

# STATES OF JERSEY



## **DRAFT ANNUAL BUSINESS PLAN 2012 (P.123/2011): SECOND AMENDMENT**

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**Lodged au Greffe on 22nd August 2011  
by Senator B.E. Shenton**

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**STATES GREFFE**

**1 PAGE 2, PARAGRAPH (a) –**

After the words “withdrawn from the consolidated fund in 2012” insert the words –

“except that the net revenue expenditure of the Treasury and Resources Department shall be decreased by £120,000”.

**2 PAGE 2, PARAGRAPH (a) –**

After the words “withdrawn from the consolidated fund in 2012” insert the words –

“except that the net revenue expenditure of the Health and Social Services Department shall be increased by £100,000 in order to increase funding for the Alcohol and Drugs Service”.

SENATOR B.E. SHENTON

## **REPORT**

### **Reduction in States Treasury Budget**

I originally wanted to remove the provision of funding to the Third Sector Co-ordinator in order that this new post could be debated by the States Assembly. However whilst the post is mentioned in paragraph 8.9 of the Annual Business Plan there is actually no specific cash amount allocated as it is being funded from underspends – in other words using money approved in previous Business Plans for a different purpose.

The Bailiff has ruled that this particular allocation of resources cannot therefore be debated as an amendment within the context of this Business Plan. This is worrying as it implies that Ministers can use underspends for anything they wish without the control or sanction of the States Assembly.

I therefore propose a different route in order to highlight this unacceptable development and I ask the States Treasurer, Comptroller and Auditor General, and Internal Auditor to look at the processes and controls in respect of underspends.

I note from page 23 of the Business Plan that Net Revenue Expenditure is set to increase from £632,000,000 in 2012 to £672,000,000 in 2014 – an increase of £40,000,000 over 2 years. It's a good job that we are keeping expenditure under control!

In 2012 the NRE of States Treasury is £5,998,400 – up from £5,171,300 in 2011. This is an increase of £827,100 – 16%. I realise that there has been some budget movements which distort the figures, however the Treasury should perhaps be leading the way in driving down spending. This amendment reduces the increase by £120,000 to “only” – £707,100 – 13.7%. This should be achieved through job reductions.

If this proposition is successful the Treasury can take comfort from the fact that they have complete freedom on how underspends are allocated and there is no reason why the “hole” in their own budget, created by this amendment, cannot be filled from underspends. May I even suggest that cancellation of the Third Sector Co-ordinator should be considered if they decide to go down this route.

As an aside the current process in respect of the allocation of underspends is both unacceptable and undemocratic. I therefore ask the Chair during the debate to take on board the spirit of this amendment. In other words during the debate it should be assumed that Treasury will fill the “hole” in their budget created by the amendment by cancelling the third sector co-ordinator. The creation of this position, and the possibility of it's cancellation, should therefore form part of the debate.

### **Third-Sector Co-ordinator**

The first I knew of the new post of Third Sector Co-ordinator was when I read about it on twitter. It was not discussed by the States Assembly nor budgeted for in the Annual Business Plan. This raises a number of issues.

A number of large charities have expressed their opposition to the appointment and there appears – on evidence available – little justification for this additional

expenditure. There is no evidence available to suggest that the smaller agencies need a forum and the idea seemed to have been sponsored by a body that is unrepresentative of the overall charity sector.

My concern lies with the fact that states monies, from the tax payer, are yet again being used in an area that has not been properly researched and without consultation with the stakeholders. One meeting arranged at short notice without any research, debate or consultation does not signify that there is a requirement or need. I am of course supportive of any issue which will further enhance the third sector but this does have to be well researched and consulted upon.

In terms of the allocation of funding, and proper sanction by the States Assembly, further concerns are raised. When the issue of an amendment to the Annual Business Plan (ABP) was aired with Treasury their response was that there is nothing in the ABP to amend, as the decision has already been taken, and the appointment has already been funded from underspends. These are underspends that have been returned by departments to the Treasury and are sitting in a Treasury and Resources Contingency (and not its budget). The mechanism for providing the funding was a budget transfer under Article 15(1)(a) of the Public Finances (Jersey) Law 2005 from Treasury and Resources to Health and Social Services for a grant to the third sector forum to employ a co-ordinator for 2 years. The total sum is £120,000, to be released in tranches over the years 2011 – 2013 in order to comply with financial directions. The 2011 amount has already been made. So the amount per year is £40,000, and this is the amount that would relate to 2012.

I was advised that this is not bypassing the business planning framework as the funding has been approved in previous Business Plans for a different purpose. Transfers of previously approved funding between heads of expenditure happens on a regular basis. This is an area where controls should perhaps be reviewed.

By reducing the funding of Treasury and Resources, I am assuming that that department will then have to dip into its contingency budget to replenish its budget and displace the funding for this post. I do not know whether this is procedurally possible.

Paragraph 8.9 of the 2011 Annual Business Plan states –

**“8.9 Coordination of service provision with the Third Sector**

There is a well developed network of supporting agencies for our most vulnerable citizens in the Island. It is important, however, that there is a coordinated approach to provision of services that can compliment those that are directly provided by the States of Jersey to ensure that there is no gap or duplication. It is to this end that the Minister for Treasury and Resources has agreed to fund a coordination role for 2 years to help all stakeholders understand the requirements of existing services in the future and areas which will need a more coherent approach. It will also help individuals and interested parties with more information and guidance. This is a vital part of our move to changing the way health and social services are provided in the future.”.

This shows that there is a commitment to undertake this role in the ABP, and even if funding is not specifically made to HSS for this purpose, the question demonstrates that there is a commitment to transfer funding for a co-ordinator.

Again, I am puzzled by the funding approach. The Public Finances Law says –

### **“PART 3**

#### **APPROPRIATION AND BUDGETING**

*The stages to be followed*

#### **7 The appropriation and budgeting programme**

- (1) The annual appropriation and budgeting programme of the States shall be carried out in 3 stages.
- (2) Stage 1 shall consist of –
  - (a) each States funded body providing the Minister with details of its expenditure for which it seeks approval; and
  - (b) the Council of Ministers agreeing how much of that expenditure to recommend to the States for approval.
- (3) Stage 2 shall consist of the Chief Minister seeking the approval of the States for the recommended expenditure by lodging an annual business plan that incorporates the expenditure.
- (4) Stage 3 shall consist of the Minister seeking the approval of the States for any proposed taxation and borrowing measures by lodging a proposition that incorporates those measures, in this Law called a “budget proposition”.

If there is an identified need, why is it not being budgeted for? Funding from underspends is an odd way to pay for a member of staff as it is somewhat uncertain and, it could be argued, commits the States Assembly to a policy that it has neither agreed nor budgeted for.

The proposition seeks to cut the Treasury and Resources budget by £120,000 – thereby forcing them to re-direct any underspends to fill their own shortfall and removing the cash that is available for the third-sector co-ordinator.

Deputy R.G. Le Hérissier of St. Saviour appears to have had similar concerns to me and asked a question in the States concerning the post before the break for summer recess. I reproduce the States of Jersey Hansard of that exchange below –

#### **States of Jersey Hansard 18th July 2011**

***“3.10 Deputy R.G. Le Hérissier of the Minister for Treasury and Resources regarding ...***

*How does the Minister justify the appointment of a Third Sector Co-ordinator in the light of other bodies performing such work and the C.S.R.*

*(Comprehensive Spending Review) driven cuts to bodies like Family Nursing and Home Care?*

**Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

*Funding of the £120,000 for 2 years' activity has been committed to the third sector in order to enable the establishment of a dedicated development forum and the appointment of an appropriate suitable qualified official officer to deal with that. The funding will take the form of a grant, which will be held in Health and Social Services, spread over 3 financial years using money transferred from Treasury and Resources underspends. It has been made available separately at my request from my department to reflect our commitment and the whole of the Council of Ministers commitment to developing, recognising the role of the third sector. This a third sector initiative and not a States initiative. It is driven by local charities themselves that they recognise the need to support the professionalism of the sector and I would say for 2 key reasons. The first is to ensure that our Island has a vibrant active third sector which continues to provide and promote and develop our civil society. The second is to enhance standards so that local agencies and organisations are even better placed than they have been in the past to tender for services, attract grant aid, to lobby the States and to thrive in our changing economic cycle.*

**The Deputy Bailiff:**

*It is over 90 seconds, Senator. In fact, if I may say so, although 90 seconds is noted as being the maximum, it is not a mandatory response time.*

**Senator T.J. Le Main:**

*But, Sir, may I say, some of the questions in oral questions should be written questions, quite honestly, and it is unfair on Ministers to reply to questions when they cannot do them in a short time.*

**3.10.1 Deputy R.G. Le Hérisier:**

*Would the Minister for Treasury and Resources indicate why he was not able, or the people responsible were not able, to use current structures and why, for example, it was not thought possible to advance the cause of the proposed Charities Commission as the vehicle for this co-ordination?*

*[15:45]*

**Senator P.F.C. Ozouf:**

*There is not a Charities Commission. There is an association of Jersey charities that does absolutely excellent work and we commend all of the charities and the Association of Jersey Charities for what they do. But this was an issue that was lobbied for by the third sector themselves. They wanted it and they petitioned to do it, it came out of discussions we had with the Comprehensive Spending Review and we have responded. I would have thought that this is a huge opportunity for this Assembly to send out a strong message of support for what some have called the Little Island Big Society, of which we are immensely proud and we think can be developed and recognised further.*

### **3.10.2 Deputy D.J. De Sousa:**

*I wonder if the Minister would not consider that this is a duplication of the work that the Association of Jersey Charities does?*

### **Senator P.F.C. Ozouf:**

*I see 3 Ministers who care passionately about the issue of the third sector shaking their heads; the Ministers for Health and Social Security and Housing. We all care passionately about the third sector and this is designed to assist it. No, it is not a duplication, if I may say. It is complementary and indeed the speaker at the launch of it last week was indeed the chairman of the Association of Jersey Charities who welcomes this initiative. The only people who perhaps do not welcome it are the bigger charities who simply do not need the support and encouragement of an overall co-ordinating body. I think this is a fantastic message. We talk too much about the full profit sector, we need to develop the not for profit sector too.*

### **3.10.3 Senator B.E. Shenton:**

*I have been contacted by a number of people that give up a lot of time for charity work who are frankly quite angry about this appointment. They are concerned at the number of paid people entering the charity sector and also they do not like the idea of reporting to someone that is paid. Did you really consult with people that do unpaid charity work as opposed to the growing number of people that do paid charity work?*

### **Senator P.F.C. Ozouf:**

*The Senator's question is a very good one because I think that we need to be clear about what we are talking about here. There is the fantastic tradition of voluntary service in this Island, at the Parish level and everywhere else [Approbation] but there is also the issue of not for profit organisations co-ordinating voluntary work by professional staff. The questioner asks about family nursing and home care, they are all professionals who are paid. There are organisations like hospice that have paid, dedicated people and a fantastic voluntary contribution too. There are other organisations that are just simply volunteers, people like the Blind Society, Meals on Wheels, et cetera. We need to work with these organisations respecting that they are all different, some of them have professional staff but they are all not for profit, they are all part of what we now call the third sector and they need help, building capacity and our encouragement. I do not think we have encouraged them or helped them enough.*

### **3.10.4 Deputy S. Power of St. Brelade:**

*The Minister will be aware that I wrote to him about this last week. Would the Minister concede that there is a possibility that this appointment, whoever he or she may be, has the potential to cause tension within the third sector?*

### **Senator P.F.C. Ozouf:**

*It has the potential, all posts have the potential of getting tension but the Minister for Health, the Minister for Social Security and I were at a fantastic event at the Bridge last week, the Constable of St. Saviour was there too. I think there were 90 organisations in Jersey represented. There are some small organisations that need the assistance of a paid co-ordinator. They do not have the capacity to lobby, to fundraise, the expertise in financial governance.*

*This has the capacity for enormous good and I regret that there are perhaps, if I may say, some of the more well funded, well organised charities that almost regard this as a threat. This is about building capacity of our historically well deserved, well organised third sector and we can take it to a whole other level. I am happy to meet anybody that has got concerns of this issue.*

**3.10.5 Deputy G.P. Southern:**

*Does the Minister accept that the passionate commitment he was talking about was remarkably absent from the reduction of grants to third sector deliverers of £140,000 in the Comprehensive Spending Review part one by the Health and Social Services Department?*

**Senator P.F.C. Ozouf:**

*The Comprehensive Spending Review is making allocations and decisions and there are going to be some organisations that, because they can perhaps see that funding come from the commercial sector, perhaps there are other priorities that health may have, there are going to be changes ongoing. The States provides valuable money for the third sector. I think the third sector has got a fantastic opportunity of delivering even more services for Jersey in the future and the States, I am not a Statist, I do not believe in nationalisation. We need to build capacity of the third sector and this will achieve and help do that.*

**3.10.6 Deputy I.J. Gorst of St. Clement:**

*Would the Minister not agree with me that a strong sector forum, together with a new Charities Law, together with a Charities Commission is exactly the support that we as a Government should be giving to the third sector in our community?*

**Senator P.F.C. Ozouf:**

*Absolutely. We have done not enough to recognise, celebrate it and help it, and this co-ordinator, outside of the public sector, will do just that.*

**3.10.7 Deputy R.G. Le Hérissier:**

*Two points. Could the Minister confirm that there is no preferred candidate; it will be open? Secondly, given he found underspends with which to do this, will he retract some of the cutbacks to other charities which have severely limited the capacity of which he is so proud to build?*

**Senator P.F.C. Ozouf:**

*I think this post is probably one of the most exciting, rewarding and beneficial in Jersey. I think it is a fantastic opportunity for somebody that wants to take a modest salary for something that has the capability of doing so much good among voluntary and not for profit organisations. This Assembly will decide on allocations of not for profit organisations in the Business Plan. If any Member has any difficulty with Ministers proposals then obviously they will amend the Business Plan accordingly and we will debate it in this Assembly.*

**Deputy R.G. Le Hérissier:**

*The question was not answered, there is no preferred candidate, can the Minister confirm?*



**Senator P.F.C. Ozouf:**

*Absolutely not, and it is not a ministerial appointment, it is going to be for the third sector forum to do their own recruitment and long live the independence of this organisation and the third sector forum. I hope they lobby the States and give us a heck of a hard time so that we do better for them in the future.*

**The Deputy Bailiff:**

*I do not think, Senator, “a heck of a hard time” is a parliamentary expression. Could I please add, to Members who are listening to this debate outside the Chamber, would they please return to the Assembly room because we at the minimum of numbers for staying quorate.*

**Deputy S. Power:**

*On a point of order, are Ministers allowed to ask Ministers questions?*

**The Deputy Bailiff:**

*There is nothing in Standing Orders that prevents Ministers from asking other Ministers questions. They usually do not do so but no doubt on this particular occasion the Minister who asked a question did so because of his particular interest in charitable matters.”*

**Increase in drug and alcohol funding**

When I was Minister for Health and Social Services I was concerned at the level of funding committed to treating those with drug and alcohol problems given the significant problems faced by the Island. I was therefore concerned that funding that was barely adequate in my opinion had been cut under the Comprehensive Spending Review.

The report by the Medical Officer of Health that was published in the Jersey Evening Post stated that “Jersey's drink problem among world’s worst”, (Friday 16th July 2010).

It also revealed that –

- An estimated 42 Islanders die from alcohol related illnesses each year or 5% of all deaths;
- 26% of all deaths under 75 are alcohol related and is twice that of the UK;
- 1,000 admissions each year related to alcohol compared to just 700 in 2004;
- 60% of arrests for domestic violence over the past 5 years involved alcohol;
- Teenage girls in Jersey drink more than their UK counterparts.

Other reports show that –

- 7,500 people in Jersey are drinking at harmful levels
- Approx 5000 are dependent on alcohol
- 70% of inmates at La Moye have substance misuse problems – it costs around £40k a year to house a prisoner.

The Alcohol and Drug Service has seen a 20% increase in the number of people seeking help over the past 5 years. Dr. Rosemary Geller stated “it is now essential the States tackle the issue as the death toll, suffering and anti-social behaviour resulting from too much alcohol continues”. She added “Alcohol misuse remains a significant public health concern in Jersey and a burden to on local services and society”.

In terms of illegal drugs, the Imperial College Report estimates there are 800 heroin users in Jersey, most of whom are drug injectors and 40% are Hepatitis C positive. It costs £10k a year to treat someone with Hepatitis C.

The Government wastes money on ill-conceived grants, useless agencies, over-regulation and ‘luxury’ appointments that provide little return in either monetary or social terms. The allocation of these funds will;

- fund 1.5 wte alcohol and drug counsellors
- extra medical sessions
- drug testing kits
- relapse prevention programmes

(wte = whole time equivalents).

**This adds value to the service by –**

- 1. 80-100 more people with alcohol and drug problems in treatment.**
- 2. An extra 30 detoxes a year.**
- 3. Quicker response time to see clients resulting in fewer drop-outs**
- 4. More drug users getting clean.**
- 5. More drug users off sickness benefits, back into employment and reduced offending.**
- 6. Re-commence seeing families and carers for advice and support (no longer provided due to budget cuts).**

It is worth noting that a total of approx £6 million worth of illegal drugs were seized within the past 3 years in Jersey by customs (not including Police seizures). It is estimated that less than 10% of illegal drugs are seized.

### **Financial implications**

In the event that my amendment (1) relating to the net revenue expenditure of the Treasury and Resources Department is defeated, then in order to fund the increase for amendment (2) the Alcohol and Drugs Service, I recognise that the total revenue expenditure of the States will need to be increased by £100,000.

Funding for the service was cut by 20% in last year's CSR. I ask Members to approve this amendment in order that we can provide an effective quality service for the residents of Jersey.