

STATES OF JERSEY



DRAFT STRATEGIC PLAN 2012

Lodged au Greffe on 19th March 2012
by the Council of Ministers

STATES GREFFE

PROPOSITION

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

in accordance with Article 18(2)(e) of the States of Jersey Law 2005, to approve the statement of the common strategic policy of the Council of Ministers as set out in the Vision on pages 4 to 6, the Council's Priorities on pages 7 to 13, and Resource Principles set out on pages 14 to 16, of the Strategic Plan 2012 attached at the Appendix.

COUNCIL OF MINISTERS

REPORT

In accordance with Article 18(2)(e) of the States of Jersey Law 2005, the Council of Ministers is pleased to present to the States for approval its Strategic Plan for the next 3 years (attached at the **Appendix**).

Financial and manpower implications

Any additional financial and manpower implications will be brought forward in specific policy proposals and the Medium Term Financial Plan.

APPENDIX

STATES OF JERSEY

DRAFT STRATEGIC PLAN 2012

'Inspiring confidence in Jersey's future'

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FOREWORD

Jersey, like many jurisdictions, is facing challenging economic times in an increasingly competitive global environment.

In the past three years we have made a number of difficult decisions to keep the Island on a sound financial footing. While our economy has been affected by the global downturn, we have the security of strong foundations from which to navigate a prolonged recovery period.

This plan sets out how we propose to steer the Island through these difficult times, ensuring every section of our community can play its part in building a successful future.

Our plan highlights many of the issues Islanders told us are important to them and their families – population, health, education, jobs and using taxpayers' money wisely to support our economy.

I want this plan to form the basis of a partnership between government and the people of Jersey for the benefit of everyone in our community. I hope we can move closer to this goal over the next three years.

For our part, Ministers are committed to delivering strong leadership, to valuing community action and promoting fairness and responsibility as part of a strong and successful Island. We want to promote productive partnerships between government, businesses, the Parishes and Third Sector organisations so we can encourage innovative approaches to providing services for Islanders.

Jersey has traditionally provided a good quality of life for its residents and a competitive climate for its businesses. We will continue to face a number of challenges in the coming years and we need to maintain a careful balance between our economic, social and environmental policies as we deal with those challenges.

Islanders have always shown an enterprising approach to challenging times, seeing the opportunity in every situation. I am confident that this resilience, together with our strategic location, stunning natural surroundings and unique cultural and historical assets, put us in a strong position to build a confident and successful future.

Senator Ian Gorst
Chief Minister

INTRODUCTION

Jersey is a special place to live, work and raise a family. However, there are issues that need to be addressed and challenges to prepare for.

This Strategic Plan is a broad policy statement which sets the overall direction for the Island over the next three years and beyond by focusing on the key priorities that must be addressed by this government during its term of office, and planning for the major issues that will need to be addressed over the longer term.

The previous Strategic Plan was agreed at a time when the world was moving into recession and focussed on measures to support the Island through the economic downturn. This plan continues many of the policies agreed under the previous plan, but also recognises the need to take a balanced approach to economic, social and community issues.

This plan also recognises the need to prepare for the future by identifying long term challenges and opportunities and drawing together the key strategies and policies to address them into a cohesive long term plan.

It is crucial that we keep public sector spending under control so that the Island can remain competitive with relatively low levels of inflation. This plan sets out the resource assumptions that will be carried forward into the Medium Term Financial and Long Term Capital Plans, and expands on the resource principles agreed in the previous Strategic Plan, including additional principles to improve financial management and control.

Provision of Services

Jersey enjoys a wide range of excellent public services provided by a dedicated and skilled workforce.

In addition to the priorities identified for particular focus over the next three years, we will continue to implement agreed policies and provide the wide range of public services that Islanders need – our young people will be educated to a high standard; we will care for the sick and vulnerable in our society; benefits, pensions and suppliers will be paid; taxes will be collected; parks will be maintained; and our waste will be disposed of. Our emergency services, harbours and airport will operate as usual and public order will be maintained through our criminal justice system. We will continue to support and promote the arts and cultural and sporting activities. We will also continue to fulfil our international obligations and our environmental responsibilities, including increasing sustainable development, planning for homes and renewing the urban area.

In all of our public services we will strive to maintain high standards and provide value for money.

Next Steps

This Strategic Plan signposts the high level strategic direction which will be translated into detailed short, medium and long term delivery plans to ensure that clear strategies, action plans and success criteria are developed for each of the priorities. This will ensure:

- clarity in what needs to be done
- clarity on how it will be done and who will do it
- that progress is regularly measured and reported

VISION AND PRIORITIES



Our Vision

Inspiring confidence in Jersey's future through...

... A safe and caring community

Jersey is a safe and beautiful place to live, with a strong and proud sense of community values, independent heritage and culture. The unique partnership between government, the Parish system and voluntary sector provides a strong network to support the community. Jersey also has a proud tradition of generosity to the less fortunate in our community and around the world.

Islanders should all be able to enjoy a safe, just and thriving community. People have a right to expect that the fundamentals are in place, such as protection from harm, effective law enforcement and security, a fair and functioning criminal justice system, secure borders and clear rights and responsibilities for individuals.

While the majority of Islanders thrive in Jersey and take pride in their independence, we recognise that some sections of our community need support to maintain a safe and independent life and improve their future prospects.

Our approach to social policy needs to recognise the shared responsibility of the States and the people of Jersey to create a better future for individuals and the community. People tend to flourish when opportunities and incentives empower them to manage their own lives. Helping individuals to help themselves, their families and neighbourhoods is central to this approach.

... A strong and sustainable economy

A strong and sustainable economy generates economic growth that raises the standard of living and creates new and rewarding jobs for local people. It allows tax rates to remain low and generates enough income to fund high quality public services and investment in our infrastructure.

We are fortunate that we have developed a strong economy that has performed very well over the last 40 years. But we cannot take future success for granted. In fact, in the aftermath of the global financial crisis and the continuing travails of the Eurozone it is clear that improving economic performance will be harder to achieve than in the past.

Nonetheless, we can improve our economic performance by increasing the competitiveness of Island businesses, raising productivity across the economy and creating high value businesses that provide new jobs for Islanders. Ultimately we must help our businesses - old and new - win market share in existing and new markets. This includes a potentially strong future for our more traditional sectors such as tourism and agriculture as well as new ones. But it will require a new Economic Growth Strategy that marries short-term job creation with sustainable medium-term economic growth that does not require excessive inward migration or development outside that permitted by the Island Plan.

The new Economic Growth Strategy will need to continue to support enterprise and innovation through the growth of small businesses and with a greater focus on inward investment. We must achieve a better alignment of those allowed to enter the Island and their ability to create or grow new high value businesses and employment for locally qualified people. This must be supported by investment in infrastructure. A cross government focus on Information and Communications Technology (ICT), e-government, and the development of a digital economy, will be important in setting the foundations for improved competitiveness and inward investment. This will facilitate the diversification that supports a strong and sustainable economy. We must build on the strengths of our Island economy and provide the certainty and stability that businesses and Islanders require to plan and invest for the future. This will require controlling inflation which erodes our competitive position, keeping our personal and corporate tax systems competitive with other finance centres and having regard to the advice of the independent Fiscal Policy Panel. We must continue to demonstrate that States finances are on a sound footing and provide stability and certainty around future tax and spending plans.

It is essential for the Island to sustain a strong international profile so the global business community understands that Jersey's financial regulations meet world standards and reflect the very best the Island has to offer.

... Preparing for the future

We need to be a community that constantly looks forward and is prepared to identify both the opportunities and threats that will affect our way of life in the future.

We must monitor and assess the risks and opportunities as they change and evolve, ensuring that our plans have the flexibility to deal with the range of uncertain outcomes we face. Addressing short-term issues is important but should not be at the expense of sound medium and long-term planning.

The profile of Jersey around the world, and particularly within Europe, has grown in recent years. International finance, taxation and trade have increased Jersey's international personality at a time when the UK government can no longer provide the external representation that Jersey's activities warrant. International relationships need to be grown and managed and the challenge for the Island is to take a much more active role in this development.

... Protecting our environment

Jersey's natural environment is a constant in all of our lives, and is an ever present asset. It endures in all forms of economic cycle, all forms of changing Government, and in all forms of a changing population. Maintaining a working countryside that harmonises with nature is vital, as is giving special protection to our most vulnerable and important habitats. A growing population will increase the pressure on natural resources and make it necessary to find ways to maintain our quality of life whilst consuming less and creating less waste. Our climate may change and we will need to respond to this in many areas of life.

Our coast, countryside and built heritage are what make Jersey unique. The challenge is to conserve, enhance and use wisely our natural, land and energy resources into the future whilst remaining economically viable.

It is vital to protect and evaluate Jersey's ecosystem services - clean air and water, good waste management and a healthy working countryside and marine environment - through investment in modern technology, a proportionate regulatory regime in line with best practice and global commitments to ensure a healthy local population and environmental quality.

On a small Island, the issues of good spatial planning and meeting development needs, whilst protecting eco-system services and the natural and historic environment, will always be a challenge. The regeneration of the urban areas of the Island – particularly St Helier - is key to providing good quality housing in the face of increased demand and to provide for the requirements of business.

There is also a need to consider our responsibilities in dealing with the major global environmental issues that need to be tackled, including global warming and general climate change, alternatives to long-term dependence on fossil fuels and carbon emissions. A particular challenge will be to take full advantage of our renewable energy sources to provide the Island with more secure and sustainable energy

... A highly skilled and motivated workforce

By developing the skills that the local economy requires, we not only provide opportunities and employment for local people and enable them to fulfil their potential; we also provide a future for our young people and the foundations for future economic growth.

Future employment in Jersey will require students and adults to have higher levels of skills, particularly in sectors facing global competition such as the finance sector, but also in more locally based sectors such as construction, ICT, customer care and catering. Vocational training and apprenticeships will be an increasingly important solution for many young people to equip them for work and long term careers. To be successful, prospective candidates for employment and training will need the right attitudes and skills.

These skills, fostered and developed through a strong education system, provide a solid foundation on which to support the Island's economy. It is important to equip everyone for the workplace and ensure that no-one is excluded from education and training opportunities.

THE PRIORITIES

Get people into work

Our most urgent priority is to get unemployed Islanders working, keep people in work and create new employment opportunities and jobs through sustainable economic growth

Key Factors:

- In common with other jurisdictions, the global economic downturn has led to an increase in unemployment with longer term unemployment in the under 25's and over 40's a growing issue.
- The cost of providing benefits is increasing and the social impact of unemployment is profound.
- Future employment will require higher levels of skills, particularly in sectors facing global competition. We need to improve the skills of the local workforce through academic, vocational training and apprenticeship schemes to make sure young people are prepared for the work that's available.
- Development of skills in areas such as ICT will be crucial in ensuring that the local workforce can support economic growth and diversification. Our Education Service will have an important part to play in supporting e-business and e-government by providing ICT training opportunities that match the expectations of business.
- The increasing proportion of older residents will increase the need for training provision to help Islanders continue in employment throughout their lives.
- Improving the skills of the local workforce will reduce reliance on imported labour. The Population Office will ensure that licences for non-locally qualified staff are only approved for posts that cannot be filled from within the Island.
- The new Economic Growth Strategy will marry short-term job creation with sustainable medium-term economic growth. This can be achieved by increasing the competitiveness of Island businesses, raising productivity across the economy and creating new high value businesses that provide new jobs for Islanders.
- This will require continued support for enterprise and innovation through the growth of small businesses and with a greater focus on inward investment.
- The tourism and agriculture industries will have an important part to play in broadening the range of employment opportunities for local people.
- The continued development of our international reputation as an outstanding place to do business will be important in attracting the vital inward investment required to create long-term, high quality jobs.
- We must also achieve a better alignment of those allowed to enter the Island and their ability to create or grow new high value businesses and employment for locally qualified people. This will facilitate diversification that supports a strong and sustainable economy.

Key Actions:

We will

- **reduce the number of unemployed Islanders**
- **implement a 'Back to Work' policy leading to lower unemployment**
- **introduce an Economic Growth Strategy that assists job creation and better aligns inward migration with new high value employment opportunities for local people**
- **work with business to ensure that government policies and processes create an environment for enterprise and allow new and existing businesses to flourish**
- **raise academic and vocational standards in our schools and colleges and improve the skills of the local workforce to provide the skills that business needs**
- **build Jersey's international profile to attract investment and create jobs**

Manage population growth and migration

The challenge for Jersey is to maintain a working age population which enables the economy to flourish and public services to be sustained without threatening our environment and way of life

Key Factors:

- Many Islanders are concerned that immigration places undue pressure on our environment. They are also concerned about rising unemployment and securing job opportunities for locally qualified people. At the same time, new migrants bring much to the Island economically and culturally, and we can be very proud of our diversity.
- The 2011 Census showed that population levels increased from 87,186 in 2001 to 97,857 in 2011. The Census results will continue to be analysed in 2012, and when this is complete, public consultation and a States debate on what our immigration and population objectives should be will take place.
- In the meantime, we will only grant permissions for new migrants to work where it is compellingly demonstrated that this will deliver sizeable economic or social value and locally qualified people are not available. Other permissions for new migrants will not be granted and we will instead support employers in recruiting and developing the increasing number of locally qualified job seekers through the 'back to work' programme.
- This focus on training and development and expanding higher value businesses, including inward investment businesses, seeks to combine economic growth with limited immigration. In doing this, it is essential for our economy that Jersey is seen as 'open for high value businesses' which create and safeguard local employment. Some inward migration will always be necessary to support investment and job creation.
- This economic growth will provide tax revenue to fund essential public services. Jersey, like many other countries, is anticipating an increasingly older population. Our older people make a valuable contribution to society, but they also tend to need more services and there will be fewer working adults to support them.
- New legislation will be introduced in 2012 to control immigration, including much greater compliance capabilities and a population register so that we can track immigration and population on an ongoing basis and achieve our objectives.

Key Actions:

We will

- **update the population model using the new Census information and bring realistic targets for population and immigration limits to the Assembly by July, 2013**

and in the meantime

- **use legislation to support the engagement and training of locally qualified people. In particular, we will only grant permissions for additional non-locally qualified staff in limited cases over the next 12 months. We will also actively manage licence capacity in concert with 'back to work' initiatives to support employers and locally qualified employees and endeavour to reduce the number of non-locally qualified licences in the economy**
- **continue to issue 1(1)(j) consents only where high economic or social value is compellingly demonstrated, where local staff are not available and which safeguard or create employment**
- **introduce a new Control of Housing and Work (Jersey) Law and Register of Names and Addresses Law (Jersey) to significantly improve the effectiveness of our migration controls, including a new Population Register**
- **review our migration controls and report to the States on our findings, including recommendations, within 12 months of the introduction of the new legislation**

House our community

The provision of housing is a major challenge for the Island in the face of increased demand. All Island residents should be housed adequately

Key Factors:

- The level of home ownership in Jersey is low compared with many jurisdictions and house prices are high compared to average earnings.
- Falling household size within the existing population itself generates a demand for more homes as does inward migration.
- There is a need to ensure that a greater proportion of new homes in the Island are more affordable and that affordable housing is targeted at only those who need the support, whilst also seeking to ensure that the demand for other types of homes is also met.
- Additionally, good spatial planning and innovation can reduce the need to commute to work, regenerate urban areas and protect the environment.
- Social rented housing plays a major role in providing good quality; affordable housing to a significant proportion of the population of Jersey and impacts on the way the whole housing market operates. We need to complete the on-going Housing Transformation Programme which is critically re-examining the ways in which social housing is provided to ensure that it is able to meet the challenges presented by the ageing population.
- The supply of new affordable homes slowed from 2008. As a consequence the demand for social housing and life-long homes in particular has increased. The States rental waiting list almost doubled between 2008 and 2012. The challenge to provide affordable homes will continue to increase.
- Long term under-investment in the States owned social housing stock means that some of our homes would fail the UK Government's Decent Homes Standard.
- We need to:
 - review reliance on private developers to generate affordable housing
 - invest in social housing schemes
 - identify opportunities for using States-owned sites to provide more housing
 - work with the Parishes in providing affordable homes locally
 - develop new life-long homes to meet the needs of an ageing population.
- Plans are underway for the incorporation of the Housing Department and the establishment of a Strategic Housing Authority which will allow more flexibility in tackling these issues.

Key Actions:

We will

- **put in place schemes to generate affordable housing for social rental and purchase**
- **bring forward schemes to support first time buyers**
- **continue work on existing homes to meet the 'Decent Homes Standard'**
- **establish a Strategic Housing Unit to co-ordinate a long term housing strategy**
- **address the funding of the maintenance and reinvestment of the States owned social housing stock**
- **complete the Housing Transformation programme to allow more flexibility in tackling housing issues**

Reform Health and Social Services

Jersey's residents deserve safe, affordable and sustainable health and social services

Key Factors:

- Health and social care in Jersey is at a crossroad. Our Health and Social Services are under increasing pressure. We need a new approach to healthcare by putting the emphasis on prevention as well as cure. Changes in self, primary, hospital and community care are urgently required in order to continue to provide safe, sustainable and affordable health and social care and prepare for the impacts of our ageing population.
- Capacity in hospital services is under increasing strain. Key elements, particularly beds and operating theatres, are rapidly approaching capacity. The current numbers of nursing care beds and other vital community services will also soon be inadequate to meet demand.
- Advances in expensive medical technology, the move towards specialist training and buildings which need upgrading to be fit for purpose for the delivery of modern care, place further financial pressures on our small island community.
- Current health care in Jersey centres on the hospital, even for conditions that could be treated at home with community support. This is unnecessarily expensive.
- At present, models of care tend to be institutional, with low numbers of older adults living independently in the community. This is driven by the lack of availability of 24-hour nursing and home care services, respite and palliative care, and is compounded by the high cost of living, placing a significant burden upon unpaid carers.
- Children's services are under pressure and have difficulty in securing a good supply of foster carers.
- The older population is projected to increase by 95% between 2010 and 2040. In the period to 2020 the increase is projected to be 35%. This demographic change will create a huge surge in demand for health and social care services which will overwhelm the current capacity of the existing services.
- We need to redesign our services by: -
 - expanding community teams and providing 24-hour home care for people with long term conditions like heart disease or dementia
 - developing Parish-based services
 - providing more specialist care in people's homes
 - providing better packages for foster carers to increase the options for children who cannot live with their birth parents
 - offering early support for individuals to take control of their own health and encouraging people to live healthy, active lives to maximise their well-being.
 - plan for "fit for the future" hospital facilities for those who need the specialist services and treatments only a hospital can offer.

Key Actions:

We will

- **develop options for providing and funding sustainable health and social services**
- **publish a White Paper setting out the way forward for health and social services**
- **bring forward a 10-year Transition Plan, including priority business cases for children's services; adult mental health; health lifestyles; older adults mental health; frail elderly; long term conditions; and end of life care**
- **undertake a feasibility study for the future of the Health and Social Services estate**

Reform government and the public sector

We need a strong government with a sense of purpose and direction to deliver the real and lasting changes that are needed to take the Island into the future

Key Factors:

- Government reform is needed to ensure that our political processes work in the best interests of the Island through a culture of respect, openness and accountability.
- An Electoral Commission will examine the composition of the States Assembly and the electoral process.
- Alongside this, the procedures of the States Assembly need to be reviewed to ensure that the Assembly deals with its business in the most effective and efficient way possible.
- Good co-operation between the Council of Ministers, scrutiny panels and the Public Accounts Committee is essential to ensure that the scrutiny function can operate effectively in reviewing policy and holding Ministers to account.
- Our procedures need to change to ensure that all States Members feel more involved in policy development and major decision-making and that information is more accessible.
- Government needs better co-ordination of policy. The existing system does not easily support “joined up” policy development across departments. This makes it difficult to coordinate policies affecting several areas of the organisation. For example:-
 - The Social Policy Framework, approved in 2007, sets out the guiding principles of promoting independence, supporting those at risk and protecting those in need through early intervention. This approach calls for responsibility to be shared between the States and the people of Jersey and should underpin all major policy development.
 - Our reputation as a safe Island depends on our ability to deal with all aspects of community safety, from minor crime and anti-social behaviour through to the threats posed by economic crime and drug trafficking. This is a shared responsibility requiring effective partnerships between the States and Honorary Police and a range of other public, private and third sector agencies to deliver joined up prevention, enforcement and offender management services.
- The priorities proposed for the Strategic Plan will require co-ordination, co-operation and partnership across the public, private, voluntary and charitable sectors, particularly on the development of social, economic and environmental policies.
- The Public Sector must be responsive to the needs of its customers and flexible to change by engaging and empowering its staff to improve services. It must be as efficient and effective as possible and provide good value to the taxpayer.
- The further development of e-government will be crucial in developing a modern public sector.

Key Actions:

We will

- **work with the Privileges and Procedures Committee and the Electoral Commission to propose reforms to the composition of the States Assembly and how our government works**
- **modernise and reform the public sector to create a values-based organisation**
- **implement a co-ordinated Social Policy Framework that will promote sustainable, independent living and ensure protection and support for those in long term need**
- **co-ordinate all major States policy from the Chief Minister’s Department**
- **identify opportunities to develop partnerships with the Private enterprise, the Third Sector and the Parishes**

Develop long term planning

We need to put in place long-term plans to address and resource future issues affecting the Island

Key Factors:

- Co-ordinated long term planning is vital to many Government services to make informed decisions that will affect future generations. A comprehensive long term plan which draws together the longer-term social/economic/environmental/financial strategies into a cohesive plan will set the signposts for the future and allow each new States Assembly to make informed decisions on their priorities.
- In the preceding pages we have set out the priorities that will be government's focus over the next three years. In addition to the short term solutions, strategies will also need to be developed to ensure that success is sustainable in the longer term.
- There are a number of long term issues which we are already aware of. For example:
 - The impact of population pressures and predicted drop in the working age population need to be assessed against the need to maintain a strong economy.
 - The changing global environment for international financial services.
 - Managing the effects of an ageing population is a long-term challenge affecting all of our services that we have already begun to prepare for. This includes the sustainability of pensions and Health and Social Services which pose a particular challenge.

Financial Planning and Infrastructure

- Developing medium and long term financial plans to deal with taxation and funding strategies for long term capital and revenue expenditure will be vital in meeting the challenges of the economic downturn and the ageing population. These pressures will continue in the future.
- Capital replacement and maintenance of the Island's main infrastructure assets will require investment in the short, medium and long term, including managing States-owned land, property, roads and the arrangements for disposing of solid and liquid waste efficiently. We will also need to consider how investment in the buildings needed for the delivery of key services can be afforded (e.g. housing, schools, hospital, residential homes and other care services).
- The States will need to assess the long term sustainability of pensions, including analysis of actuarial reports to determine any increases needed in contribution rates in the short term. If we get the policy right in the medium-term then we will be well prepared for the necessary changes in the 2020s and 2030s as the proportion of older residents increases compared to those of working age.

The States will be considering a White Paper which sets out a long term plan for the provision of health and social services. The Treasury and Resources Minister will also bring forward plans for the sustainable funding of health and social care for the longer term.

- The States has a strong Balance Sheet and more active investment of our existing funds can increase returns which can improve the States' financial position at a time when local people tell us they do not want to see more increases in tax and yet demand for services continues to grow.
- Given the demographic challenges that the States of Jersey face, long-term workforce planning will be essential if we are to link corporate and strategic objectives and their associated workforce. Workforce planning will also be essential if we are to lead by example in employing and developing local people at all levels to deliver our public services.

Education

- To meet the threats of increased global competition, employers will require students and adults to have high levels of skills. In order to match the skills that employers are looking for, and to ensure that all students are prepared for work, the provision of a mix of academic and vocational training will be increasingly important.

- Population changes will affect education services, both as the elderly cohort grows requiring training to maintain employability and, in the short term, with falling pupil numbers making planning, especially at the local level, difficult.
- Highlands College will have an important role providing on-Island training and developing vocational skills. This will be particularly important in supporting apprenticeship schemes with local employers.
- A large number of students progress to higher education at universities off-Island. A high percentage of these receive financial support. Changes to fees and funding of universities in the UK means that the mechanisms for the future funding of higher education will need to be addressed along with on-Island university alternatives.
- It is essential to ensure that Jersey residents are equipped to take advantage of the employment opportunities available to them, and this needs an education strategy that is suited to Jersey's needs. The time is right to review our current system of education to ensure that the right system is in place for future generations.

Environment

- Long-term planning is especially important to the Environment, where decisions today will only often see results, either positive or negative in many years to come. Issues such as climate change, energy and resource use have a long time horizon, measured in decades rather than months, and the use of our scarce land and natural resources is important not only for the current generation but also for those to come.
- Balancing the social and economic need for resources and infrastructure with an increasing and ageing population and the natural environment, using the 'reduce, manage and invest' framework will continue. In particular, maintaining and enforcing good spatial planning underpins this objective. For example, meeting most of the Island's development needs from within the existing urban area reduces the need to travel, provides more sustainable travel choices whilst enabling the regeneration of the urban environment and protection of the countryside.
- The States already plans on a ten year time horizon for land use planning through the Island Plan, and this is based on longer term projections and trends. Biodiversity Action Plans take decades to deliver, and major regeneration can also take many years to come to fruition.

Key Actions:

We will

- **produce a 15 year social/economic/environmental/financial plan drawing together all the long term strategies and other factors by the end of 2013**
- **implement a Medium Term Financial Plan for the Island and explore sustainable options for funding infrastructure investment**
- **develop and implement a Long Term Capital Plan**
- **develop long-term sustainable funding for health and social care**
- **manage the States Balance Sheet and Budget, maximising returns on our investment whilst balancing risk and reward**
- **review the affordability, sustainability and fairness of employee and public pension schemes**
- **bring forward a strategy for the future of Education services**
- **introduce an Energy Policy to move towards a low carbon economy, with more renewable energy and energy efficiency**
- **work with the Parish of St Helier to develop a co-ordinated long term strategy for the commercial future of the town area and the improvement of its environment**
- **develop plans to enhance green skills; increase climate resilience; enhance International opportunities; and develop plans to enhance countryside access and awareness**
- **support and enhance the Parish system**

RESOURCE PRINCIPLES: BALANCING TAXATION AND SPENDING

Resource Principles: balancing taxation and spending

Spending

It is crucial to keep public sector spending under control so that the Island can remain competitive with relatively low levels of inflation. If the States is to provide sustainable services to the public it is fundamental that we take account of the economic outlook, be prudent in our spending plans, ensure that savings and efficiencies are implemented and not increase public spending unless it is matched by savings or additional income.

The last Council of Ministers introduced the following resource principles in the last Strategic Plan.

Existing Principles

1. *Be prudent, taking account of the uncertain economic and financial outlook.*
2. *Identify and implement all possible savings and efficiencies. For 2013 and beyond we will optimize methods of service delivery, to improve service delivery and value for money.*
3. *No additional spend unless matched by savings or income.*
4. *The Stabilisation Fund will only be used during the economic downturn, as advised by the Fiscal Policy Panel, to fund the effects of reductions in States revenues or increased demand for States services, and to provide appropriate stimulus to the economy.*

These principles remain as relevant now as they were at the time. Given the overriding priority to balance the budget by 2013 it was essential for these resource principles to focus on managing States spending. For the period of the next Strategic Plan we will adopt the following additional principles:

Additional Principles

5. *Maintain balanced budgets and achieve an appropriate balance between taxation and spending.*
6. *Actively manage the Balance Sheet as well as the Budget by maximising investment returns within agreed levels of risk, rebuilding the Stabilisation Fund and optimizing the use of our physical assets (land and buildings).*
7. *Plan our expenditure on capital and infrastructure over the long term and consider carefully the appropriate sources of funding for major projects, including borrowing.*

We manage our service delivery through the departmental structures so it is essential that our financial management framework provides departments with sufficient certainty of funding to allow them to manage within their cash limits so that they can provide the right levels of service for Jersey. The Medium Term Financial Plan allows for a longer planning horizon and gives greater empowerment and freedom to manage.

There is increasing recognition that we have to manage for the long term. Our capital investment decisions will look to the future so that we continue to invest in the right capital and infrastructure projects. This helps departments plan for service change and improvement, helps boost the economy and safeguards the Island for generations to come.

Resource Principles: Taxation

Jersey's tax regime has developed over many years and more recently with the following key principles in mind.

- Taxation must be necessary, justifiable and sustainable.
- Taxes should be low, broad and simple.
- Everyone should make an appropriate contribution to the cost of providing services, while those on the lowest incomes are protected.
- Taxes must be internationally competitive.
- Taxation should support economic development and social policy, where possible.

These principles underpin our long term fiscal strategy.

Looking ahead to resourcing the six priorities within the Strategic Plan 2013 to 2015

Background to Financial Position

The approval of the 2012 Business Plan and Budget has provided the States with a financial position of balanced budgets from 2013.

The 2012 Budget forecast:

- States income at £613 million in 2012 rising to £681 million by 2014;
- States expenditure (net of depreciation) of £632 million in 2012, rising to £672 million in 2014.
- Surpluses of £6 million in 2013 and £9 million in 2014

These results do not rely on any major new taxes. However, long term funding of £6.1 million will be required for certain primary care services funded in 2011 and 2012 from the Health Insurance Fund.

The spending limits will require the £65 million of CSR savings to be delivered by 2013 including the requirement for significant pay restraint. We will also need to live within our inflation assumptions.

The 2012 Budget forecast has now been revised and updated to provide a starting point for the development of the 3 year Medium Term Financial Plan. The current financial planning assumptions are summarised below.

- Departmental Base Budgets before savings are projected to be £659 million in 2013 rising to £678 million in 2015.
- Growth allocations have been set aside of £6 million in 2013 rising to £26 million in 2015.
- Financial plans assume that the CSR savings of £65 million will be delivered.
- New savings targets from 2014 will need to be set which will reduce the overall total of £710 million for expenditure currently shown in 2015.

The growth allocation is to be targeted at services that are both a priority and are under pressure. The allocation for contingency is to be used to meet the cost of unexpected events. This gives the Council of Ministers some flexibility to manage over the longer term.

The savings targets for 2014 and 2015 will be agreed and set as part of the development of the Medium Term Financial Plan. These spending limits will also take account of the capital proposals for 2013-2015 arising from the extensive work on the Long Term Capital Plan.

Resource summary

In summary:-

- Our three year plan to deliver balanced budgets by 2013 is working.
- We must achieve our £65 million CSR saving targets in order to live within our means.
- By 2015 our planning assumptions include provision for growth of £26 million (£6 million in 2013, a further £10 million in 2014 and a further £10 million in 2015).

- Early work by officers suggests that the pressures presently faced by departments will exceed the growth allocation and this position will worsen if CSR savings targets are not met.
- Full and detailed debate on service pressures and growth bids will take place with States Members full involvement as we work on the development of the Medium Term Financial Plan.
- The current base expenditure assumptions make no allowance for the savings that can be delivered from changes in methods of service delivery, changes in charging policy or changes in partnership working e.g. Guernsey. The Council of Ministers fully intends to make savings in these years and the detailed proposals on delivery will be brought forward as part of the CSR process.
- Alongside the development of the Medium Term Financial Plan the Treasury and Resources Minister also proposes to bring forward a Long Term Capital Plan for the States that will inform the three year capital programme for 2013-2015.
- Suffice to say, our early work demonstrates that there is sufficient flexibility within our financial estimates to enable the Council of Ministers to deliver against these proposed strategic priorities.