plans to take in the next 6 months to prevent a health overspend in 2025?

Deputy T.J.A. Binet (The Minister for Health and Social Services):

I am happy to inform Deputy Renouf that every possible effort is being made to improve efficiency and to introduce stronger budgetary controls in 2025. As the Deputy will know from the M10 finance report, detailed budget planning for 2025 has been underway for some time and it should be signed off by the end of this month. Most importantly, H.C.S. (Health and Community Services) has now taking a more robust and evidence-based approach to budget planning, with work progressing on the development of a proper operating plan. On an individual basis, it includes the introduction of a new financial reporting system that will enable accountable budget owners to monitor and manage their budgets in a more accurate and timely way. The process, which covers all of the main specialities, is starting with the 2025 budget and it should be fully completed by the beginning of 2026. Overall, it will allow H.C.S. a much more accurate means of determining the level of service that fits in with the available budget funding, which for 2025 amounts to £322 million. All of that said, it is well known that Health faces significant inflationary pressures that exceed the formula-driven budget funding provided by Government to cover non-pay inflation. Notwithstanding the £3.2 million savings made last year and the £8.1 million savings made this year under the financial recovery plan, or the additional £8 million planned for 2025 and £9 million for 2026, it should be expected that unless and until we address the business of raising more money for healthcare, something that we fully intend to do next year, these cost pressures will require the making of some very difficult decisions about the level of service that we provide in future.

3.8.1 Deputy J. Renouf:

The overspend was £20 million in 2023 and £28 million in 2024. In the Budget, savings under the financial recovery plan that the Minister mentioned were pushed back so that they are not as ambitious. Can he state with any confidence that he will not be coming back to his Ministerial colleagues for more money next year to bail out and overspend again?

Deputy T.J.A. Binet:

I think I will make a comment about the terminology, because it is very unhelpful and it continues. Overspend and deficit, it is easy to bandy those comments around, but when you start a year without sufficient funding to deliver the services you have to deliver, it stands to reason that you are going to end up with a deficit or an overspend. I think I am comfortable to say that every effort that can be made is being made and that we will make every effort not to overspend at all. But in terms of cast iron guarantees, that would be difficult. As I mentioned in the first response, we are going to be doing some work in the coming year about raising extra money by one means or another, yet to be determined. It may be that we can get some of that underway and in place before the end of the year, which would be very helpful

3.8.2 Deputy I. Gardiner of St. Helier North:

I think it is really unhelpful that the Minister for Health and Social Services does not take responsibility for overspending because in 2023 it was high overspend and following this overspend £50 million extra was allocated to the Health budget and was cut from other departments to ensure that the deficit would be covered and with this £28 million was spent. Would the Minister explain to the Assembly what steps from the financial recovery have taken place in 2024, what efforts, specific steps were taken in 2024 to ensure that we have financial recovery?

Deputy T.J.A. Binet:

I am being accused of not taking responsibility. I do not mind taking responsibility for it, that is fine. As I said in my second response, when you start a year without enough money you are going to finish up with an overspend. It is well known that health inflation runs well above standard inflation, and during the period of COVID and ongoing, I think if you check the figures, I am led to believe that we did not receive the full figure of inflation that was required. During that period health inflation has far exceeded other inflationary pressures. It is quite simple, we came towards last Christmas, we knew there was going to be a further overspend over and above the £24 million that I had mentioned and we had a choice, we could close wards and we could stop operations. That would have saved money. If the Assembly thinks that is a good idea I am afraid I do not agree with them.

3.8.3 Deputy I. Gardiner:

Interesting that the Minister did not answer what steps did he take at the financial recovery. There were several suggestions on a workforce transformation, manage supply and demand and managing supplies. I can continue to give options for the transformation that has been suggested. Would the Minister give at least a couple of examples of what has been done differently to save the money?

Deputy T.J.A. Binet:

I think the Deputy gave 3 examples herself. There is a financial recovery plan, it is a very detailed plan, and that has been put in place. We are very fortunate, we have got a very competent individual leading this process. We have spent £500,000 with KPMG in trying to get the finances right. It has to be said, and I think perhaps the former Minister for Health and Social Services might join me in agreeing with this, that the finances were not desperately well managed, certainly up to the point that I took office, and there is still work to be done. As far as quoting other individual instances, I would just ask the Deputy to refer to the financial recovery plan, and perhaps read the drivers of the deficit document as well which would give her a very good picture of why we are where we are.

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:

Firstly, my light had been on and I thought you had seen it but, secondly, the Minister did not answer the question. He was asked to give examples and I think the Assembly should hear his examples.

The Bailiff:

My hearing was the Minister did give 2 examples; he was echoing what Deputy Gardiner had said but that is what he said. Do you have other examples that you wish to give?

Deputy T.J.A. Binet:

No, Sir. Health is a very complex affair. I am working in a whole number of different areas to try and improve it, I do not carry lists of particulars around with me.

Deputy K.L. Moore:

That is an inadequate answer. I would like you to take a ruling on that, please.

The Bailiff:

The questions were entirely properly put. It is a matter for the Minister how he answers it. He answers it by saying the matter is too complicated to give specific examples. That is my understanding of the answer. It is an answer which falls well politically or it does not fall politically but I am not sure that I can require him to give examples if he is not in a position to do so. Very well, but you had your light on and I did not see you, Deputy. I will add you to the list in that case. I will take a question from Deputy Jeune, Miles, and Deputy Moore, and then we will have to bring this particular one to an end.

3.8.4 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:

Somebody who mainly follows what is happening in Health and trying to get answers from in the States Assembly because I am not in the Scrutiny Panel, so I do not hear particular briefings, I would like to understand from the Minister what cuts are being done to services. We are talking about a recovery plan, but recovery also means cuts. Could the Minister give an example of what cuts are being made for recovery, especially for £8 million in 2025 and £9 million in 2026?

Deputy T.J.A. Binet:

I cannot specify any cuts because I am not aware of any direct cuts. Every department is being asked to look at itself and to make as many clever decisions as they can to reduce their spending, and we are trying to look at reorganising the way things are done in a number of areas to improve efficiency.

[10:30]

It is not simply a case of cutting this or cutting that. Every department is looking internally to cut as much as it can. Once again, I do not carry a list of those individual things around with me.

3.8.5 Deputy H.L. Jeune:

Within this recovery plan, alongside it, has the Minister done an assessment of the need of the healthcare system now, but also the need of the healthcare system for the next 10 or 20 years? Does this sit alongside this recovery plan?

Deputy T.J.A. Binet:

No, I certainly have not done anything to assess the need of the healthcare system. I am working with a group of professional people who I think know what they need to be doing, and no, the simple answer is we have not done that. At this point in time, I do not intend to.

3.8.6 Deputy H.M. Miles of St. Brelade:

The Minister said in his initial answer that he intended to raise more funds for the health service. Does this mean that he is going to extend the privatisation of healthcare?

Deputy T.J.A. Binet:

This work begins formally in the early weeks of January, so we have not predetermined anything.

3.8.7 Deputy H.M. Miles:

Does the Minister intend tax rises?

Deputy T.J.A. Binet:

I will refer the Deputy to my earlier answer.

3.8.8 Deputy K.L. Moore:

The Minister referred to the future work that I believe is a similar question that Deputy Miles raised. Does this mean that the Minister has dropped the work that was underway under the former Government that was looking at the funding model for the health sector?

Deputy T.J.A. Binet:

I have to say I am not really aware of what the Deputy is referring to. Other than the ongoing work that has been done by the same individual that is carrying on with the work now.

The Bailiff:

So the answer is that you do not know what the model was and therefore cannot answer whether it is dropped or not?

Deputy T.J.A. Binet:

I cannot be certain as to what the Deputy is referring to.

3.8.9 Deputy K.L. Moore:

I would ask the Minister that he comes to the Assembly better prepared in future so that he can answer what are quite reasonable questions from the Members of this Assembly. That is his job and part of his responsibility. But I would also ask him to check, to go back and ask his officers to inform him of the work that was well underway and progressed because it might assist him in his future works.

Deputy T.J.A. Binet:

I am not sure if I am allowed to say this, but I think to say that I come here unprepared is laughable. The transformation that I am currently undertaking, I think, exceeds anything that has been done in a generation. We are doing major transformation work on digital, which I think is going to help no end in terms of making the whole of healthcare connected. We are making structural reforms to the entire health service to make it inclusive, and we are going to be giving a voice to third sector and primary care, which they have not had before. There are a number of other initiatives going on in relation to rationalising the whole of the health estate. If the former Chief Minister thinks that is unprepared, I would like to know what being prepared is.

The Bailiff:

The actual part of the question, Minister, was whether you would go back and ask officers to be briefed on what the previous work had been.

Deputy T.J.A. Binet:

I have no reason to doubt that all the work that was going on before was being continued and improved.

3.8.10 Deputy J. Renouf:

The Minister stated a couple of times, words to the effect that when you start a year without enough money you will end up with an overspend. I would like to ask what kind of Government deliberately underfunds its health service, which seems to be the implication? Is it not the Minister's responsibility to secure funding at the start of the year and can he say whether he has achieved enough funding for the current year so that he will not be back in a year's time saying: "We have deliberately not created enough money for the ... we have started the year without enough money"?

Deputy T.J.A. Binet:

I would like to remind the Deputy that I took office at the end of January last year. I had no hand at all in defining the budget, certainly not in the capacity as the Minister for Health and Social Services. I believe we have got, hopefully, enough money for this year, and we will be monitoring it very, very carefully. It strikes me that people's health is extremely important. The health industry itself actually improves the level of care that it provides every year. People take initiatives from here and actually increase our spending without any notice. We had somebody as recently as 2 weeks ago coming along and putting an extra £200,000 on the bill, and I have no doubt people will continue to do that in the year against a budget that is pre-set. All of those things are quite difficult to handle, and like I say, I make no apology for saying that my priority is to make sure that the Island is provided with a good health service, and if some problems arise as a result of that, I make no apology for it. Everybody that is involved in Health is doing everything they can to improve matters.