

**REPLY BY THE MINISTER OF
THE HEALTH AND SOCIAL SERVICES DEPARTMENT
TO A QUESTION ASKED PURSUANT TO RULE 6 OF THE
RULES OF PROCEDURE BY DEPUTY M. J. FALLAIZE**

First Preamble:

In December, 2012, the Treasury and Resources Department, in its 2013 Budget Report, advised the States of Deliberation that in 2012 probable expenditure by the Health and Social Services Department would be £108,298,000, a sum which it indicated would be £1,500,000 more than the authorised budget.

In December, 2012 the States of Deliberation, in approving a proposition submitted by the Treasury and Resources Department, resolved, inter alia, that in 2013 the Health and Social Services Department's revenue cash limit should be £106, 000,000 and routine capital limit should be £1,500,000.

Question 1a)

As at the end of April – one-third of the way through the year – does the Health and Social Services Department expect to remain within its revenue cash limit of £106,000,000 in 2013?

Answer

Based on the financial position at the end of the first quarter, if no further actions are taken, the Health and Social Services Department will not remain within its revenue cash limit.

However, further actions, including those to deliver Financial Transformation Programme (FTP) savings, are being progressed. At this stage it is not possible to accurately forecast what the position will be by the end of the year, in part due to the timing of FTP savings and in part due to the variability of demand on HSSD services.

Question 1b)

If not, what total amount of revenue expenditure does the Health and Social Services Department presently forecast it will incur in 2013?

Answer

The reported financial position at the end of the first quarter showed a year-to-date unfavourable variance against budget of £935,000, of which £821,000 relates to the FTP savings target yet to be achieved.

If no further action was taken, and the underlying transactions in SAP prove to be complete and accurate, this would project a forecast overspend of £3.7 million for 2013.

However, since the 31 March, some £400,000 of FTP savings have been banked and more are currently being worked on, including a share of the savings attributable to the SAP implementation. This could reduce the projected overspend position to nearer £2.5m. Again, this will depend on other demands for HSSD services and the ability of the Department to contain the costs of such demands within allocated budgets.

Question 2a)

As at the end of April, does the Health and Social Services Department expect to remain within its routine capital limit of £1,500,000 in 2013?

Answer

The Health and Social Services Department carried forward £1,613,000 of routine capital allocation from 2012 to 2013 for committed schemes due to start in 2013. The total capital allocation therefore available to the Department to spend in 2013 amounts to £3,113,000.

By the end of April, votes amounting to £699,000 have been opened, leaving a balance of £2,414,000 to be voted.

In addition to the balance still available to be voted in 2013, there are 40 open votes amounting to £3,489,000 against which £2,050,000 has been spent or committed to date. This leaves an available balance of £1,439,000 to be spent on those schemes.

It is expected that the 40 open votes will be fully spent, and the remaining capital allocation turned into open votes, during 2013. However, as with all capital programmes, there is a risk of schemes slipping between years, resulting in a technical underspend which will need to be carried forward.

Question 2b)

If not, what total amount of routine capital expenditure does the Health and Social Services Department presently forecast it will incur in 2013?

Answer 2b)

The Department intends to remain within the current allocation. However, an assessment of medical equipment is currently being undertaken to determine how much of this may need to be replaced for clinically essential reasons.

If this assessment identifies a demonstrable case for additional capital resources in respect of equipment, a formal request for additional funding will be made in due course to the Treasury and Resources Department to make a transfer from the Budget Reserve under delegated authority as stated in Resolution 10 of The States 2013 Budget Report.

Second Preamble:

In its 2013 Budget Report the Treasury and Resources Department also advised that the Health and Social Services Department's Financial Transformation Programme target in 2013 was £2,320,000.

Question 3a)

As at the end of April, does the Health and Social Services Department expect to realise the full amount of its £2,320,000 FTP savings target in 2013?

Answer

In addition to the 2013 FTP savings target, the Health and Social Services Department carried forward an element of savings not delivered on an ongoing basis in 2012 of £965,000 (against

the 2012 target of £2,350,000). These were funded through one off savings in 2012 which do not qualify for the FTP. The 2013 FTP target for the Department is therefore £3,285,000.

The Health and Social Services Department is currently in discussion with Policy Council about the political acceptability of some of its projects, which, if rejected, could significantly reduce the savings from the current portfolio.

Both the timing of when FTP savings might be delivered, and the impact of increasing service demands will have a significant impact on whether the department continues to be at risk of overspending its revenue budget for 2013.

Question 3b)

“If not, what proportion of its FTP savings target does the Health and Social Services Department presently forecast it will realise in 2013?”

Answer

The cashable savings within the Health and Social Services Department’s FTP portfolio in 2013 are currently estimated to be £2,828,000 against the overall target of £3,285,000. This comprises £2,161,000 of departmental projects and £667,000 of cross cutting projects including those anticipated from SAP and the creation of the Hub.

The Department has so far banked just over £400,000 of these savings with some £650,000 additional savings due to be banked imminently in respect of savings delivered by the SAP implementation.

Date of Receipt of the Question: 1st May 2013

Date of Reply: 17th May 2013