



## **IoD Jersey – Response to Proposed Government Plan 2024-2027**

**Date:** 13<sup>th</sup> October 2023

**Submitted by:** Natasha Egré, Chair, IoD Jersey

### **Context:**

The IoD Jersey Committee shared the Proposed Government Plan 2024-2027 with our IoD Jersey Sub-Committees and our membership of 700+ business leaders when it was released in September 2023.

We asked for them to review the detailed plan and then respond with any comments by 10<sup>th</sup> October to submit back to the Council of Ministers to assist with planning for the debate in December 2023.

In this response, we have included the following:

- Feedback from the IoD Jersey Industry Sub-Committee
- Feedback from the IoD Jersey Environment and Sustainability Sub-Committee
- Anonymised feedback from individual members

### **IoD Jersey Industry Sub Committee:**

*Please note that the points raised below relate to the opinions of IoD Industry sub-committee members in their personal capacity as industry leaders. We have not sought opinion or comment from individual businesses or industry bodies aside from where leaders of industry bodies sit at IoD committee level.*

We are unable to establish, from reading the proposed plan, what the economic strategy is for the island, which is driving the proposals noted in the document. With this analysis being absent, we can only presume that the plan does not have clear strategic direction. We do, however, anticipate the release of the Future Economy Programme and very much hope this includes more detail on economic strategy and delivery.

Deputy Morel has been clear that there is considerable concern in relation to the ageing population. In March 2023 stating “*our ageing population is the single most important economic challenge that we face*” he further noted that schemes keeping islanders over the age of 50 in work would be released in the Future Economy Plan to provide one redress to this issue. He noted in June (in a speech to the Jersey Chamber of Commerce) that workers in Jersey will have to increase their productivity by at least 7.5% over the next 17 years. He stated that this would be set out in a Future Economy Programme.

The Future Economy Programme, which was assured to be published in September 2023, is described as follows:

*“The Future Economy Programme (FEP) will focus on enabling this growth through each of the 4 components:*

1. *Economic Strategy: Setting the vision and framework for sustainable growth to 2040*



2. *Economic Analysis: Supporting evidence-based decision making, putting economics first in decision making*
3. *Economic Programmes and Projects: Delivering growth options to achieve the vision*
4. *Economic Awareness: Improving insights and understanding by products such as the Economic Handbook, an annual report on progress towards the vision"*

The government website states that “we will publish a full Economic Strategy in Q3 2023”. We would have anticipated that the full economic strategy would have necessarily informed the Government Plan.

It is unclear to us whether an exercise has been undertaken to establish our current strengths and weaknesses and indeed what “Jersey PLC” means, and should mean moving forward, to address the key economic challenges as outlined above.

We note that the Government website states:

*“To achieve sustainable economic growth we must focus on:*

- *productivity of existing sectors*
- *developing new highly productive sectors*

*With this in mind, we must be ambitious in our aims if we are to effect real change and grow the economy for our future generations.”*

In our view, the Government Plan is lacking in this ambition and desire to effect real change. We cannot see measurable outputs designed to address these crucial economic challenges. We do not believe that the necessary level of collaboration with the business community has always been undertaken to establish the measures that will address these challenges, which would, in turn, favourably impact the lives of all islanders.

As an example, and as has already been set out by the Jersey Hospitality Association, measures such as liquid waste duty, and increases in duty on fuel and alcohol, will only serve to impede the growth of the hospitality industry. The Plan infers that duties on alcohol and fuel serve to address the health of islanders and address environmental issues. Whilst we recognise that these are understandable reasons, there has been little collaboration with industry to assess the impact on business. The impact on business of these duties will be to increase prices. This, in turn, will impact the quality of life of islanders which appeared to be the main driver of the Government Plan with the foreword stating, “it puts the needs of Islanders first and supports hard-working individuals and families”. Whilst the IoD is comprised of industry leaders, we are also hard-working individuals with families and equally note that impeding key industries which drive our economy, such as hospitality, will have a knock-on impact on each islander.

Whilst we understand, and acknowledge, that this Plan is aimed at supporting the needs of each islander from baby to pensioner; it is absent acknowledgement that our quality of life is dependent on a thriving economy and a thriving economy is dependent on the industries and businesses resident



in Jersey. Without measures put in place to support, or indeed, as we believe is necessary, removing barriers to business, we will not see success.

We are concerned that Ministers and government departments focus on singular areas under their remit without consideration of the wider ramifications on other areas. As an example, and has been raised previously by the IoD, we believe that onerous planning requirements and unwieldy processes have a negative impact, not only on the construction industry, but also with respect to retail, hospitality, care, and the everyday islander. We have been unable to see, aside from mention of £10m to increase the rate of home ownership, any indication that Ministers may address the planning issues to enable industries to accommodate seasonal and permanent workers and in turn bolster the construction industry.

We are impeded by legislation and these restrictions are clearly articulated in the Government Plan. As industry leaders, we believe the government has a chance to *“be ambitious in its aims”* as it states with regard to its future economic plan. Consult and collaborate with industry to understand the impact of measures and work towards finding solutions that break down barriers to business. Encouraging business growth will equally impact the well-being of islanders.

We believe that the Proposed Plan should be presented in conjunction with the Future Economy Plan in order that islanders can assess proposals in the context of the long-term strategic direction of the island.

**Response from the IoD Jersey Environment and Sustainability Sub Committee:**

- The Ministerial priorities have elements that read across to the Government Plan, however the outlines are very general and lack expected outcomes to be achieved through these priorities, nor the data supporting why these are priorities (via “needs” analysis or a “risk” based approach).
- We would like to see more commentary on how ‘Delivering Value for Money’ is measured. Are there “hard” and “soft” targets (“hard” being real cash saving, reduction staff numbers for example and “soft” being reduction in time to complete tasks and ability to do more with the same resource)? Will the “Best Value Reviews” be shared?
- Sustainable Wellbeing: The Jersey Performance Framework is mentioned on page 11, and at some level reported on quarterly. How are these risks translating to the risk committee or Government Plan? On review, it is unclear how these align, and which department is working on this.
- E-bike Scheme: there are major limitations to this without the development of other transport services such as: bus routes.
- Carbon Heating: focus in the plan is government estates, but on an individual level costs remain high, and we do not have suitable solutions for all.



- **Electric Vehicles:** Although electric vehicles purchase is an option, it shouldn't be the only encouraged option. Jersey needs to reduce vehicle use and a significant number of properties will not be suitable to charge vehicles safely. We need to ensure new vehicles have less carbon impact against using current stock of vehicles less by XX%.
- **Key Workers:** We need to ensure there is a focus on supporting transport-dependant key workers, such as community healthcare providers, with cost effective electric vehicles, whilst others should be encouraged to reduce use, which would have other benefits for individuals.
- **Vehicle Emission Duty:** We do not believe this will have a large impact environmentally, as there is no ongoing incentive to reduce use.
- **Climate Emergency Fund:** it is difficult to assess if this is sufficient to deliver the required solutions. We need to see prioritised and achievable plans with funding allocation.

#### **Individual anonymised responses from IoD Jersey members:**

##### **IoD Member 1:**

- **Tax Incentives:** Where are the tax incentives to save? Have the following ideas been considered:
  - **Child savings:** Tax deductible for parent (or other) paying into a savings scheme for a child. The savings account is locked until they are 18. No Jersey income tax on dividend/ interest income. This would firstly motivate parents who can afford to, to set up savings for their children, secondly it would help children have a deposit/ helping hand once they turn 18 years old. It also puts more AUM locally with banks/ investment managers. This could also be used with some tweaks, to motivate students to return from university to Jersey.
  - **Higher earners to be motivated to save into their pensions:** Presently, on a sliding scale from £150k - £200k earnings, so a tax deterrent to save into a pension. 20% income tax suffered, you then send into pension and get taxed 20% again on drawdown = 40%! It is not even neutral to save into a pension. Possibly a tax credit on receipt as opposed to on entry? Lots of retired people in expensive houses, but they are struggling in retirement for income as they have not saved. Increased investment in pensions/portfolios should create jobs (or profits and tax take).
  - **Jersey premium bond equivalent:** Conservatively if 5,000 people in Jersey put in £30k each, that is £150m. If the government made a margin of say 1 percent, then that is 1.5m a year.
- **Staffing crisis:**
  - We need to do more to promote reduced hours working (could there be a Social Security incentive?). It is currently very difficult to find, for example, a 30-hour week professional job. The reality is very different to public messaging, and you can see this by simply looking at the recruitment sites. Lots of people would return to work if jobs like this were more available. In particular, lots of mums, post pregnancy, are



not going back to work, as they cannot find the reduced hour roles to fit around school hours etc. Most companies offer reduced hours to existing staff, but not new staff. This leads to either not working, or going back to flexible full time working, logging in after kids asleep etc, which cannot be healthy from a mental wellbeing point.

- **University grants:** Should be conditional and have a return to Jersey to work clause.
- **Have we considered an Island Bond?** (especially for capital projects)
  - This would be a Government bond, at a lower rate than the government would borrow at. Jersey residents would not pay tax on the interest received, meaning the States could make the cost/ return very attractive to both themselves and islanders.
- **Health**
  - Should a full annual medical not be tax deductible? People diagnosed sooner means a healthier population and less spend on Health.
- **Buying years**
  - To achieve permanent Entitled status in Jersey you have to live here continuously for 30 years (with no more than 5 years living away). More and more people are doing secondments, time in different countries, but regard Jersey as home and want to return or have the ability to return, but they are stripped of entitled status if they stay away over 5 years. In the transient world we are in, could we allow people to “buy years” after they reach ten years, in order they can make Jersey their permanent home earlier? This money could then be used for social housing as an example. It would be important to be very transparent with an obvious upside to the money received.

## **IoD Member 2:**

### **Health Spending**

- £24m new funding for health service pressures and public health – what is the return on this investment and where is the data supporting additional funding, “development” or “as is” funding?
- Can you share details on the £8m to maintain health and community care standards? Is this for Jersey Care Commission or development of regulated services within HSC provided services?
- What are the 50 schemes to deliver savings? And does the government have a financial cost and timeline for each?
- Can you expand on “structural deficit”? is this missing services or governance or other?
- Public Health, £3m per year – is this just running costs for public health, or does it include plans such as strategy for women?
- New health facilities – it’s excellent to see investment as required. What is the overall health estate plan including the third sector provision (has this been included in the review/offering)? Is there an opportunity for joint ventures/public/private/charity with the best provision for islanders? What data has been used to support the decision-making process for services in each location?



### Health & Social Services

- Focus is on “services delivered by HCS”, shouldn’t this include wider health services which provide continuum of health and care for islanders?
- With regards to the point of enhancing the private healthcare offer, can the Government expand on what the vision is for this and the impact on health equality, which is a recognised issue in Jersey?
- What is the timeline for an island wide health and care strategy? Who is leading this development?
- Can the government provide an update on the outcome from the work completed in 2023 as part of the Jersey Joint Strategic Needs Assessment? Is this driven by public health? what is the timeline for sharing the data?
- Community health care – through the priorities, there seems to be no clear outline of health services currently provided in the community and an understanding of the need to invest in and develop these services.

### Financial Recovery Plan

- Can the Financial Recovery Plan be shared? Sharing this will help to ensure partnership working across the health sector in Jersey.

### Information Technology

- Would it be possible for the Government to share information with regards to the progress of the Digital Health and Care Strategy, and the Jersey Care Model – Digital Systems? Both look to be delivering in 2024/2025 with total spend of circa £8m over the period.

### IoD Member 3:

- **Ageing population:** nothing in the ageing population section talks about long term management of the populations age. I think the government should include:
  - Policies and incentives to ensure young people stay in Jersey.
  - Policies and incentives to maintain a healthy birth rate.
- **Environment:** “Speeding up Jersey’s transition to electric vehicles through the Electric Vehicle Purchase Scheme”:
  - There are several studies that suggest EV credit schemes ultimate only provide a tax benefit to wealthier individuals that can actually afford new EV rather than drive widespread adoption. EVs can have a higher upfront cost compared to traditional vehicles. This dynamic can exacerbate socioeconomic disparities, as wealthier individuals receive more substantial financial benefits from EV incentives while those with lower incomes are less likely to benefit or even face barriers to EV adoption. How is the government considering other key driving factors that make EV adoption a success? E.g:
    - Accessibility: The availability of charging infrastructure for EV.



- Complementary Policies: EV purchase schemes are most effective when combined with other policies, such as strong emissions standards, fuel economy regulations, and investments in renewable energy, to ensure that the electricity used for charging is also clean.
- Funding Levels: Has the Government performed an assessment to determine if the level of financial incentives provided can significantly impact the success of EV adoption?

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Thank you to the Council of Ministers for taking the time to read this representation from our members. We hope it is constructive and helps to inform the debate on the Proposed Government Plan in December 2023. If you would like any clarification on points included in this representation or would like to respond to any of the questions raised, then please do not hesitate to contact us.

Kind regards,  
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