

STATES OF JERSEY



PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024): COMMENTS

Presented to the States on 21st November 2024
by the Environment, Housing and Infrastructure Scrutiny Panel

STATES GREFFE

COMMENTS

Summary

The Environment, Housing and Infrastructure Panel's main concern – and one which is reflected in a number of areas of its findings – is what it perceives to be the short-term nature of the Proposed Budget 2025 – 2028.

In the view of the Panel, this lack of long-term strategic thinking means that in some crucial areas of Government work there is little security of funding, a lack of contingency planning and no clear understanding of the legacy which will be left to the Governments which will follow it from 2026 onwards.

This is clearest in the uncertainty that remains over the future funding of the Liquid Waste Strategy and the subsequent impact the failure to deliver that programme of work would have on the commitment to build new homes.

It was also striking that Ministers' answer to the limits on available funds was to suggest a constant, ongoing reprofiling of the capital programme. In this regard, the Panel has some difficulty in determining exactly what capital programme the States Assembly is being asked to approve if it has already changed in the period between publication in August and the November debate. Furthermore, the Panel is of the opinion that there is no clarity or detail around the abortive costs of the reprioritisation of the capital programme.

The evidence provided to the Panel as part of this review would also suggest a shift in focus and priorities for Ministers in the period between their appointment in March, the development of the Common Strategic Policy¹, and the publication of the Budget, based, partially, on their more recent understanding of the funds available to them.

A further focus over the course of this review has been on the impact that the recruitment freeze and limitation on the use of consultants has had on departmental budgets and provision of services. It has become clear to the Panel that while in the public mind, the move to reduce numbers in the civil service, is a popular one, a blanket approach will have a negative impact on the ability of departments to bring forward policy and exacerbate the cycle of reprioritisation.

Members will already be aware that, as a result of this review, the Panel has brought forward two amendments to the Budget which have been informed by its findings.

The first is to increase the percentage of Vehicle Emissions Duty charged on the most-polluting non-commercial vehicles in order to increase the funding transferred to the Climate Emergency Fund for the implementation of the Carbon Neutral Roadmap. This reflects the importance attached to the roadmap in the Common Strategic Policy and seeks to ensure that this work continues at pace for the duration of this term of office.

The second is to create a head of expenditure to provide for transparent recording of budget and spend for the future redevelopment of Fort Regent. The Panel believes that it is right that work on a publicly owned asset, which requires significant funding, should be easily and transparently monitored by the States Assembly and the public. It should

¹ [p.21-2024 – Common Strategic Policy.pdf](#)

also be clear to the States Assembly where and when this funding will be allocated in order for Members to properly evaluate the Government's decisions on prioritisation.

Background

The Proposed Budget 2025 – 2028 was lodged on 2 August and the Panel launched its review on 21 August 2024. The Terms of Reference for the Review are appended to this report. The lodging and the debate of the Proposed Budget was slightly earlier than has been the case in recent years. The Panel's understanding is that this was to provide a slightly longer lodging` period. However, in practice, it is always problematic to carry out a review over the summer break and the Panel also discussed whether the changed timeframe had an impact on the production of the document.

The Panel gathered evidence for its review at its Quarterly Hearings with the Ministers for the Environment, Infrastructure and Housing and at an additional Public Hearing with the Minister for Infrastructure. It also received further information from each Minister through correspondence. The Panel also sought information from Ports of Jersey in relation to progress of the development of aviation fuel tax.²

The nature of the Proposed Budget means that there are topics and projects which fall within the remit of more than one Scrutiny Panel. As a result, this Panel has worked closely with others, including the Children, Education and Home Affairs Panel in relation to estates and infrastructure.

Given this Panel's remit of Environment, Housing and Infrastructure, the Panel would like to address at the outset what may appear to be the omission of any analysis of the 'housing' element.

The Minister for Housing has provided information as part of this review and during the course of a Quarterly Hearing, however, as he pointed out, many of the larger capital items which linked with his remit are actually financed for the most part by Arms-Length Organisations and therefore out of the direct scope of the Budget. The financing for the final phase of the First Step Scheme is included in 2025 as had been intended. The departmental budget – which covers the spend on policy development necessary to implement the Minister's agenda is also covered by a wider departmental structure which falls under the scope of the Corporate Services Panel.

Departmental Budgets, savings and staffing

During the course of its hearings with each of the Ministers, the Panel asked about the impact of the recruitment freeze, which was launched in August, shortly after the publication of the Proposed Budget. The Panel also wanted to be clear about the impact of the decision to reduce the Government's reliance on external consultants, especially where projects required expert knowledge which was not available 'in-house'.

The Minister for Environment told the Panel that he was confident that funding and staffing was available for the work prioritised for 2025 but said that the prioritisation had been challenging and that the resourcing was 'very tight'.

² [Letter from Ports of Jersey to EHI Panel re Proposed Budget 2025-2028 Review - 28 October 2024](#)

Minister for the Environment

The fact that we are not using consultants from now on, the fact that we are not replacing staff where vacancies might be taken out is an issue. It is a resource issue across government and not just for my department. But I am confident that in 2025, we have allocated resources enough to do the work we want to do. But I cannot say that it is not going to come without a challenge and it will be difficult. Throughout the year, I am sure that other challenges will appear because what happens is when you say this is the amount of work that we have to do, we have just got time, we have just got about the right amount of money and the resource and staff to do it, I would have to say there is very little contingency in that, if you like. If something comes out of the woodwork in the middle of next year, which becomes immediately a priority, stuff can fall off the list of things that we would want to do. Because it may be that we do not have the staff or we do not have the money without taking something else off. Because we are now in that point where we know what we want to do, just enough money, just enough time, just enough law drafting time to do all these things. But if something new appears, that list will have to be revisited.³

The Panel also heard at the same hearing that Ministerial priorities had changed over a short period of time. In the Panel’s previous Quarterly Hearing with the Minister in June 2024, he had stated that he wanted to prioritise work on a water strategy. In June, the Minister said:

Minister for the Environment:

One of the major changes I have indicated is that I want to prioritise work on water, which is a subject that always been close to my heart. I have always felt and known that in the next decade, 2 decades, water is going to be a serious issue for the Island if we do not address it now. I have felt in the past that maybe it has not had the priority that it might have been given and I am taking the opportunity to elevate that pretty much to the top of my list. Unfortunately, to the detriment of some other little bits and pieces but I think it is vital that we address water generally. I have had already had meetings with Jersey Water and I intend to bring a water strategy before the next election.⁴

During the October Hearing, however, the Panel heard that while the Minister still wished to prioritise this work, he had accepted that it would not be possible to complete a full strategy prior to the next election and that, instead, ‘a plan for a plan’ would be in place with a ‘decision made on resource for water into the future’.⁵

Questions were also raised with the Minister about other workstreams which had been paused, including those which had been approved by the States Assembly, such as work to introduce a development levy. The proposition to introduce a development levy was approved on 18 April 2023⁶ and included the requirement that the necessary legislation

³ [States Assembly | Transcript - Quarterly Hearing with the Minister for the Environment - 9 October 2024](#)

⁴ [States Assembly | Transcript - Quarterly Public Hearing with the Minister for the Environment - 5 June 2024](#)

⁵ [States Assembly | Transcript - Quarterly Hearing with the Minister for the Environment - 9 October 2024](#)

⁶ [p.14-2023 – Development Levies.pdf](#)

would be brought forward by 31 March 2025. The Minister's response to the Panel was that:

Minister for the Environment:

*I think [Ministers] felt that despite the fact that the States Assembly had made this decision, and in my view quite rightly, we have to work on a basis here of the importance and significance of the work we are going to do between now and the next election. Also, I think it is fair to say that we need to take into account the difficulty, complexity of doing that work, and whether there is an appetite outside of the States Assembly for it.*⁷

The Panel also heard that in some cases internal staff resources were being moved to cover areas which had previously been worked on by experts hired on a consultancy basis. This had been the case with the Offshore Wind project and the change had caused some delay.⁸

The Minister also highlighted that there would always be projects which required technical expertise, and this would require exemptions in some cases and did pose a challenge for the departments.

At its Quarterly Hearing and additional Public Hearing with the Minister for Infrastructure, the Panel pursued a similar line of questioning.

In this case, it heard that despite a Ministerial ambition to pursue specific policy areas, the necessary resource might not be readily available to complete the work. In the hearing on 12 September the Minister signalled his intention to develop the introduction of a waste charge by the end of this term of office. This commitment was reiterated on 16 October, however, an exchange following this commitment indicated a lack of clarity on how or when this work could be progressed or prioritised.

Deputy H.L. Jeune:

In the budget then specifically, is there funding put aside to develop this piece of work [waste charges legislation] specifically?

The Minister for Infrastructure:

I am going to have to look to my right. I believe there is.

Group Director, Operations and Transport:

I think money would have to be reprioritised in order to undertake that piece of work on charging.

The Minister for Infrastructure:

But we know we have to do it so ...

⁷ [States Assembly | Transcript - Quarterly Hearing with the Minister for the Environment - 9 October 2024](#)

⁸ [States Assembly | Transcript - Quarterly Hearing with the Minister for the Environment - 9 October 2024](#)

Deputy H.L. Jeune:

So then what would be not ... have you done that work on what would then be deprioritised, putting that charging ... that work around charging in legislation becomes a priority?

Group Director, Operations and Transport:

There is lots of ongoing work at the moment looking at how we deliver the savings and fund some of these key pieces of work that need to be done. So work is being taken place at the moment and that hopefully will be concluded by the end of the year to look at how then we go forward and fund these programmes moving forward.

These exchanges with both the Minister for the Environment and the Minister for Infrastructure indicate to the Panel that a level of uncertainty exists over the capacity within teams to complete work which is currently prioritised and that rather than being able to plan programmes of work over the longer term, Government is planning reactively and projects are being reprioritised in the short term according to urgency and need.

In the Panel's view – and in relation to both departmental spend and the capital programme – this lack of certainty makes it less clear what the States Assembly is approving. It also feels this moving target means that scrutiny that can be undertaken of the Proposed Budget becomes less effective and focused.

In other areas, the Panel felt that more consideration needed to be given to the impact of ongoing work on funding and current allocations. For instance, the Panel is aware that the Minister is keen for Jersey Property Holdings to develop new Service Level Agreements with Children, Young People, Education and Skills for the schools' estate. However, beyond the Minister's assurance that 'money would need to follow' if the service level agreements moved responsibility for work contracts, it was not clear what level of consideration and contingency for funding this change had been considered in advance.⁹

⁹ [States Assembly | Transcript - Proposed Budget 2025 -2028 Review - Minister for Infrastructure - 16 October 2024](#)

As will be explored later in this Comments Paper, the Panel has registered the same concerns in relation to the funding of elements of the capital programme and – again – the short-termism of the decisions which are being made.

FINDINGS

1. Workstreams have been paused or slowed as a result of reprioritisation of Departmental work programmes.
2. The recruitment freeze will have an impact on the projects which can be prioritised and delivered by the Government in the coming year and for the remainder of this term of office.
3. Decision-making on priorities has become reactive and based on urgency and current need at the expense of a long-term strategic outlook.

Capital Programme

A number of the over-riding concerns about the Proposed Budget 2025 – 2028 have been addressed above in the departmental spending section of this Paper, however, the themes identified relate equally to aspects of the capital programme which the Panel will now turn to.

There are three fundamental concerns which have arisen for the Panel as a result of this review of the Proposed Budget 2025 – 2028. Each of these concerns are listed separately below but are rooted in the same lack of a long-term strategic vision described above. These concerns are:

1. A lack of security of funding for critical infrastructure projects
2. Reprioritisation of the capital programme
3. A lack of contingency planning
4. No clarity on the abortive costs

The Panel was concerned from the outset of the review that there was a lack of clarity on the delay and cancellation of previously agreed capital projects. As a result the Panel wrote to each Minister and requested a list of the projects which were no longer included as they did not feel that this was clear from the Budget.

The Minister for the Environment characterised the Budget discussions as follows:

The Minister for the Environment:

So we have had to prioritise and we have had to do that in a number of ways. One is to look at the art of the possible, which means we are looking very carefully at what we are intending to do and whether we have time to actually do that. Then we are looking very carefully at the amount of money we have available in order to do what we would like to do and whether we can do that as well. Along with legislative time, which again is another finite resource, we need to make sure that the things we intend to do we have the time available with law drafting in order to do that work. All these prioritisations have taken some time and some thought. I am confident that in 2025, certainly, the

prioritised list that we have come up with is funded, but I cannot pretend it is not tight. I cannot pretend that has not happened without some challenges.

One of the key long-term challenges for this Government is funding the Bridging Liquid Waste Strategy. This Panel's predecessor reviewed that strategy and its over-riding concern was the lack of security for funding long term capital infrastructure projects – and, in particular, this one.

Like its predecessor, this Council of Ministers has stated that a key priority for it is the delivery of new homes as set out in the Bridging Island Plan. The implementation of the Bridging Liquid Waste Strategy – ensuring that the waste infrastructure is there to support development – is vital to that plan.

The Budget states that:

Liquid Waste Key Infrastructure This Budget provides additional funding for the Liquid Waste Key Infrastructure project that seeks to deliver the Liquid Waste Strategy. The project will expand capacity on the Island's surface water and foul sewage drainage network in order to support the housing development needs identified in the Bridging Island Plan and support the policy response to the Island's housing crisis. It also delivers essential improvements that need to be made to increase the pumping station capacity and replace ageing pipe infrastructure to enable it to cope with increased volumes.

The Scheme needs in excess of £55 million over four years with an on-going investment of £5 million to £10 million likely to be required thereafter. Given the scale of investment needed, the Government Plan 2024-27 provided an initial £15.6 million for the project and indicated that funding for future years would require the introduction of a new funding mechanism. This Budget provides an additional £5.7 million to permit the continuation of the project while work on an appropriate funding model continues. Investment needs for 2027 and beyond are intended to be met following the implementation of a new funding model once it has been agreed¹⁰.

Since his appointment, the Minister for Infrastructure has stated at a number of hearings with this Panel that the improvement and development of the liquid waste network is vital rather than optional.

And, in common with the Climate Emergency, the 'lack of capacity for waste disposal and management' is captured as a risk to area to 'Environmental Wellbeing' with the following mitigation:

Additional investment of £5.7 million is provided to address the age and capacity of the liquid waste system. The introduction of waste charges will be deferred to support businesses whilst the living wage is introduced, providing resources to the Infrastructure department over this period.¹¹

While the Minister and officers have helpfully provided the Panel with information about the projects which are required to ensure that the network provides sufficient

¹⁰ [p.51-2024 \(re-issue\).pdf](#) – p59

¹¹ [p.51-2024 \(re-issue\).pdf](#) – p21

capacity for the future, in line with the developments proposed in the Bridging Island Plan, it remains unclear from this Budget how and where the funding for this work will be generated.

The narrative copied above from the Budget suggests that the investment needs beyond 2027 will be determined when a new funding model is agreed, but the comments provided at the Public Hearing – and provided earlier in this report – also suggest that funding and resource to support policy work to implement a waste charge had yet to be identified.

At the time of this Budget, therefore, it would seem that only £21.3 million of the necessary £55 million for the implementation of the Liquid Waste Strategy has been identified with no secure funding for the £33.7 million which will be needed to complete the work.

During the Public Hearing with the Infrastructure Minister and officers, the Panel also requested information about the priority given to projects. The resulting answers have raised concerns for the Panel about the accuracy of the Budget as it is currently presented and the confidence that members can have in the capital programme that is described.

While the Panel does accept that there needs to be a degree of flexibility in implementing the programme as needs change, it appeared that at least one project – the Town Skate Park – did not currently appear to have funding allocated despite the commitment given by the Minister that it would be progressing in 2025.

In the current document the £585,000 is allocated for this project in 2028¹². No funds are allocated in 2025. During the Public Hearing, the Minister committed to bringing the project forward in 2025 but it was unclear whether this would be a reallocation of funds from 2028 or how this was represented in the Budget. In the following exchange, the Minister answered that he had been assured by Treasury and Resources that funds would be forthcoming in 2025 and the movement of the capital programme was described.

Deputy H.L. Jeune:

Is this budget for 2024 for this or where does that sit within the budget?

The Minister for Infrastructure:

I am assured by Treasury that the funding will be brought forward for the skate park.

Chief Officer, Infrastructure and Environment:

I think that is another example of the capital programme movement that we are talking about depending on issues. We have an ongoing dialogue with Treasury around what the profile of the capital programme looks like depending on what issues we are seeing. The skate park is one of those conversations we want to see earlier in the programme. It will undoubtedly mean another couple of things may be slipping back. Some of that is reality because sometimes things just do not appear as they ... this is day one, we publish the capital plan, that is what we expected on that day, and then other things occur and we either get time

¹² [p.51-2024 \(re-issue\).pdf](#) – p57

delay or we get things that are pressured that come forward. However, the skate park certainly is something we want to get on with next year.

Deputy A.F. Curtis:

This message about reality and the capital programme being out of date the moment it is published, we hear it quite a lot. Is there merit or do you think that the budget goes far enough in explaining how movements for projects can occur? So it sounds like it is well aware that the skate park could be funded outside of 2028 but the narrative is not there to enable States Members or the public to understand the reality of capital programming.

The Panel wrote to the Minister for Treasury and Resources following the Hearing to seek clarity both over the representation of the 2025 funding in the Budget and whether there was sufficient understanding in the public domain about the flexibility of capital programming. The Minister stated that:

While the changes have made the new capital programme more realistic, it remains ambitious, so it is likely that some projects may face unforeseen delays and not spend all the funding allocated to them. Where this is the case, I wish to explore opportunities to re-allocate funds to bring forward other projects, so we are maximising the public value generated from the budgets available to us. This is more likely to be possible for projects that are modest in scale such as the Town Skate Park project.

The Government Plan 2024-27 envisaged the Town Skate Park being finished in 2024 but work on the project is behind schedule. Until planning permission is granted, it still remains to be seen exactly when the project can be delivered. I recognise though that there is intent to deliver the project in 2025 and can confirm, if that proves possible then, subject to consultation with the Council of Ministers, funding will be secured through one of the following mechanisms:

- the Capital Programme in the Budget 2026-29*
- an allocation of additional funding from the Central Reserve under Article 15 of the PFL*
- a transfer of funds from another capital or revenue head of expenditure under Article 18 of the PFL.*

Despite these assurances, the Panel remains unclear why, if this information was known at the time of drafting, it was not represented in the Proposed Budget in a clear and transparent way.

The same concern has arisen for the Panel in its examination of some of other projects, notably the essential maintenance of Highlands College.

Concerns about the funding allocated for the maintenance of Highlands College have also been raised by the Children, Education and Home Affairs Panel which has lodged an amendment to the Budget to increase the amount for this maintenance.

The Proposed Budget provides the following breakdown of funding allocated to Highlands College refurbishment:

Major Refurbishments and Upgrades - Breakdown of Grouped Head of Expenditure						
£'000	Spon	Supp	2025	2026	2027	2028
	Dept	Dept	Estimate	Estimate	Estimate	Estimate
Major Refurbishment and Upgrades	I&E	I&E	1,000	2,500	2,460	-
Fire Safety in CYPES Estate	I&E	I&E	4,000	2,300	-	-
Highlands College	I&E	I&E	-	1,040	180	205
Major Refurbishment and Upgrades			5,000	5,840	2,640	205

Table 25: Major Refurbishments and Upgrades - Breakdown of Grouped Head of Expenditure

However, a letter sent to the Panel on 28 October by the Minister for Infrastructure¹³ following the Panel's request for further information would suggest that a reprofiling of this breakdown is already proposed raising the concern for the Panel that – while the final cost of the years has not changed – the Proposed Budget 2025 – 2028 which is before States Members for approval is already out of date. As highlighted in the summary to this Comments Paper, the Panel feels that there remains a lack of clarity on what information, and which figures the States Assembly are scrutinising.

In its early examination of the Proposed Budget, the Panel also voiced its concern over the number of infrastructure capital projects which had been included within the Government Plan 2024 – 2027 but had been delayed or cancelled by the Council of Ministers and were absent from this Budget. These projects were listed by the Minister in a letter of 29 August, at the Panel's request:

I also include those projects and workstreams which had been due to take place in 2025 (and agreed in previous Government Plans) which have been delayed, cancelled, or are unfunded.

- r. Learning difficulties specialist accommodation - delayed to 2026*
- s. Fort Regent – this is now being progressed by the States of Jersey Development Company*
- t. Morier House refurbishment*
- u. Prison Improvement Works – Re-scoped - Prison Phase 8*
- v. Highlands College and University College Jersey – funding delayed to 2026*
- w. Crematorium – delayed to 2026 (apart from essential maintenance stated above)*
- x. Le Squez Youth Centre extension & Refurbishment – delayed to 2028*
- y. North of St Helier Primary School – delayed to 2027*
- z. Mont a Labbe secondary school – delayed to 2026*
- aa. Army & Sea Cadets Headquarters – delayed to 2026*
- bb. Ambulance, Fire & Rescue Headquarters – delayed to 2028*
- cc. Field Developments & Play Space – re-scoped and cancelled*
- dd. La Sente Feasibility Study – cancelled*
- ee. Victoria College New Classroom Block Feasibility Study – cancelled*
- ff. Victoria College Students Support Centre Feasibility Study – cancelled*
- gg. Magistrate's Court conversion – cancelled*
- hh. Music Development - cancelled*

¹³ [States Assembly | Letter from Minister for Infrastructure to EHI Panel re Proposed Budget 2025-2028 Review - 28 October](#)

Further to this request, the Panel requested information on the analysis done on the cost of the delays on projects which had already been progressed. Information was provided to the Panel in relation to the progress of each of the projects at the time of delay and the Group Director, Operations and Transport also provided an overview of the risk assessment process during the Public Hearing on 16 October.¹⁴ However the Panel remains unclear of the amount that had been spent per project at the time that they were stopped.

While the Panel accepts that difficult choices need to be made, it is not clear why projects which had been progressed were cancelled in favour of bringing forward new projects which were at the beginning of the project framework process. It is not clear what the abortive costs have been and what can be recouped later. One example which was highlighted at the Panel's Quarterly Hearing with the Minister for Infrastructure in September was the refurbishment of the youth centre at Le Squez for which £3.5 million was allocated in 2024. The answers provided did not make it clear whether the allocation had been spent – in part or in full – and what of the work done could be reused for a future project or financial resources reallocated.¹⁵

In its hearings with both the Minister for Infrastructure and the Minister for the Environment, the Panel heard that Ministers were having to make difficult choices in order to make efficiencies across departments.

The Panel feels that this drive for efficiencies and the subsequent delay and cancellation of major and important projects has led to a Proposed Budget which is focused on short term goals.

The Panel also felt that one of the major omissions from the Proposed Budget – for which work is already underway – is the redevelopment of Fort Regent. Members will be aware that the Panel has brought to add a head of expenditure to the Proposed Budget to correct this omission.¹⁶

The rationale for this amendment is that Fort Regent is a publicly owned asset and, as such, the States Assembly should have the opportunity to decide how or whether that work should be prioritised through its inclusion in the Budget.

The Regeneration Steering Group has requested that the States of Jersey Development Company (SoJDC) undertake a feasibility study to assess the future of Fort Regent but without representing the funding in the Budget, the Panel believes that significant expenditure could take place on a publicly owned asset by a States-Owned Entity but without clarity on how projects will be prioritised or funded beyond design stage.

The creation of a Head of Expenditure for this work will allow for greater transparency on future funding allocations and spend in the same way that is usually afforded to other major and capital projects which have been allocated a Head of Expenditure.

¹⁴ [States Assembly | Transcript - Proposed Budget 2025 -2028 Review - Minister for Infrastructure - 16 October 2024](#)

¹⁵ [Transcript-Quarterly-Public-Hearing-with-the-Minister-for-Infrastructure-12-September-2024.pdf](#) – p10

¹⁶ [p.51-2024 amd.\(19\).pdf](#)

FINDINGS

4. Funding and resource to support policy work to implement a waste charge had yet to be identified.
5. £21.3 million of the necessary £55 million for the implementation of the Liquid Waste Strategy has been identified in this Budget with no secure funding for the £33.7 million which will be needed to complete the work.
6. The drive for efficiencies and the subsequent delay and cancellation of major and important projects has led to a Proposed Budget is one which is focused on short term goals.
7. The States Assembly should have the opportunity to decide how or whether work should be prioritised on the Fort Regent Redevelopment through its inclusion in the Budget as a head of expenditure.

RECOMMENDATIONS

1. As a matter of urgency, the Government should prioritise the policy work to introduce a waste charge and/or a funding model to ensure that the requirements of the Bridging Liquid Waste Strategy are met. A proposal for funding should be brought to the States Assembly by the end of this term of office.
2. The Fort Regent Redevelopment should be added to the Proposed Budget 2025 – 2028 as a separate head of expenditure.

Contingency

As stated above, one of the Panel’s primary concerns related to both the capital programme – particularly for infrastructure – and departmental spending is the apparent lack of contingency built into this Budget.

Rather than making contingency for the unforeseen, the Ministers and officers have described a situation in which a cycle of reprioritisation would continue to be used for unexpected events. This is particularly concerning in the context of the climate emergency and the likelihood of extreme weather events which will have a consequence for Government financing.

The Infrastructure Rolling Vote is described in the Budget as ‘the most significant programme of infrastructure investment in the Budget’.¹⁷

The Infrastructure Rolling Vote is a programme of continual improvements to maintain key infrastructure such as the Island’s roads, drains and sea defences, which need continual maintenance and replacement over time. This is critical ongoing activity that is integral to the continued functioning of critical infrastructure that Islanders depend on.

¹⁷ [p.51-2024 \(re-issue\).pdf](#) – p58

Despite this ongoing importance, the rolling vote has been reduced by £2.5 million per year from the £19.3 million which had been allocated for the years 2025 – 2027 in the previous Government Plan.

The reasoning provided in the Proposed Budget is that:

Funding for Public Realm has not been fully utilised in recent years so, as part of work to ensure the Capital Programme is set at a deliverable level, this has been adjusted to match the highest level of annual expenditure of projects successfully delivered by the Department for Infrastructure and Environment¹⁸.

However, the Panel is unclear how this reduction and the cancellation of public realm projects aligns with the Government’s stated priority to make improvements to the public realm over this term of office.

Further, while it is not the main stated purpose of the rolling vote to deal with unforeseen events, the Panel does believe that the reduction is short-sighted and one which may increase the reliance on central funds.¹⁹

Alignment with Common Strategic Policy

Carbon Neutral Roadmap

In April this year the Council of Ministers lodged P.21/2024 – Common Strategic Policy (CSP). This Panel lodged a successful amendment to the CSP to re-establish in the priorities the importance to the Island’s future of the implementation of the Carbon Neutral Roadmap.

Jersey has made a commitment to meet internationally agreed targets by 2050. This will mean that each successive Government will need to adhere to the policy targets established in the Carbon Neutral Roadmap²⁰ (CNR). Without this progress towards the targets at each stage it will become harder for future Governments to continue the work effectively.

The Climate Emergency is noted as risk under the Environmental Wellbeing heading in the Budget and the mitigating steps contained in the document are also outlined at figure 14, as below.

Climate Emergency	The Budget includes feasibility funding of £1.5 million for the Shoreline Management Plan to alleviate coastal flooding, through the improvement of sea defences.
	The Budget includes proposals to increase Vehicle Excise Duties, with the increase transferred to the Climate Emergency Fund to support the implementation of the Carbon Neutral Roadmap.

Figure 14: Environmental Wellbeing Risks

¹⁸ [p.51-2024 \(re-issue\).pdf](#) – p57

¹⁹ [States Assembly | Transcript - Proposed Budget 2025 -2028 Review - Minister for Infrastructure - 16 October 2024](#) – p28

²⁰ [R Carbon Neutral Roadmap 20220525 JB.pdf](#)

During its Quarterly Hearing with the Minister for the Environment, the Panel heard that a key focus for 2025 and beyond would be the low-carbon heating incentive.

Director of Housing, Environment and Placemaking:

We do intend to continue delivering what the roadmap says that we will deliver bar the things that are mentioned. I think probably a couple of things to reflect upon is ... the biggest area of focus we think going forward is going to be around the low-carbon heating incentive. So you will be aware that the grant incentives to help electric vehicles have been very popular and we are almost at ... you will have perhaps seen the press release, that we are almost at the end of the budget allocation for that particular initiative. That has completed and will come to an end. I think where there is possibly more complexity has been around changing people's heating systems. That is something that we have underachieved on against our objectives. We have got about 350 applications in and we hope to have 1,000 done by the end of 2025. It is unlikely we are going to do 600 next year at the current rate.²²

The Panel believes that it is crucial that the funding and resource is available to implement this work and other projects which will be needed to carry through this stage of the CNR.

It would also note that the funding included in the Budget for the Shoreline Management Plan (as above in figure 14) does not seem to be reflected in similar funding for the possibility of inland flooding – the risk of which will also increase. The Panel will continue to request information from both the Ministers for the Environment and Infrastructure about the plans which Government is developing. As such, and as indicated in the summary to this document, the Panel has lodged an amendment²³ to the Proposed Budget in order to increase the amount which is transferred to the Climate Emergency Fund to support CNR work.

The Panel will not rehearse in detail here the rationale for that amendment, however it believes that it provides a meaningful increase in funding for the CEF using a progressive tax, which increases the direct contribution of those who are buying vehicles with the highest CO2 mass emissions.

The Panel is keen that this increase is also be seen in the context of the Government's decision to freeze road fuel duty in 2025 – as it had done in 2023 and 2024 – and the consequent reduction in funding being transferred to the Climate Emergency Fund. The Panel accepts the rationale for continuing the freeze in the face of challenging financial circumstances, however, it is also keen that, given the Government commitment to addressing the climate emergency, a way should be found to recoup at least some of that reduction without impacting on those most likely to be affected by cost of living rises.

²¹ [p.51-2024 \(re-issue\).pdf](#) – p21

²² [States Assembly | Transcript - Quarterly Hearing with the Minister for the Environment - 9 October 2024](#)

²³ [p.51-2024 amd.\(11\).pdf](#)

The Panel's amendment would apply a 5% increase to each of the percentage increases proposed by Government for the highest three emissions bands for each of the four years of the Budget. The amendment would be to raise the proposed increases as follows:

- 5% to 10%
- 10% to 15%
- 20% to 25%

Natural Environment

The Panel's review of the (CSP) in April this year, also highlighted concerns about the over-emphasis in the plan on the built environment. As a result, the Panel brought a successful amendment to the CSP to better balance sustainable growth and building quality with the need to maintain and protect the natural environment.²⁴

The Panel notes that the Future Jersey Vision and the resulting Island Outcomes are name-checked in the Budget report as providing a guide for the Council of Ministers 'in delivering all business-as-usual activities'.²⁵ Among these outcomes is 'environmental wellbeing' however, further mention of the natural environment and projects specific to this sphere are absent from this budget.

In the context of the amendment of the CSP and the weighting of the balance between the built and natural environment, the Panel was concerned to hear that one of the delayed workstreams was on the prevention of pollution from construction sites.

Group Director, Regulation, Infrastructure and Environment:

It was a piece of legislation that we had also targeted to go alongside an update to the statutory nuisance as legislation. So both of those were worked in parallel. This was essentially a piece of legislation around nuisance and pollution particularly around construction sites, noise, dust, odour, things like that. We do have controls already in place through the planning system, so in terms of construction management plans as conditions on planning permits, but this is essentially a different type of regulation, which was more of the statutory nuisance angle. We paused it because we were prioritising other legislation that we felt had more of a significant risk to health, particularly around food, building bylaws. But we do consider it an important piece of legislation that we do want to bring forward once those other legislations have come into effect.²⁶

While the Panel recognises that the department felt the most urgent legislative priorities lay in other areas of its portfolio, including food labelling legislation and building by-laws, the prevention of pollution and its impact on the environment and Islanders' health is also an area of importance and one which this Panel will continue to pursue with the Minister over the course of the next 18 months.

The Panel will also continue to question the Minister for the Environment in relation to its concern on the progress of the implementation of the proposals in the Bridging Island

²⁴ [p.21-2024 amd.pdf](#)

²⁵ [p.51-2024 \(re-issue\).pdf](#) – p16

²⁶ [States Assembly | Transcript - Quarterly Hearing with the Minister for the Environment - 9 October 2024](#)

Plan and whether the recruitment freeze and refocused resourcing has been a reason of the delay in bringing forward a new Island Plan from 2028.

It is also notable that the Minister is aware of the challenges faced by the Natural Environment team²⁷, its need for funding, the risk posed to their workstreams by the lack of income generated and the balance that needs to be struck between competing remits within the Minister's portfolio.

Over the next 18 months, the Panel intends to continue its questioning of the Minister for the Environment and the focus he is bringing to the needs of the natural environment, the support and direction he is providing to his department and Islander's perception of the value placed on environmental wellbeing by close monitoring of the Island Outcome Indicators.²⁸

FINDINGS

8. An increased transfer of funding to the Climate Emergency Fund will assist in the successful implementation of the Carbon Neutral Roadmap Delivery Plan 2022 – 2025
9. Delayed workstreams include the development of legislation to prevent pollution from leaving construction sites.

RECOMMENDATION

3. The percentage of vehicle emissions duty charged for the three bands of the most polluting non-commercial vehicles should be increased within the Budget and the increase transferred to the Climate Emergency Fund.

Conclusion

In conclusion, the Panel would reiterate that this Proposed Budget is one which deals with short-term solutions with little focus on strategic longer-term outcomes.

As a result, the Panel remains concerned by what it feels is a lack of contingency and for the legacy that will be left for the Government which becomes its successor.

Over the next 18 months of this term of office, this Panel will commit to following up on the following areas with Ministers to ensure that this Budget and the final one from this Council of Ministers delivers on the agreed CSP and on policies and legislative changes agreed by the States Assembly. In particular, it will continue to request information from Ministers about:

- The implementation of the Carbon Neutral Delivery Plan 2022 – 2025

²⁷ [States Assembly | Transcript - Quarterly Hearing with the Minister for the Environment - 9 October 2024 – p7](#)

²⁸ [Island Outcome Indicators chart](#)

- The funding of the Liquid Waste Strategy and the funding of crucial projects within that workstream
- The focus on the natural environment
- The implementation of the Bridging Island Plan Proposals
- The progress of the plan for a Water Strategy

Key findings

1. Workstreams have been paused or slowed as a result of reprioritisation of Departmental work programmes.
2. The recruitment freeze will have an impact on the projects which can be prioritised and delivered by the Government in the coming year and for the remainder of this term of office.
3. Decision-making on priorities has become reactive and based on urgency and current need at the expense of a long-term strategic outlook.
4. Funding and resource to support policy work to implement a waste charge had yet to be identified.
5. £21.3 million of the necessary £55 million for the implementation of the Liquid Waste Strategy has been identified in this Budget with no secure funding for the £33.7 million which will be needed to complete the work.
6. The drive for efficiencies and the subsequent delay and cancellation of major and important projects has led to a Proposed Budget which is focused on short term goals.
7. The States Assembly should have the opportunity to decide how or whether work should be prioritised on the Fort Regent Redevelopment through its inclusion in the Budget as a head of expenditure.
8. An increased transfer of funding to the Climate Emergency Fund will assist in the successful implementation of the Carbon Neutral Roadmap Delivery Plan 2022 – 2025
9. Delayed workstreams include the development of legislation to prevent pollution from leaving construction sites.

Recommendations

1. As a matter of urgency, the Government should prioritise the policy work to introduce a waste charge and/or a funding model to ensure that the requirements of the Bridging Liquid Waste Strategy are met. A proposal for funding should be brought to the States Assembly by the end of this term of office.
2. The Fort Regent Redevelopment should be added to the Proposed Budget 2025 – 2028 as a separate head of expenditure.

3. The percentage of vehicle emissions duty charged for the three bands of the most polluting non-commercial vehicles should be increased within the Budget and the increase transferred to the Climate Emergency Fund.

Appendix 1

Terms of Reference

1. To review components of the Proposed Budget 2025-2028 Proposition [\[P.51/2024\]](#) which are relevant to the Environment, Housing and Infrastructure Scrutiny Panel to determine the following:
 - a) The impact of the Budget proposals on departmental budgets, savings and staffing levels.
 - b) Whether the revenue expenditure growth, capital and other projects are appropriate and likely to have a positive impact on Islanders and Island life.
 - c) How the proposed revenue expenditure growth, capital and other projects align with the Common Strategic Policy to deliver on the priorities, and in line with the Departments' Business Plans.
 - d) Whether the resources allocated to revenue expenditure growth and capital and other projects are sufficient, ensure value for money and demonstrate best use of public funds.
2. To assess the impact of the Budget proposals on the Climate Emergency Fund, Jersey Car Parking Fund, Jersey Fleet Management Fund, Consolidated Fund, and Strategic Reserve Fund.