

Treasury and Exchequer Ministerial Decision Report

ADDRESSING HEALTH PRESSURES IN 2023

1. Purpose of Report

To enable the Minister to approve measures to address the projected overspend in Health and Community Services, including:

- the repurposing of up to £3.5 million of growth expenditure in Health and Community Services
- the transfer of £10 million from the Covid-19 Head of Expenditure to the Health and Community Services Head of Expenditure
- an allocation of up to £15 million from the Reserve to the Health and Community Services Head of Expenditure

2. Background

The challenges faced by the Health and Community Services in the aftermath of COVID have been well documented, and have given rise to financial consequences in the department in recent years. To address these challenges a Financial Recovery Programme (FRP) has been put in place, and has produced a 3-year roadmap to deliver necessary efficiency savings and income improvements that will address part of the issues. The proposed Government Plan 2024-2027 also recognised these ongoing challenges, and has proposed additional funds for the department in 2024 and an ongoing basis to ensure that the department's finances are sustainable.

This action deals with the future challenges after delivery of the FRP, but there remains a significant gap of £29 million in the department's finances in 2023, which this decision takes steps to address. The FRP has committed to delivering £3 million of savings in 2023, so the remaining gap is £26 million.

Action	Amount (£m)
FRP Savings	3
Repurposing of Growth	1
Transfer from COVID-19	10
Allocation from Reserve	15
Total	29

Repurposing of Growth Expenditure

Health and Community Services were allocated over £17 million of additional growth funding in the Government Plan 2023-2026. The department is forecasting not to spend all of these approvals on the original purpose, and given the challenges to the departmental budget the Minister has decided to allow the department to offset these underspends against the departmental overspend, in effect "repurposing" growth expenditure for an alternative purpose. Whilst the permission is for up to £3.5 million, some of this underspend had already been factored in the forecast position for the department, and so only £1 million is available to offset the remaining pressure.

COVID-19 Expenditure (£10 million)

The Government Plan 2023-2024 provided £25.2 million in 2023 to respond and recover from the pandemic in 2023, with a further £2.5 million allocated as part of the 2022 carry forwards. In early May, the World Health Organisation declared an end to Covid-19 as a public health emergency. The unwinding of the response to COVID has meant that not all of the allocated amounts have been spent in 2023, for example with a reduced testing regime and lower spend in CYPES. Some of the underspends will be needed to offset the additional costs of successful appeals against requests to repay overclaimed Covid-19 CFPS payments, but the overall underspend is forecast to exceed £10 million (including over £2 million attributed to HCS).

A transfer of up to £10 million will therefore be made from the COVID-19 Head of Expenditure to Health and Community Services.

Allocation from the Reserve

An additional allocation of up to £15 million will be made from the Reserve. This includes the balance of funding (£2m) previously held to address waiting lists, originally intended to be used in 2024, but now repurposed to address the wider pressures in the department.

For this to be possible it is necessary to release growth approved in the Government Plan or amounts transferred to the Reserve via the End of Year Flexibility process for specific items where these are no longer required in 2023. This decision will effectively repurpose those amounts.

The impact of this decision is to significantly reduce the Reserve, leaving a greatly reduced ability to react to unforeseen costs occurring in 2023, and likely in 2024. Whilst this is not a comfortable position, the need to address the pressures in Health leaves limited options.

3. Recommendation

The Minister is recommended to approve:

- the repurposing of growth expenditure of up to £3.5 million in Health and Community Services
- the transfer of up to £10 million from the Covid-19 Head of Expenditure to the Health and Community Services Head of Expenditure
- an allocation of up to £15 million from the Reserve to the Health and Community Services Head of Expenditure

4. Reason for Decision

Article 18(1)(a) of the Public Finances (Jersey) Law 2019 states that a specified amount appropriated for one head of expenditure may, with the approval of the Minister for Treasury and Resources, be used for the purposes of another head of expenditure that is set out in the government plan.

Article 18(4) of the Public Finances (Jersey) Law 2019 states that the Minister shall give the States Assembly at least 4 weeks' notice before an amount is transferred under paragraph (1)(a).

Article 18(5) of the Public Finances (Jersey) Law 2019 states that if a direction under this Article would affect a head of expenditure that relates to the responsibilities of any Minister, that Minister must be consulted before the direction is made. The Council of Ministers have been consulted.

Article 15(3) of the Public Finances (Jersey) Law 2019 states that the approval by the States of a Government Plan authorises the Minister to direct how an approved appropriation for a reserve head of expenditure in the plan may be spent (including on another head of expenditure) in the first financial year covered by the plan.

The current Policy for Allocations from the Reserve, presented to the States Assembly as R.76/2022, sets out the requirements for allocations from the General Reserve. In this case the Minister has directed that the allocation should be based on the information included in the Financial Recovery Programme.

Under the Public Finances Manual, where funding has specifically been allocated in a Government Plan for a defined purpose (for example, through growth or an approved amendment), any change of use will require a Ministerial Decision from the Minister for Treasury and Resources.

5. Resource Implications

The General Reserve Head of Expenditure will decrease by up to £15 million.

The Covid-19 Head of Expenditure will decrease by up to £10 million.

The Health and Community Services Head of Expenditure will increase by up to £25 million.

This decision does not change the total amount of expenditure approved by the States in the Government Plan 2023-26.

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