

STATES OF JERSEY



MEDIUM TERM FINANCIAL PLAN 2016 – 2019 (P.72/2015) – AMENDMENT

Lodged au Greffe on 7th September 2015
by the Council of Ministers

STATES GREFFE

1 PAGE 2, PARAGRAPH (a)(ii) –

After the words “as set out in Summary Table B” insert the words –

“except that the total amount of States net revenue expenditure shall be increased by £6,000,000 in 2016 and reduced by £10,000,000 in 2017.”.

2 PAGE 3, PARAGRAPH (f) –

After the words “Summary Table J” insert the words –

“except that the funding requirement for a Redundancy Provision in 2016 shall be increased by £6,000,000 and the funding requirement of £10,000,000 for a Redundancy Provision in 2017 shall be removed”.

COUNCIL OF MINISTERS

REPORT

The Council of Ministers is proposing an Amendment to the Medium Term Financial Plan 2016 – 2019 (P.72/2015) as lodged, to reflect the proposed re-phasing of funding for a Redundancy Provision.

At the time of lodging the Medium Term Financial Plan 2016 – 2019 (“MTFP”), the initial Voluntary Release Scheme had only recently closed, and applications had not been assessed. It is now clear that significantly more funding than the £2 million initially set aside for redundancy funding in 2015 will be required, and the balance of funding for 2017 will need to be brought forward. The current estimate for 2015 is in the region of £6 million, including a small number of applications still to be re-assessed by the V.R. Panel.

The Council of Ministers is determined that savings should be taken as soon as possible, in the interests of fairness to those who have successfully applied to the scheme, and in order to expedite the reform required to change the way we deliver our services and contribute towards the £70 million people savings required by 2019. The Council of Ministers is therefore proposing that additional redundancy funding be brought forward to 2015 and 2016 from 2017.

The revised proposal is for £4 million to be transferred from the Strategic Reserve in 2015 and £16 million in 2016, rather than £10 million in 2016 and 2017. This will provide for a Central Contingency Allocation for a Redundancy Provision of £6 million in 2015 and £16 million in 2016, rather than £2 million in 2015 and £10 million in 2016 and 2017.

This requires a number of amendments to existing propositions:

- This amendment to ‘Medium Term Financial Plan 2016 – 2019’ (P.72/2015) to agree –
 - the increase in total States net expenditure in 2016 and the reduction in total States net expenditure in 2017; and
 - the increase in the intended transfer from the Strategic Reserve to the Consolidated Fund in 2016 and the reduction in the intended transfer from the Strategic Reserve to the Consolidated Fund in 2017;
- An amendment to ‘Independent Jersey Care Inquiry: amendment to Medium Term Financial Plan 2013 – 2015’ (P.75/2015), to increase the total States net expenditure and contingency expenditure in 2015; and
- An amendment to ‘Strategic Reserve Fund: funding for Independent Jersey Care Inquiry and transfers from and to the Consolidated Fund’ (P.76/2015) to agree an increased transfer in 2015 and 2016, and a reduced transfer in 2017.

A revised Summary Table B and revised Summary Table J for this amendment to P.72/2015 are attached for approval, together with a revised Financial Forecast and Consolidated Fund Forecast for information.

The Council of Ministers is satisfied that this expenditure is urgent and cannot be funded from existing allocations in accordance with Article 9(2)(ca) of the Public Finances (Jersey) Law 2005.

Financial and manpower implications

The effect of approving this amendment would be to increase the proposed Total States Net Expenditure in 2016 by £6 million and to reduce the proposed Total States Net Expenditure in 2017 by £10 million. The Amendment would also increase the intended transfer from the Strategic Reserve to the Consolidated Fund in 2016 by £6 million and reduce the intended transfer from the Strategic Reserve to the Consolidated Fund in 2017 by £10 million.

The manpower implications of this amendment are that as a result of the approval of 104 applications, departments would achieve an anticipated reduction of 80 FTE, with a small number of applications to be re-assessed.

**Revised Summary Table B –
Proposed Total States Net Expenditure for 2016 – 2019 (for approval)**

States Funded Bodies	Proposed Total Net Expenditure	Proposed Total Net Expenditure	Proposed Total Net Expenditure	Proposed Total Net Expenditure
	2016 £'000	2017 £'000	2018 £'000	2019 £'000
Ministerial Departments				
Chief Minister	22,640.8			
- Jersey Overseas Aid Commission	10,337.7			
Community and Constitutional Affairs ¹	49,270.5			
Economic Development	17,196.5			
Education, Sport and Culture	111,394.8			
Department of the Environment	5,205.4			
Health and Social Services	203,776.8			
Social Security	189,322.2			
Transport and Technical Services	28,618.3			
Treasury and Resources	32,562.5			
	670,325.5			
Non Ministerial States Funded Bodies				
- Bailiff's Chambers	1,563.9			
- Law Officers' Department	7,797.8			
- Judicial Greffe	6,616.1			
- Viscount's Department	1,320.6			
- Official Analyst	604.8			
- Office of the Lieutenant Governor	738.4			
- Office of the Dean of Jersey	25.8			
- Data Protection Commissioner	267.4			
- Probation Department	1,990.5			
- Comptroller and Auditor General	777.2			
States Assembly and its services	5,186.2			
	26,888.7			
Total Departmental Net Revenue Expenditure	697,214.2	-	-	-
Central Allocations	43,203.1			
Total Net Revenue Expenditure	740,417.3	724,387	733,997	734,845
Net Capital Expenditure Allocation - Annual Programme	25,691.0	26,273	35,000	32,975
Net Capital Expenditure Allocation - Other Projects	1,000	39,000	8,233	-
Total States Net Capital Allocations	26,691.0	65,273	43,233	32,975
Total States Net Expenditure Allocations	767,108.3	789,660	777,230	767,820
<i>For Information:</i>				
<i>Departmental Depreciation</i>	<i>44,800</i>	<i>44,000</i>	<i>49,200</i>	<i>54,600</i>
<i>Note 1: "In April 2015, it was announced that the social, justice and constitutional policy responsibilities of the Chief Minister, the policy responsibilities of the Ministers for Housing and Home Affairs, and the public services of the Home Affairs Department, would be supported by a newly-merged department. This will deliver greater efficiency, flexibility, and alignment between complementary policy areas. The newly-merged Department is named "Community and Constitutional Affairs", reflecting the broad range of its responsibilities outlined in more detail in the Annex to the Medium Term Financial Plan"</i>				

**Revised Summary Table J –
Intended Strategic Reserve Transfers for 2015 – 2019 (for approval)**

Intended Transfers to/(from) Strategic Reserve	Forecast Movements	Forecast Movements	Forecast Movements	Forecast Movements	Forecast Movements
	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000
Funding requirement for Committee of Inquiry	(10,000)	(4,000)	-	-	-
Funding requirement for Economic and Productivity Growth Provision	-	(5,000)	(5,000)	-	-
Transfer from Consolidated Fund	-	-	-	-	10,000
Funding requirement for Redundancy Provision	(4,000)	(16,000)	-	-	-
Transfer from Consolidated Fund	-	-	-	-	20,000
Funding for Consolidated Fund working balance	-	(5,000)	-	-	-
Les Quennevais School	-	(1,000)	(39,000)	-	-
Funding requirement for Annual Capital Programme	-	(25,691)	(26,273)	-	-
Transfer from Consolidated Fund - Asset Disposals	-	-	20,000	-	20,000
Total Intended Transfers to/(from) Strategic Reserve	(14,000)	(56,691)	(50,273)	-	50,000

**Revised Figure 16 – Summary of Financial Forecast for Draft Medium Term
Financial Plan 2016 – 2019 (for information)**

2014 Outturn £'000	Financial Forecast	Forecast (June 2015)	MTFP Proposals (June 2015)			
		2015 Forecast £'000	2016 Proposed £'000	2017 Indicative £'000	2018 Indicative £'000	2019 Indicative £'000
	States Income					
436,665	Income Tax	438,000	458,000	475,000	499,000	519,000
80,226	Goods and Services Tax	81,740	83,334	84,968	85,779	86,609
54,103	Impôts Duty	55,323	55,367	55,444	55,615	55,820
25,977	Stamp Duty	26,890	26,357	28,802	30,946	31,800
11,896	Island Wide Rate	11,967	12,279	12,598	12,976	13,365
8,283	Other Income (Dividends)	10,859	10,699	8,354	14,515	9,279
18,236	Other Income (Non-Dividends)	12,255	11,703	11,352	10,560	10,283
13,581	Other Income (Return from Andium)	27,554	28,091	28,973	29,904	30,920
648,967	States Income	664,588	685,830	705,491	739,295	757,076
	Proposed Mechanism to offset States Payment of Rates		-	1,000	1,000	1,000
-	Proposed Sustainable Funding Mechanism for Health		-	-	15,000	35,000
648,967	Total States Income - incl: Proposed Health Charge	664,588	685,830	706,491	755,295	793,076
	States Expenditure					
674,163	Departmental Net Revenue Expenditure	687,146	697,214	697,214	697,214	697,214
	Central Allocations	33,483	37,203	37,173	36,783	37,631
	Proposed Allocation for Committee of Inquiry	10,000				
	Proposed Amendment to Allocation for Redundancy Provision	4,000	6,000	(10,000)		
674,163	Total Net Revenue Expenditure (excl: Depn)	734,629	740,417	724,387	733,997	734,845
(25,196)	Forecast Operating Surplus/(Deficit) for the year	(70,041)	(54,587)	(17,896)	21,298	58,231
56,901	Departmental Depreciation	50,098	44,800	44,000	49,200	54,600
(82,097)	Forecast Deficit of General Revenue Expenditure and Income	(120,139)	(99,387)	(61,896)	(27,902)	3,631

**Revised Summary Table I – Consolidated Fund Forecast 2015 – 2019
(for information)**

Forecast Consolidated Fund balance	Forecast	Forecast	Forecast	Forecast	Forecast
	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000
Opening Balance brought forward	4,707	45,742	21,155	23,258	24,556
Forecast Operating Surplus/(Deficit)	(70,041)	(54,587)	(17,896)	21,298	58,231
Measures to manage 2015 Shortfall	53,386				
Change in Accounting Policy - Income Tax	60,000				
Funding for Capital Programme					
Apply Funding for Annual Capital Programme	(4,090)	(25,691)	(26,273)	(35,000)	(32,975)
Funding from Budget 2015 measures					
- Adjustments from MTFP 2013-2015	(2,285)				
- Funding from JCP increased return	(1,135)				
- funding from Jersey Post Special Dividend	(2,000)				
- Funding from Jersey Water Preference Share	(6,800)				
- Funding for Hospital Replacement Project Phase 2	(22,700)				
- Funding for Sewage Treatment Works	(25,494)				
- Les Quennevais School		(1,000)	(39,000)		
- Prison Improvement Phase 6				(8,233)	
Proposed Transfers from Strategic Reserve					
- Proposed Funding for Committee of Inquiry (Col)	10,000	4,000			
- Funding for Annual Capital Programme		25,691	26,273		
- Funding for Hospital Replacement Project Phase 2	22,700				
- Funding for Les Quennevais School		1,000	39,000		
- Funding for Economic and Productivity Growth Provision		5,000	5,000		
- Funding for Redundancy Provision	4,000	16,000			
- Funding for Working Balance on Consolidated Fund		5,000			
Proposed Transfers to Strategic Reserve					
- Repayment for Economic and Productivity Growth Provision					(10,000)
- Repayment for Redundancy Provision					(20,000)
- Transfer of Proceeds from Asset Disposals			(20,000)		(20,000)
Currency Fund Infrastructure Investment					
- Funding for Sewage Treatment Works	25,494				
Proposed Asset Disposals			20,000		20,000
Proposed Transfers from Health Insurance Fund (HIF)			15,000	15,000	
Proposed Transfer from Criminal Offences Confiscation Fund				8,233	
Forecast Closing Balance carried forward	45,742	21,155	23,258	24,556	19,812