STATES OF JERSEY

GOVERNMENT PLAN: ASSESSMENTS OF PLANNED EFFICIENCY SAVINGS

Lodged au Greffe on 23rd August 2019
by Deputy G.P. Southern of St. Helier

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion −

(a) to request the Public Accounts Committee, throughout the life of the Government Plan, to undertake detailed 6-monthly assessments of the planned efficiency savings, specifying the expected impact on the ongoing delivery of public services, by Minister, Department and CSP priority, accompanied by a comparable comprehensive review of the real impact of the previous 6 months' efficiencies; and

(b) to agree that –

(i) the Council of Ministers is requested to bring forward a proposition each year, in advance of the Government Plan proposition, seeking the Assembly's endorsement of the efficiencies contained in the current Government Plan, based on the assessments outlined in paragraph (a);

(ii) in the event that the Assembly does not adopt such a proposition, endorsing the efficiencies, the Council of Ministers is requested to omit the proposed efficiencies for the subsequent calendar year from its next Government Plan proposition.

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

This first ever Government Plan is quite different to what we have done before. It brings together income and expenditure for decisions for the first time in a very long time. We are told that we should have some flexibility to respond appropriately to changing conditions over the 4 years of the plan. We are also informed that decisions will be made more transparent.

However, when read in conjunction with the Public Finances (Jersey) Law 2019 (the "Public Finances Law") as it must be, the Government Plan 2020–2023 proves itself to lack significant transparency and is remarkably difficult to amend.

Approval of the Government Plan puts considerable power in the hands of Ministers: for example, in Articles 18 to 21 of the Public Finances Law, the power to reallocate from one head of expenditure to another, whether set out in the plan or new; the power to transfer amounts to the following year's reserve; the power to transfer major project amounts to the following year; the power to allocate excess income to a head of expenditure; and the power to withdraw amounts from the Consolidated Fund given immediate emergency need.

Further, the only reference to the approval in the Government Plan of the efficiency savings, which appear to be absolutely central to the plan, is to be found only in paragraph (i) of the proposition, referring to all 207 pages of the report as Appendix 4. Of these 207 pages, only 5 actually refer to the essential efficiency savings.

At the time of writing this proposition, we have sight of the first proposed efficiencies, totalling £19.7 million, described in 6 broad-brush groupings. We are told that the target for savings in 2020 is £40 million, with a further £20 million of efficiencies to be identified and ready for delivery in 2020. The Efficiencies Plan for 2020–23 will be presented to the Council of Ministers in October, and made available to the States prior to debate of the Government Plan in November.

This is very late notice to enable even a modest assessment by Scrutiny of the feasibility or sustainability of these efficiencies, let alone giving consideration to amending or redistributing these efficiencies. The combination of the Public Finances Law and the Government Plan has been clearly drafted so as to limit, if not eliminate, any contribution from the States, and to centralise control with the Council of Ministers.

For example, in **Article 9(4)(b) of the Public Finances Law** –

> *(4) The government plan must also include –*
>
> > *(b) any other information that the Council of Ministers believes that the States may reasonably be expected to need in order to consider the matters mentioned in paragraphs (2) and (3) and sub-paragraph (a).*

The control of what information is needed to consider the Government Plan is placed firmly in the hands of the Council of Ministers and not with the States Assembly.

Further, in **Article 13 of the Public Finances Law**, we have –

13 Amendment to lodged government plan

(2) A person, committee or panel who intends to propose an amendment to any element of a lodged government plan referred to in Article 9(2) must, in preparing the amendment, take into account the impact of the amendment on –

(a) the States' finances;

(b) the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey; and

(c) the sustainable well-being of the inhabitants of Jersey over successive generations.

How the poor backbencher is to assess the impact of any amendment on "*the sustainable well-being of the inhabitants of Jersey over successive generations*" quite frankly is beyond me, and yet this is the size of the task that is required to amend.

Overall, the success or failure of the Plan appears to hinge on the ability of the Council of Ministers to deliver the £100 million Efficiency Programme outlined in the 5 pages of Part 2.7 of the Plan. These efficiencies, we are told, will contribute to funding of both new and ongoing commitments, reducing the amount of additional revenue that the Government will need to seek from taxpayers.

Because of the fact that the Government Plan is a first, we have little or no evidence from past experience on which to judge how sustainable or effective these efficiencies may be, and in particular, whether they may have any negative impact on the delivery of services.

The Government has promised to prepare a detailed report on the 2020 efficiencies "*by the time of the November States Assembly debate on the Government Plan*". This report, although at a later date, mirrors the content of Article 23 of the Public Finances Law, as follows –

23 Semi-annual updates

(1) The Minister must, in accordance with paragraph (2), prepare and present to the States a written statement setting out –

(a) each function undertaken, within the applicable 6-month period referred to in paragraph (2), under any of Articles 18 to 21, 24 and 26 to 28; and

(b) each direction given, within the applicable 6-month period referred to in paragraph (2), by the Minister under Article 15(3) with respect to the amounts appropriated for a reserve head of expenditure.

(2) The Minister must present the statement in respect of the first 6 months of a financial year no later than 31st August of that year, and must present the statement in respect of the second 6 months of the financial year no later than the last day of February of the next year.

The important thing to note here is that, in the production of a statement to the States listing the actions taken over the previous 6 months, there is no requirement for the States to do anything with this information.

This proposition requires much more than a simple report. It requires the Public Accounts Committee to examine the impact on the delivery of public services of the previous and future efficiency savings, and then for the Council of Ministers to bring a proposition each year in order to get the Assembly’s endorsement of its actions.

Not only does this proposition wrest some control over the centralising direction of the Council of Ministers in the Government Plan, and enable in-depth scrutiny of the plan, failure to agree over efficiencies and their impact on public service delivery has serious consequences.

Financial and manpower implications

With or without the assistance of the Comptroller and Auditor General, it is envisaged that the costs of the review and proposition can be contained in the current budget of the Public Accounts Committee. There are no manpower consequences arising.