

2024.10.01

**3.6 Deputy K.M. Wilson of St. Clement of the Chief Minister regarding the annual savings detailed within the Proposed Budget (Government Plan) 2025 -2028 (OQ.184/2024):**

Further to the annual savings detailed within the Proposed Budget (Government Plan) 2025-2028, will the Chief Minister advise the rationale and decision-making processes behind the determination of proposed savings and advise which heads of expenditure are to be targeted for reduction in order to achieve them?

**Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter (The Chief Minister):**

The Budget includes £47 million of savings over the next 4 years and sets out both the rationale and how the savings have been apportioned. In recent years, Members will know that public spending has been growing at unsustainable rates and the Budget includes steps to curb this growth. The Fiscal Policy Panel, in their most recent report, has also highlighted those challenges. This includes greater focus on reprioritising existing spending to deliver our C.S.P. priorities as agreed by the Assembly. The Budget was developed by the Council of Ministers in a series of workshops, some 10 in total. Decisions were agreed at these workshops and formally agreed as a package at the end of the process, which manifested in the Budget. All departmental heads of expenditure are contributing to savings but with more weighting towards offering protection to front line services. The savings are needed to curb growth in expenditure while funding our priorities and maintaining balanced public finances.

**3.6.1 Deputy K.M. Wilson:**

I thank the Chief Minister for his answer, but would he consider improving the degree of transparency about his approach to improving public sector efficiency? We have limited detail on the risks associated with this approach and we cannot find any evidence of any Ministerial plans that allow Assembly Members to also consider and assess the impact of some of the suggestions and decisions that he has just referred to.

**Deputy L.J. Farnham:**

The details of where the savings proposed are, are clearly set out in great detail in the Budget, almost line by line. The risks of curbing the growth in our expenditure are far less than not curbing the growth in our expenditure, as highlighted in the Fiscal Policy Panel. There is a lot of detail that has gone into this. Ministers continue to work with their officials on a daily basis to make sure we are managing public finances and reprioritising in a way that this Government considers to be in the best interests in the Island. This Government is open to providing more detail to States Members whenever requested. It is possibly more effective to write to us or come and see us. We would have meetings, we will arrange meetings for States Members or groups of States Members where they are specifically interested in certain detail. That offer is of course remaining open for the duration of this government.

**3.6.2 Deputy M. Tadier of St. Brelade:**

One of the proposals in his Government Plan or Budget for an area of savings is to reduce the spending on arts, heritage and culture and rescind the one per cent for arts in that to reduce its budget effectively. Could I ask the Minister, in that decision-making process was any consultation done with the arts, culture and heritage sector to tell them that in the next few years their budget will be reduced?

**Deputy L.J. Farnham:**

I believe that question would be better directed to the Minister with responsibility for that, and I understand he is working very closely with that sector. The proposal in the Budget - by the way, I was a supporter of the one per cent for art - but given the financial challenges we are facing in the future, was to peg the one per cent and apply R.P.I. (retail price index) cost of living to it on an annual basis rather than linking it to the total head of expenditure. Considering we have been seeing exponential growth in the cost of running the health service, for example, we might see the one per cent for art being inflated to a level that was more than anticipated. This is not an effort to try and curtail the spending to

art, it is just a measure to keep it at what we think is a realistic and very good, albeit very much-increased, level from when Deputy Tadier brought the original proposition.

### **3.6.3 Deputy M. Tadier:**

Does the Minister accept that this example of a clear States decision in 2019 which is subtly being rescinded in this Budget is a wider example of a risk that his Government is proposing cuts on the back of a substantial lack of consultation, first of all, with the Assembly that voted for that, but also with the wider constituency and industry that is going to be experiencing those cuts?

### **Deputy L.J. Farnham:**

No, I do not agree with that because in my view, and I am prepared to be corrected if I am wrong, a cut is when you reduce spending in something. We are not planning to reduce our investment in the arts, which is incredibly important to the Island; on the contrary we have seen significant growth in that sector. What we are trying to do in a lot of areas is curb the growth, and I will explain that. That means we are not going to allow the growth to be as much as it was previously forecast to be, so we are curbing the growth. That means we are not going to cut the funding, we are just going to increase it at a slightly more realistic level in relation to our finances. That is pegging it at its current level and then applying cost of living to it every year. It is not cutting it, it is just curbing its growth. I am quite happy to keep explaining that until it sinks in.

### **3.6.4 Deputy M.B. Andrews of St. Helier North:**

In the last 5 Government Plans there was £256 million approved in growth bids. I want to know whether the Chief Minister is going to do anything about this and will he then increase the number of efficiencies in future Government Plans as well?

### **Deputy L.J. Farnham:**

What we have decided to do is reduce the growth bids - the current growth bids - in the 2024 Budget, by 20 per cent to help curb the growth, so that is allowing 80 per cent of the previously-agreed growth to continue. The Budget we have lodged I think dovetails into the current Fiscal Policy Panel because it is a plan that does curb growth, it starts to deliver savings, it starts to reduce the cost of staffing and reducing the number of roles. It deals with putting money into the Stabilisation Fund and the Strategic Reserve. The Fiscal Policy Panel report, which is very helpful, does remain positive about Jersey's strong financial potential, but it is stark in other aspects of what we need to do. On the back of that, we will pay careful attention to it, consider carefully what the response should be, but I suggest we are going to have to, when we come to next year's budgeting, work that around more closely the advice of the Fiscal Policy Panel.

### **3.6.5 Deputy M.B. Andrews:**

There was mention of £47 million of efficiency savings across the Government Plan. Some individuals may think that does not really go far enough, so what does the Chief Minister have to say to those voices?

### **Deputy L.J. Farnham:**

I think it is important we keep it under review because times change. The economy changes, the backdrop changes, the geopolitical situation is changing, we are living in a challenging world, so we have to be prepared to revisit our spending on an annual basis. I think that is why our process works well; so, yes, we remain alive to that fact. I think the success of Jersey will depend on us in the future listening to expert financial advice and it will also rely on the collective endeavours, not just of the Government, but of this whole Assembly, to respond to that and make sure we do the right thing after careful and thorough debate.

### **3.6.6 Deputy I. Gardiner of St. Helier North:**

Following the answer from the Chief Minister to Deputy Wilson when being asked about the transparency, the Government Plan was cited. If we are looking through the Government Plan, a reprioritisation of previous growth funding, we have only one line saying: "Revenue expenditure growth

funding totalling £3.1 million allocated to Government Plan 2024-2027 has been reprioritised according to the objectives.” It would be helpful to have an understanding how it was reprioritised. If I am going down, I have cuts from the departments but not per project. We do not have Ministerial plans, I understand; we now have departmental plans. Would the Chief Minister consider further clarification in writing to the Assembly or publication of the departmental plans ahead of the Budget debate to help with transparency to understand the numbers in the Budget?

**Deputy L.J. Farnham:**

We can certainly look at that. As I reiterate, the Government remains open to providing at any time any further detail that any Member may wish to see. We would rather react and do it that way than providing reams and reams of additional information, the majority of which might not be required. I repeat the offer to any Member seeking further information to make contact with either the Treasury or the relevant Minister or myself and we will provide whatever granular detail is required.

**3.6.7 Deputy I. Gardiner:**

Would the Minister consider publishing departmental detailed plans ahead of the debate for the benefit of the public and all States Members?

**Deputy L.J. Farnham:**

Yes, some of the departmental plans, I understand, have or are about to be published, and the target is to make sure they are all published in time for the debate.

**3.6.8 Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:**

The Chief Minister has repeated a stock phrase this morning ‘curbing the growth’ but words are sometimes easy, actions a little harder. As I read to the Minister for Treasury and Resources earlier, the Fiscal Policy Panel have found that compared to last year’s Government Plan this year’s represents a 3 per cent increase in expenditure of £103 million which is net of a proposed savings programme that he talks about of £47 million. Could the Chief Minister provide the Assembly with the rationale and the facts around this curbing the growth programme which is, in effect, an increase of 3 per cent on expenditure?

**Deputy L.J. Farnham:**

As the Minister for Treasury and Resources mentioned, we have reduced growth in the overall Budget, which was running at 9 per cent down to 4 per cent. The 3 per cent figure that is alluded to is factual but that is a lot lower than it could have been. We had to work extremely diligently in the 10 workshops I mentioned before to reprioritise. If you strip out the increase in the Health budget that we have applied, and we were to strip out or to make allowance for the 8 per cent or 9 per cent - I cannot remember the exact figure - increase in the payroll in line with the very high R.P.I., if you strip those figures out the Budget would have been very similar or reduced somewhat. What we have had to do to curb the growth is reprioritise and if we had not have reprioritised, it would have been a lot higher than it is now. As I have said before, this is a start in a process of bringing our public finances back into line and producing an annual report which is manageable and sustainable for the Island and not carrying on as we have in the past.

[10:45]

The F.P.P. also pointed out that we had ignored their advice over the last 2 or 3 years in relation to the Strategic Reserve and that is something which this Budget starts to address.

**3.6.9 Deputy K.L. Moore:**

Sorry, I smile because of course the Chief Minister was the Deputy Chief Minister under the Le Fondré Government which had ignored the Fiscal Policy Panel’s recommendations. The question was about the rationale and I ask again, because it was not answered in the previous answer, where is the rationale from the Chief Minister?

**Deputy L.J. Farnham:**

In recent years public spending has been growing at unsustainable rates and the Budget we have lodged takes steps to curb this growth. It includes a greater focus on reprioritising spending to deliver this Assembly's priorities as outlined and supported in the Common Strategic Policy, as well as balancing the books and delivering sustainable public finances. I am not sure what else I can say to that, we can all learn from the past. I am not going to pass blame to the previous Government. I take full responsibility for all of my time in the States, for what we got right and what we got wrong, even in the most challenging of times. Like I say, getting this right, putting our finances back on the right track is going to rely on the collective endeavours of this Assembly. I urge Members to work together to achieve that.

**3.6.10 Deputy P.F.C. Ozouf of St. Saviour:**

May I ask the Chief Minister in advance of the Budget whether or not the Government will be providing Members with the detail of where the savings are going to be made which basically break down the figure that is in the Budget? I cannot remember what it is, but is he going to provide the detail of where the savings are going to be made?

**Deputy L.J. Farnham:**

I maintain that the detail is listed in the Budget. I repeat my offer to the Deputy and other Members, if they seek further granular detail on a specific area, then ask us and we will provide that. As the Minister for Treasury and Resources said, we are not planning to produce a raft of reports, many of which might prove unnecessary. We prefer to direct our resources in a more productive way, but I just want to reiterate the invitation. Please, if there is any further information that is not in the Budget, which itself is a hefty, detailed document, then let us know and we will provide the answers.

**3.6.11 Deputy P.F.C. Ozouf:**

I am very happy to take the Chief Minister's offer, as other Members I think are completely unclear of what are the actual implications and what the savings are going to be and how they are going to be delivered. I am willing to take up that; I think a number of other Members are. There is a Scrutiny Panel looking at the Budget. Will the Chief Minister stand by and bring his Minister for Treasury and Resources and other Ministers with him to explain to Members what we do not understand, which is what and how the savings are going to be delivered?

**Deputy L.J. Farnham:**

Of course I will try and help. Can I, in the first instance, refer the Deputy to page 106 of the Budget which sets out the expenditure cuts for every single department?

**3.6.12 Deputy K.M. Wilson:**

I accept Budget lines are in the public domain but transparency is more than producing a set of figures. I think what we are trying to ask the Chief Minister is if he could provide the context for the benefit of the public, as well as members of the Council of Ministers and Members of this Assembly. Can he advise what compromises were made as a result of the decision-making processes and how these have impacted upon the Government's risk profile and the delivery intentions of his Ministerial colleagues and in which portfolios the impact of these savings will result in cuts to services and which ones?

**Deputy L.J. Farnham:**

The business of Government at any time involves compromise and reprioritisation depending on the direction and the strategies and the policies of the existing Government and their Ministers. All I can say is the Budget process, and all the workshops and meetings we had during that, I felt was productive and successful, where disagreements and juxtapositions were worked out in a democratic way and we came to a good, balanced position that the Council of Ministers could support unanimously when presenting the Budget. I am not aware where there have been any compromises at all in our work, in our calculations, that provides any risk to Islanders. On the contrary, in fact, we have redirected savings to front line services, including increases in the Health budget, increases in Education, we are redirecting money to affordable homes, we have reduced G.P. (general practitioner) fees. We are

putting that money into areas that help Islanders in these challenging times and that is the aim of the Budget. I have not identified ...

**Deputy K.M. Wilson:**

A point of order, please.

**Deputy L.J. Farnham:**

I am not going to give way until I finish my answer ...

**The Deputy Bailiff:**

Well, it is a point of order. What is your point of order?

**Deputy K.M. Wilson:**

I have asked a question about what compromises, and I have not had an answer to that question.

**The Deputy Bailiff:**

He said there are no compromises; he has given you that answer. Chief Minister, is there anything else you want to say?

**Deputy L.J. Farnham:**

No, thank you.