

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2023- 2026 (P.97/2022): FOURTH AMENDMENT

Lodged au Greffe on 21st November 2022
by the Health and Social Security Scrutiny Panel
Earliest date for debate: 12th December 2022

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2023-2026 (P.97/2022): FOURTH
AMENDMENT

PAGE 2, PARAGRAPH (c) –

After the words “Article 9(2)(b) of the Law” insert the words –

“, except that –

- (a) the transfers from the Health Insurance Fund to the Consolidated Fund (Revenue) and Consolidated Fund (Capital) shall be reduced to £0 for 2023 and 2024; and

PAGE 2, PARAGRAPH (e) –

After the words “of the Report” insert the words –

“, except that –

- (a) the General Reserve Head of Expenditure shall be reduced by £12,450,000 for the purposes of funding the Jersey Care Model, the Jersey Care Model – Digital Systems and the Digital Care Strategy

Note: After this amendment, the proposition would read as follows –

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

to receive the Government Plan 2023–2026 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2023 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, the transfers from the Health Insurance Fund to the Consolidated Fund (Revenue) and Consolidated Fund (Capital) shall be reduced to £0 for 2023 and 2024;
- (b) to approve the proposed Changes to Approval for financing/borrowing for 2023, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approvals;
- (c) to approve the transfers from one States fund to another for 2023 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law;
- (d) to approve each major project that is to be started or continued in 2023 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f)

of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;

- (e) to approve the proposed amount to be appropriated from the Consolidated Fund for 2023, for each Head of Expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report, the General Reserve Head of Expenditure shall be reduced by £12,450,000 for the purposes of funding the Jersey Care Model, the Jersey Care Model – Digital Systems and the Digital Care Strategy;
- (f) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2023 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;
- (g) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2023 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (h) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2023 as set out in Appendix 2 – Summary Table 8 to the Report; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2023-2026, as set out at Appendix 3 to the Report.

REPORT

As States Members will be aware, the Health Insurance Fund (HIF) receives allocations from Social Security contributions from employers and working-age adults and supports the wellbeing of Islanders by subsidising GP visits, the cost of prescriptions and other primary care services.

Under Article 21 of the Health Insurance Jersey Law 1967, the HIF is under the control and management of the Minister for Social Security. The original purpose of the Health Insurance Fund, as set out in the 1967 Law, was to establish a system of insurance in relation to medical, dental and ophthalmic services and pharmaceutical supplies. Since then, amendments have been made to the Law which have made specific provision for the withdrawal of money from the HIF for reasons other than that which was provided for in the 1967 Law. These are as follows:

- [Health Insurance Fund \(Miscellaneous Provisions\) \(Jersey\) Law 2011](#). This amendment allowed withdrawals of money from the HIF in 2011 and 2012 for funding primary care services.
- [Health Insurance Fund \(Miscellaneous Provisions\) \(Amendment\) \(Jersey\) Law 2013](#) – The amendment enabled withdrawals in 2013, 2014 and 2015 for funding primary care services.
- [Covid-19 \(Health Insurance Fund\) \(Jersey\) Regulations 2020](#) – The amendment permitted withdrawals in 2020 in response to Covid-19.
- [Health Insurance Fund \(Miscellaneous Provisions\) \(Amendment No.2\) \(Jersey\) Law 2021](#) – As a consequence of the Government Plan 2021-2024. The amendment permitted withdrawals of up to £11.3 million in 2021 for the redesign of health and community services and the modernisation and digitalisation of health and community services.
- [Health Insurance Fund \(Miscellaneous Provisions\) \(Amendment No.3\) \(Jersey\) Law 2022](#) – As a consequence of the Government Plan 2022-2025. The amendment permitted the withdrawal of up to £13 million. Of that, £9,100,000 was for the purpose of funding the redesign of health and community services and £3,900,000 for the purpose of funding the modernisation and digitalisation of health and care services.

Transfers out of the HIF for the purposes of the Jersey Care Model (JCM) and Digital Strategies

The Government Plan 2023-2026 proposes to transfer a further £12,450,000 in 2023 out of the HIF for the purposes of the Jersey Care Model and digital strategies. If this transfer, and the relevant draft legislation, are approved by States Members, this will bring the total of funds that have been approved for these purposes up to £36,750,000. The Panel notes that the Social Security Minister lodged the [Draft Social Security \(Amendment of Law No.17\) \(Jersey\) Regulations 202-](#) on 18th November 2022 and is due to lodge the Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment No.4) (Jersey) Law 202- in due course. The Minister will be asking for a reduced lodging period in order that both pieces of Legislation can be debated on 13th December 2022.

The Panel is aware, however, that not all of the approved funds have been withdrawn from the Health Insurance Fund. For instance, in 2021, £6,330,000 was transferred out of the available £11,300,000.¹ The Health Insurance Fund Law allowed for the transfer of any remaining balance of the 2021 total approved sum into 2022. As such, the total budgeted spend for 2022 is a total of up to £17.9m. From evidence received during our review we are aware that £7.4m of the funds available in 2022 had been spent as of September 2022 and Health and Community Services had forecast to spend a total of £12.3m before the end of the year.²

Of the £7.4m that was spent between January and September this year, £4.5m was on the Jersey Care Model Revenue Programme, £2.7m on the Digital Jersey Care Model Capital Programme and £200,000 on the Digital Care Strategy Capital Programme. A breakdown of this funding can be found in Appendix 1.

In July 2022, the Minister for Health and Social Services made the decision to ‘pause’ the Jersey Care Model Programme of work to allow time for herself and the Council of Ministers to review activity to date, including progress and spend, against the original JCM objectives. The Minister also advised the Panel that she wished for consideration to be given to the impact of all JCM activity and its relevance to the Our Hospital project. During a recent Public Hearing with the Panel, the Minister confirmed two reasons for the pause; one predominantly driven by concerns raised by the public about the way in which the HIF was funding service developments and the other because it was not clear to the Minister how the funding was delivering value for money.³

In August 2022, the Minister for Health and Social Services advised the Panel that, during the ‘pause’, Health and Community Services would continue to provide services which were currently being provided to patients under the Jersey Care Model framework as well as support the ongoing work to deliver, for example, a dementia pathway. It was noted that, all other development had been paused. The Panel found that during the period in which the JCM was ‘paused’ £2.9m was spent on the programme.⁴

The Panel is aware that the Minister is due to publish the results of her review the week beginning 21st November 2022. The Panel is also aware that the Minister is due to bring revisions to the JCM following her review, as stated in her Ministerial Plan:

Asking the States Assembly to support revisions to the original Jersey Care Model proposals to focus the previously agreed investment on the expansion of digital health and new forms of care.⁵

At a Public Hearing with the Minister for Health and Social Services in November we learnt that she intends to bring her own amendment to the Government Plan to repurpose the funding for the JCM going forward. However, at the time of writing this report, the Panel is unaware of the details of the Minister’s amendment and the outcome of the Minister’s review. Unfortunately, without sight of the findings, we are unable to comment on the work undertaken to date and the extent at which the £13.7m that has been spent so far has benefited patients in receipt of health care.

¹ [R States of Jersey 2021 Annual Report and Accounts.pdf \(gov.je\)](#)

² [Letter, Minister for Health and Social Services, 2nd November 2022](#)

³ [Transcript, Public Hearing with the Minister for Health and Social Services, 7th November 2022](#)

⁴ [Letter, Minister for Health and Social Services, 2nd November 2022](#)

⁵ [Ministerial Plan, p31](#)

The Minister for Health and Social Services did, however, advise the Panel that the assumptions that have been made in respect of the total 2022 drawdown of funds from the HIF (that we referred to earlier - £12.3m) will not reflect the eventual position by the end of the year⁶.

The Minister for Social Security's understanding of the purpose of funds from the HIF is that they had been used "*for developments that would enhance primary care in some way*"⁷. In a written submission to the Panel, the Primary Care Board advised us that, to date, it had witnessed limited benefits to primary care resulting from the JCM and digital funding and that it was "*yet to see any proposal in support of the statement that 'money will follow the patient' to allow for the transfer of care to the community in the longer term*". The Primary Care Board further added:

*It should be remembered that the principle of the HIF is to support patient access to Primary Care services. As such, HCS budgets should not be supplemented by the HIF.*⁸

The Panel is mindful of historic concerns of some States Members and members of the public regarding the use of the Health Insurance Fund to fund health developments and improvements. Whilst the Panel accepts that the decision to allocate funding to the Jersey Care Model and digital projects was made by the States Assembly, it does not believe any further transfers can be justified in light of current circumstances.

Actuarial Review of the Health Insurance Fund

The last actuarial review of the Health Insurance Fund was undertaken in December 2017. The report stated:

*The fund is projected to be exhausted by 2035, two years before the end of the projection period (2037). In terms of months of benefit expenditure covered by the projected Fund balance, this rises very slightly from a current level of 34 months to 35 months in 2018 and 2019, and then falls to zero by 2034.*⁹

It is worth noting that the ageing demographic has increased significantly since the actuarial review was undertaken, putting more pressure on the 'health' of the fund to support the wellbeing of Islanders. The review undertaken in 2017 was also unable to consider the impact of the transfers that have taken place since 2020 for purposes other than to fund primary care services. The Government Plan 2023-2026 does recognise that, due to the ageing population and the impact this will have on the cost of health services in the Island, and therefore the balance of the HIF, changes will likely be needed to maintain a sustainable funding model.

As a result of the former Panel's [amendment](#) to the previous Government Plan (Government Plan 2022-2025), the Minister for Social Security is due to undertake an actuarial review of the Health Insurance Fund in 2022, for completion in 2023, which will include; specific analysis of the use of the HIF for the purposes of the JCM and its related digital strategies; consideration of the impact of all withdrawals on the fund since

⁶ [Transcript, Public Hearing with the Minister for Health and Social Services, 7th November 2022](#), p5

⁷ [Transcript, Public Hearing with the Minister for Social Security, 10th November 2022](#), p6

⁸ [Written Submission, Primary Care Board, 31st October 2022](#)

⁹ [Report of the Government Actuary on the Financial Condition of the Health Insurance Fund as at 31st December 2017](#), p3

2020; and consideration of the future of the HIF, should withdrawals take place as envisaged by P.130/2020. At a Public Hearing on 10th November 2022, the Minister for Social Security confirmed that the results of the Actuarial review would be published before in the summer of 2023.¹⁰

Whilst the Panel recognises the necessity for the Actuarial Review to take stock of the current and future state of the fund, it is of the opinion that transferring any more funds in the absence of the Actuarial Report would be inappropriate and incautious. It is imperative that States Members are certain of the Fund's stability and sustainability before any more money is taken out, especially given the importance of the HIF in supporting patients in accessing primary care.

Sustainable Health Care Funding

In 2020, the States Assembly approved the following documents:

- [P.114/2020 – ‘Jersey Care Model’](#) (as amended)
- [P.130/2020 – ‘Government Plan 2021-2024’](#) (as amended)
- [P.156/2020 - ‘Draft Health Insurance Fund \(Miscellaneous Provisions\) \(Amendment No. 2\) \(Jersey\) Law 202-’](#).

At the time at which each of these documents was approved by the States Assembly, the assurances provided and the information that was available indicated that there was a commitment to design a sustainable funding model for primary care costs in 2021, for approval by the Government Plan 2022-2035.

During the opening speech of the debate of P.114/2020 on 3rd November 2020, the Minister for Health and Social Services stated:

*The Government Plan we will be debating in a few weeks recognises the need for quick action. It brings forward the need to deliver a solution to make sure that health costs are funded sustainably and **it commits to undertaking a full review, which will include taking proposals to this Assembly ahead of the 2022 Government Plan to determine an appropriate model for future health and care funding.***¹¹

Similarly, the Government Plan 2021-2024 stated:

*After investments, the JCM is forecast to save £23 million per year by 2036. However, it brings forward the need to deliver a solution to make sure that health costs are funded sustainably, and **we will undertake a full review – which will include taking proposals to the States Assembly - ahead of the next Government Plan to determine an appropriate model for future health funding.***¹²

Furthermore, in the Minister for Social Security's opening speech proposing P.156/2020 (which proposed amendments to the Health Insurance Fund Law) she commented:

*The 2021 Government Plan sets out further transfers in 2022 to 2024. **I again will only put these forward after Ministers have completed the planned***

¹⁰ [Transcript, Public Hearing with the Minister for Social Security, 10th November 2022](#)

¹¹ Hansard, 3rd November 2020, page 54

¹² [Government Plan – 2021-24](#), Appendix 3, page 22

*review of sustainable health funding and brought proposals back to the Assembly during 2021. The next transfer will be proposed next year after States Members have considered the proposals for sustainable health funding and the future direction of the Health Insurance Fund.*¹³

The Panel is aware that in 2021 the Minister for Health and Social Services provided an update in respect of the Sustainable Health Care Funding Review that the work had been delayed and was now due to be completed in 2023, to be fed into the Government Plan 2024-2027. When the Panel queried why this work had been delayed at a Public Hearing on 7th November 2022, the Director General of Health and Community Services advised:

*There has been ongoing work during the past few years which has been, by necessity, interrupted by the pandemic, to look at how we can sustainably fund healthcare going forward. Part of that work was the Jersey Care Model but the Jersey Care Model was devised in 2019 pre-pandemic.*¹⁴

Notwithstanding the commitment to complete the sustainable health care funding work in 2023, it is unclear when we would begin to see changes to the way health care is funded and accessed by patients. In this regard, the Primary Care Board commented:

*Although Government proposed to consider sustainable funding and the funding of General Practice and wider Primary Care during 2023, any changes are not likely to be implemented for several years thereafter.*¹⁵

Despite further transfers out of the HIF being approved by the States Assembly after the commitments were made by both Ministers in 2020 to halt future transfers until a review of sustainable funding had been completed, the Panel is of the opinion that the principle surrounding those commitments still stands. Until the Health and Community Services Department has completed its work on sustainable funding and until we know how health care is to be funded going forward, no more money should be taken out of the HIF that does not directly support primary care services.

Conclusion

The Panel is concerned that the HIF, as the current source of the Jersey Care Model, is being depleted without knowing the current and future financial condition of the fund and in the absence of any sustainable funding plans. Previous commitments have been made by Ministers to bring these pieces of work to the States Assembly before further transfers were proposed for the purposes of the Jersey Care Model and digital projects. This work has not come to fruition as a result of the pandemic and it has been advised that it will be completed ahead of the Government Plan 2024-2027.

Whilst the Panel acknowledges that previous transfers out of the HIF to fund the JCM and digital strategies were approved by the States Assembly, the Panel considers that the HIF should not be used to fund service modernisation and redesign going forward. The Minister for Health and Social Services acknowledged herself that further conversations need to take place with the Minister for Treasury and Resources as to whether or not the use of the HIF to fund health improvement is appropriate.¹⁶ Rather

¹³ Hansard 17th December 2020, page 34

¹⁴ [Transcript, Public Hearing with the Minister for Health and Social Services, 7th November 2022](#)

¹⁵ [Written Submission, Primary Care Board, 31st October 2022](#)

¹⁶ [Transcript, Public Hearing with the Minister for Health and Social Services, 7th November 2022](#)

than allow the proposed transfer to take place ahead of these conversations, the Panel urges States Members to support the Panel's amendment for the JCM (or any revised model), and digital strategies to be funded from the General Reserve Head of Expenditure for 2023 and 2024. The HIF was established for the purpose of supporting Islanders in accessing primary health care and we need to ensure its sustainability for the future.

Financial and manpower implications

The head of expenditure for the General Reserve would be reduced by £12.45 million in 2023 and £9.805 million in 2024. Page 44 of the Government Plan sets out the proposed amounts to be held in the General Reserve in 2023 and 2024. The amendment would mean that there would be less funding held in reserve for the areas outlined on page 44 of the plan, including: unforeseen and urgent expenditure, fluctuations in benefit expenditure, initiatives to reduce hospital waiting lists, Covid-19 reserve, parental leave, revenue growth where the exact timing or amount of spend is not certain. These projects may not be able to be completed (without alternative funding). The funds would be maintained within the Health Insurance Fund, thereby increasing the forecast balance in the Fund.

The General Reserve is held outside of operational expenditure limits and therefore, changes to the General Reserve would not have direct staffing implications. However, a reduction to amounts held in the General Reserve to support departmental expenditure, for example amounts held for reducing hospital waiting lists or to meet the cost to front-line services of parental leave, could result in an impact on staffing numbers in those departments.

Appendix 1

Jersey Care Model (revenue) – Expenditure to date and full year forecast

	January to June 2022	July to September 2022	Total January - September 2022	Full Year 2022
Expenditure by workstream	Actual £000	Actual £000	Actual £000	Forecast £000
Programme Management & Governance	437	190	627	915
JCM Service Delivery Initiative	1,222	673	1,894	2,651
Public Health	347	206	553	788
Commissioning and Partnerships	294	77	371	437
ED Overnight	167	161	328	427
Strategic Planning	104	86	189	289
Quality Improvement	175	14	189	281
JCM Communications Strategy	106	32	138	161
Physiotherapy First	5	33	38	108
Oxygen and Respiratory Community Service	0	25	25	80
Shelter Clinic	22	39	61	75
Fit for Life	2	0	2	5
Projects	1,150	827	1,977	3,164
Intermediate Care	837	560	1,397	2,029
HCS24	410	211	621	835
Discharge Support	163	147	310	522
Overnight Community Care	163	82	245	329
Rapid Access Service	37	88	125	243
JCM Intermediate Care	65	32	97	100
Pathways and Strategies	13	17	30	107
Dementia Strategy	0	0	0	57
Pathway Development	13	17	30	50
End of Life	0	0	0	0
JCM Primary Care & Prevention	0	0	0	0
Enablers & Commissioning	211	182	394	737
Health & Care Analytics	200	164	364	490
Sustainable Health & Care Funding Review	2	0	2	220
Health & Care Information Sharing	8	18	27	27
Digital	89	67	156	291
Telecare & Teleguidance	84	67	152	257
Digital - Non-Recurrent	5	0	5	34
Total Jersey Care Model	2,808	1,690	4,498	6,731

Digital Jersey Care Model (Capital) – Expenditure to date and full year forecast

	January to June 2022	July to September 2022	Total January - September 2022	Total 2022
	Actual £000	Actual £000	Actual £000	Forecast £000
Expenditure by workstream				
Electronic Patient Records	1,001	810	1,811	3,058
PACS replacement	157	0	157	55
Vendor Neutral Archive	35	315	350	145
FIT Order Comms	44	1	45	263
EPMA	79	38	117	317
GUM clinic	0	2	2	110
GP order Comms	16	20	36	179
Pathology Analyser	15	11	26	61
Pulse Hardware Replacement	183	-47	136	100
Teleradiology	0	1	1	200
Not yet allocated	33	-4	29	0
Total Digital Care Strategy	1,563	1,146	2,709	4,488

Digital Care Strategy (Capital) – Expenditure to date and full year forecast

	January to June 2022	July to September 2022	Total January - September 2022	Total 2022
	Actual £000	Actual £000	Actual £000	Forecast £000
Expenditure by workstream				
Health Demographic Service	6	17	23	230
Jersey Care Record	0	0	0	400
Referrals Services	0	0	0	300
Telecare/Teleguidance	45	32	77	176
Not yet allocated	0	100	100	0
Total Digital Jersey Care Model	51	149	200	1,106

Total HIF funded Programmes	4,422	2,985	7,408	12,325
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