

STATES OF JERSEY



MACHINERY OF GOVERNMENT: RELATIONSHIP BETWEEN THE PARISHES AND THE EXECUTIVE

**Lodged au Greffe on 22nd March 2005
by the Policy and Resources Committee**

STATES GREFFE

PROPOSITION

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

to refer to their Act dated 25th May 2004 concerning the relationship between the Parishes and the Executive, in which, *inter alia*, they agreed that responsibility for meeting the costs of ‘native’ welfare (including a 10% provision for the cost of administration) and residential care, currently met by the Island’s ratepayers, should be met from the general revenues of the States and –

- (a) to rescind paragraphs (a)(ii) and (iii) of their Act dated 25th May 2004 in which they agreed *inter alia* that the cost of certain services currently provided by the Environment and Public Services Committee and Parish of St. Helier, including main road maintenance, parks and gardens and public conveniences, should be funded by the Island’s ratepayers in exchange for native welfare;
- (b) to agree that the income raised through the Island-wide Rate, the introduction of which was approved by the States on 25th May 2004, be transferred to the States to contribute towards the costs of welfare (including a 10% provision for the cost of administration) and residential care with effect from the introduction of this Rate on 1st May 2006, and to vary their Act accordingly;
- (c) to agree that the total annual income to be received from the Island-Wide Rate, together with the proportions to be received from the Commercial and Domestic elements respectively, will be determined by the States following the recommendation of the Connétables, constituted as the Supervisory Committee, as set out in paragraphs 11-15 of the report of the Policy and Resources Committee dated 21st March 2005;
- (d) to rescind paragraph (c) of their Act dated 25th May 2004 in which they agreed that a Conseil des Connétables be established as a body corporate with responsibility, among other things, for managing the delivery of a range of Island-wide services and the Island-wide Services Fund; and
- (e) to agree that the Policy and Resources Committee should be charged to prepare the necessary legislative changes to enable paragraphs (a)-(c) to be implemented, subject to States approval, in time for the Parishes’ 2006/7 accounting year.

POLICY AND RESOURCES COMMITTEE

REPORT

1. On 25th May 2004 the States adopted a proposition of the Policy and Resources Committee on the 'Machinery of Government: Relationship between the Parishes and the Executive' (P.40/2004, as amended). In taking this decision, the States' agreed to several significant changes relating to the Parishes and the States, including the future arrangements for the funding of 'native' welfare and residential care, as well as the transfer to the Parishes of responsibility for funding a range of services currently provided by the Environment and Public Services Committee. A copy of P.40/2004, as amended, is attached for information as the **Appendix**.
2. The Comité des Connétables has since given detailed consideration to this matter, in consultation with the Policy and Resources Committee, and has decided that it no longer wishes to proceed with that part of P.40/2004 which relates to the transfer of services. The Comité does, nonetheless, still wish to proceed with the introduction of an Island-Wide Rate, and the States are accordingly being asked to agree to this revised approach. The basis for this revised approach, together with an account of progress since May 2004, is set out below.
3. Following the decision of the States in May 2004 on P.40/2004, a Parish/States Working Group was established in early June to oversee the implementation of this decision. This officer group is chaired by the Chief Executive of the Policy and Resources Department and its membership consists of representatives from the Parishes and several States departments, including the States Treasury, the Public Services Department, and the Employment and Social Security Department. The Working Group has addressed a wide range of tasks associated with the implementation of P.40, and the responsibility for carrying out these tasks has been assigned to Parish and States representatives as appropriate, under the overall coordination of the Policy and Resources Department.
4. The Working Group agreed that one of its main roles should be to consider and resolve issues arising during the implementation process and, where necessary, to refer any issues upwards for resolution at a political level. Initially the Working Group reported directly to the Policy and Resources Committee and the Comité des Connétables, but after a time it was agreed that there would be benefit in establishing a Steering Group, made up of political representatives of both these bodies, to provide guidance when necessary. The membership of the Steering Group is made up as follows –

 Senator F.H. Walker, President, Policy and Resources Committee
 Connétable K.P. Vibert, Vice-Chairman, Comité des Connétables
 Connétable D.J. Murphy
 Connétable K.A. Le Brun
 Deputy D.L. Crespel
 Connétable A.S. Crowcroft
 Senator P.F.C. Ozouf
5. The Steering Group has provided a useful forum for the discussion of a number of issues arising from the States' decision, including the proposals for a system of relief from Commercial Rate. In recent weeks the Steering Group's discussions have centred on the transfer of services, and in particular on the issue of who should exercise the functions of a highways authority in the proposed new arrangements.
6. It will be recalled that, in approving P.40, the States agreed that responsibility for the funding of a range of services currently provided by the Environment and Public Services Committee, including main roads routine maintenance, should be transferred to the Parishes. The Assembly also confirmed that the States should remain responsible for capital investment in the Island's main road network, including underlying structural maintenance. In addition, the States agreed that the Comité des Connétables should be reconstituted as a 'Conseil des Connétables', which would be a body corporate with responsibility for managing the delivery of a range of Island-wide services, including main roads routine maintenance.
7. The responsibility for main roads routine maintenance is currently exercised by the Environment and Public Services Committee, and in this connection that committee maintains a comprehensive programme

of works. The Environment and Public Services Committee is also responsible for vehicle licensing, traffic management (speed limits, signs and markings, parking etc.), licensing of public bus services, administration of taxis and cabs, authorisation of road works by utility companies, and a number of other services relating to the roads network.

8. The Comité des Connétables has given detailed consideration to this matter, following discussions by the Parish/States Steering Group, and has concluded that it would not be appropriate to transfer the responsibility for main roads routine maintenance to the Parishes because this would result in an unsatisfactory division of responsibilities, with neither the Parishes nor the States having complete accountability for the condition of the main roads network. The Comité has also agreed that it does not wish to proceed with the other service transfers listed in paragraph (a)(ii) of P.40, including parks and gardens, public conveniences, and litter bin emptying, as these form part of the 'cost neutral' package of services that were going to be funded by the Island's ratepayers in exchange for 'native' welfare and residential care. As a consequence, it is no longer proposed that the Parishes should take on the responsibility for the costs of maintaining public parks, gardens and toilets within St. Helier, as had been proposed in paragraph (a)(iii) of P.40/2004, as amended.
9. In relation to the roads network, it is acknowledged that there has been some duplication of services between the Parishes and the Public Services Department, e.g. road surfacing and road cleaning. Discussions have already taken place on this subject, and the Policy and Resources Committee would urge that discussions should continue between the Comité des Connétables and the Environment and Public Services Committee with a view to identifying areas of duplication and reaching agreement on a way forward.
10. Turning now to the proposals for an Island-Wide Rate, as recommended in P.40/2004, both the Comité des Connétables and the Policy and Resources Committee would like to proceed with these proposals as they consider that this should resolve the long-standing problem of who should be responsible for meeting the increasing costs of native welfare and residential care. The unfairness of the current arrangements is well-documented, and was described in some detail in the report accompanying P.40/2004. The burden of providing the funding for 'native' welfare and residential care is much greater for some parishes than others, with the ratepayers in the so-called 'urban' parishes of St. Helier, St. Saviour and St. Clemer having to meet a disproportionate share of the costs. The Policy and Resources Committee and the Comité des Connétables both agree that it would be much fairer for this burden to be shared equally across the Parishes, with both commercial and domestic ratepayers contributing towards the costs of native welfare and residential care.
11. It is therefore proposed that an Island-Wide Rate should be introduced to contribute towards the costs of 'native' welfare (including a 10% provision for the cost of administration) and residential care. As described in P.40/2004, the actual responsibility for meeting these costs would be transferred from the Parishes to the States. This would effectively take the element of financial risk away from the Parishes, because the States would be responsible for meeting any additional expenditure in excess of the total amount to be generated by the Island-Wide Rate.
12. It is proposed that the total amount to be raised from the Island-Wide Rate should be set out in legislation, and should be uprated annually in line with the Retail Prices Index. It is currently estimated that the cost of 'native' welfare (including a 10% provision for the cost of administration) and residential care in the 12 months leading up to 1st May 2006 will be £9.6 million, and this will provide the basis for the calculation of the total amount to be raised from the Island-Wide Rate during the first year of operation. The figure of £9.6 million will need to be reviewed in May 2006 to take account of updated financial information from the Parishes and, if necessary, revised so that it will be equivalent to the actual level of expenditure during the period May 2005-April 2006 (i.e. rather than the estimated level). It will then need to be uprated to reflect the increase in the Retail Prices Index, i.e. because expenditure on welfare will be taking place during the 12 months from 1st May 2006 onwards. It is currently estimated, therefore, that the total amount to be raised from Island-Wide Rates for the period 2006-2007 will be in the region of £10 million.

13. It also proposed that the level of apportionment between the Commercial and Domestic elements of the Island-Wide Rate should be set out in legislation and should be agreed by the States once every 5 years. There has been discussion between the Policy and Resources Committee and the Comité des Connétables as to whether it would be preferable for the level of apportionment to be determined on an annual basis, but it was felt that it would be better for this to be done on a less frequent basis, as this would provide ratepayers with a greater degree of certainty about their financial liabilities in the longer term. As envisaged in P.40/2004, the Connétables, in their role as the Supervisory Committee, would consult with industry representatives about the proposed level of apportionment before bringing forward any proposals in this respect.
14. Once the total amount and apportionment of the Island-Wide Rate has been agreed by the States, each Parish would be notified of the States' decision, and of its liabilities in respect of the Commercial and Domestic elements of the Rate. This liability would be calculated on the basis of the number of quarters in each Parish.
15. It is proposed that the income generated from the Island-Wide Rate should be paid into the States' General Funds. In the short term these monies will be earmarked for expenditure on 'native' welfare (including a 10% provision for the cost of administration) and residential care, i.e. from May 2006 until the introduction of the Income Support Scheme (planned for October 2006). During this interim period, expenditure by the Parishes on these areas would be reimbursed by the States from the income raised by the Island-Wide Rate. Following the introduction of the Income Support Scheme in October 2006, the income generated from the Island-Wide Rate would be used for general expenditure on welfare as part of the Income Support Scheme.
16. It will be recalled that the Income Support Scheme will establish a single integrated benefit, incorporating a range of means-tested benefits including Family Allowance and 'native' welfare. The Committee is pleased to note that one of the consequences of the move to a single integrated benefit is that there will no longer be a distinction between 'native' and 'non-native' welfare. As noted in the report accompanying P.40/2004, the Committee believes this current distinction to be archaic, discriminatory and, in the 21st century, no longer appropriate. For the purposes of this report, however, the Committee has referred to both 'native' and 'non-native' welfare, given that two different authorities currently have funding responsibilities, namely the Parishes in respect of 'native' welfare and the States for 'non-native' welfare.
17. As envisaged in P.40/2004, it is proposed that the parishes will be responsible for the administration of the new Island-Wide Rate. From the ratepayer's perspective, the system for the payment of rates will remain essentially the same. He or she will receive an annual rates assessment from the parish, and payments will be made direct to the parish authorities, as before. Each parish will continue to levy a Parish Rate, which will be determined by the Parish Assembly and will be used solely for parochial expenditure, e.g. the costs of parish administration (including staff), general refuse collection, honorary police, expenditure on byroads, upkeep of the Parish Hall, etc. The level of Parish Rate will vary from one parish to another, depending on the level of parochial expenditure approved by the Parish Assembly, and will be detailed in the annual rates assessment.
18. It will be recalled that P.40/2004 recommended the establishment of a Conseil des Connétables, comprising the 12 Connétables, as a body corporate, and that one of the main reasons given in support of establishing the Conseil was that a corporate body was needed in order to carry out the responsibilities for main roads routine maintenance, together with the other services that were planned for transfer from Public Services. Without these responsibilities, there is less of a need to establish a Conseil.
19. Both the Comité des Connétables and the Policy and Resources Committee agree, nonetheless, that there would be advantages in establishing the Comité des Connétables on a more formal footing, partly because of the Connétables' proposed new responsibilities in respect of the Island-Wide Rate, and partly because it would help to remove the current anomaly in which any legislation, propositions or comments are brought to the States by the Chairman of the Comité, rather than by the Comité as a whole. The Policy and Resources Committee has accordingly requested that provision should be made in the new Standing Orders for matters relating to the Island-Wide Rate to be referred to the Comité des Connétables. In

addition, it has asked that Standing Orders should allow for the Comité des Connétables to lodge propositions 'au Greffe', and to publish comments in its own name.

20. There remain 2 other areas that were addressed in P.40/2004 on which the Committee needs to comment. Firstly, the States have agreed that *'the current responsibilities of the Economic Development Committee under the Policing of Beaches (Jersey) Regulations 1959, as amended, and the Places of Refreshment (Jersey) Law 1967, as amended, should be transferred to the Parishes together with the associated income'*. Both the Policy and Resources Committee and the Comité des Connétables agree that they would wish to continue with this aspect of the proposals, although it is not essential that they be introduced in May 2006 at the same time as the new Island-Wide Rate.
21. Secondly, the States have also agreed that *'the Finance and Economics Committee should be charged to undertake a review of the States land and property portfolio in order to bring recommendations to the States before the end of July 2005 regarding the States' liability to rates'*. This work is already well under way, and it is understood that the Finance and Economics Committee is on target to bring recommendations to the States before the end of July 2005.
22. In conclusion, therefore, the Policy and Resources Committee and the Comité des Connétable recognise that the proposed course of action set out in this report and proposition will represent a change from the States decision of May 2004. However, these revised proposals will help to resolve one of the fundamental issues addressed in P.40/2004, namely the issue of who should be responsible for meeting the burden of 'native' welfare and residential care. In the Committee's view, it is wrong that a minority of parishes should be expected to shoulder a disproportionate share of this burden, and it should be recognised as an all-Island responsibility through the introduction of an Island-Wide Rate.

Financial and manpower implications

23. These proposals will not have any impact on States manpower resources. The proposals will, however, have financial implications because of the transfer from the Parishes to the States of responsibility for meeting the costs of 'native' welfare (including a 10% provision for the cost of administration) and residential care. As noted in paragraph 12 above, the total amount to be received from the Island-Wide Rate during the first year of operation will be equivalent to the actual level of expenditure on 'native' welfare (including a 10% provision for the cost of administration) and residential care during the 12 months leading up to 1st May 2006, uprated to reflect the increase in the Retail Prices Index. It is recognised that the costs of native welfare and residential care will increase in the future at a rate significantly above the level of inflation, as detailed in paragraphs 8-16 of the report accompanying P.40/2004, and provision will therefore need to be made by the States to meet these additional costs. During the first 8 months of operation (May-December 2006), it is estimated that the States would need to provide an additional £600,000 to meet the shortfall required to cover the total costs of native welfare and residential care, whilst the total additional cost to the States for the 12 months from January to December 2007 is estimated at £1.4 million. From that time onwards the States will be facing increases of 12% per annum on the total cost.
24. It should be pointed out that these financial implications were explained in the report accompanying P.40/2004, and the Committee is not therefore asking the States to take on any financial commitments that are additional to those which were set out in P.40/2004.
25. Legislation will be required to enable the introduction of an Island-Wide Rate, and provision has already been made for this in the 2005 Legislation Programme as a consequence of the States' decision on P.40/2004.

Machinery of Government: Relationship between the Parishes and the Executive (P.40/2004), as amended and adopted by the States on 25th May 2004

PROPOSITION

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

to refer to their Act dated 28th September 2001 in which they agreed that the Policy and Resources Committee, after consultation with the Comité des Connétables, should bring forward for approval by the States proposals on the future relationship between the Parishes and the other areas of public administration and, in particular, concerning the provision of services, resource allocation and financing, a review of the Parish institutions, and the position of the Parish of St. Helier; and to agree that, in line with the guiding principle that the cost to the Parishes and the States should be neutral at the date of transfer, which is aimed for May 2006 –

- (a) (i) the cost of ‘native’ welfare (including a 10% provision for the cost of administration) and residential care currently met by the Island’s ratepayers should be met from the general revenues of the States;
- (ii) the cost of providing the following services, currently met by the States through the cash limit of the Environment and Public Services Committee, should be funded by the Island’s ratepayers in exchange for ‘native’ welfare –
 - (A) main road routine maintenance, which concerns all highway resurfacing works, including the replacement of manhole covers as required, maintenance and resurfacing of footways, reactive maintenance repairs (potholes, etc.), laying of anti-skid surfacing at key locations, repairs to surface water systems including gullies on highways and inspection and supervision costs, and all work on cleaning (including gulley emptying), signs and markings, lighting, traffic signals and pedestrian crossings;
 - (B) parks and gardens;
 - (C) public conveniences;
 - (D) litter bin emptying;
 - (E) display and floodlighting;
 - (F) other service transfers that may be required to achieve the principle of cost neutrality at the date of transfer, to be agreed following discussions between the Policy and Resources Committee, the Environment and Public Services Committee, and the Comité des Connétables, and subject to the approval of the States.
- (iii) the cost of maintaining public parks, gardens and toilets within St. Helier should be funded by the Island’s ratepayers;
- (iv) capital investment in the infrastructure of the Island’s main road network, which concerns all restorative maintenance, strengthening and reconstruction to the highway sub-structure, defective trench reinstatements (undertaken by the service companies in the past) and new surface water drainage systems, as well as the construction of new roads,

should be met from the general revenues of the States;

- (b) (i) an Island-wide Commercial Rate, to be levied by the States on the recommendation of the Conseil des Connétables, should be introduced, in accordance with paragraphs 30-43 and 50-54 of the Committee's report; and
- (ii) a Domestic Island-wide Services Rate, to be levied by the States on the recommendation of the Conseil des Connétables, should be introduced, in accordance with paragraphs 30-31 and 44-54 of the Committee's report;
- (c) a Conseil des Connétables, comprising the 12 Parish Connétables, should be established as a body corporate with responsibility for, amongst other things, managing the Island-wide Services Fund into which the Commercial Rate and the Domestic Island-wide Services Rate will be paid;
- (d) the current responsibilities of the Economic Development Committee under the Policing of Beaches (Jersey) Regulations 1959, as amended, and the Places of Refreshment (Jersey) Law 1967, as amended, should be transferred to the Parishes together with the associated income;
- (e) the Finance and Economics Committee should be charged to undertake a review of the States land and property portfolio in order to bring recommendations to the States before the end of July 2005 regarding the States' liability to rates;
- (f) the Policy and Resources Committee should be charged to prepare the necessary legislative changes to enable paragraphs (a)-(e) to be implemented, subject to States approval, in time for the Parishes' 2006/7 accounting year.