
STATES OF JERSEY



STRATEGIC PLAN 2012: GREEN PAPER

Presented to the States on 16th January 2012
by the Council of Ministers

STATES GREFFE

16 January 2012

Purpose and type of consultation: The Council of Ministers has identified its priorities for the next three years, as part of the development of a new States Strategic Plan.

This Green Paper explains what issues ministers want to concentrate on and it sets out the background to these issues.

Ministers want to know whether you agree with these priorities, or if there are other things you think are more important.

Your views are important as the new Strategic Plan, once approved, will set the future direction for States policies.

Closing date for this consultation: Thursday 1 March 2012

Summary

Each new Council of Ministers is required, by law, to propose a Strategic Plan for debate and approval within four months. As part of the development of a new Plan, Ministers have defined their vision and priorities for the next three years. These priorities will form the basis for a new Strategic Plan, and we want to know what you think of them.

This is your chance to tell the Council of Ministers whether you agree with the proposed priorities.

This public consultation will run from 16 January to 1 March. You will also have the chance to comment on the Draft Strategic Plan itself, which is due to be published on 20 March.

The Council of Ministers would like to know:

- Do you agree these are the highest priorities for the next three years?
- Are there other priorities you consider to be more important?
- What would you like to see achieved at the end of 3 years?

Key dates for the consultation process:

16 January	Publication of Green Paper – start of consultation process
31 January	States “In Committee” debate (if approved by the States)
01 March	Deadline for responses to Green Paper consultation
20 March	Draft Strategic Plan (White Paper) lodged
03 April	Deadline for final comments on White Paper
01 May	States Debate Strategic Plan

You can pick up a paper copy of this consultation from the States Greffe Information Centre, the Central Library, Cyril Le Marquand House, or you can call 440422 and ask for a copy to be sent to you.

To tell us what you think:

Email: yousay@gov.ie

Online survey:

Public meetings: a number of meetings will be arranged during the consultation process

Write to: Chief Minister, Cyril Le Marquand House, PO Box 140, JE4 8QT

Public meetings and focus groups will be organised throughout the consultation process

Telephone: Call Janet Marshall with your queries on 440428

You can read more about these issues in the **Analysis of Key Strategic Issues**.

This consultation paper has been sent to:

The Public Consultation Register

Your submission

Consultation responses may be made public (sent to the Scrutiny Office, quoted in a published report, reported in the media, published on www.gov.ie, listed on a consultation summary).

By responding to this consultation you are agreeing that your comments may be made public and attributed to you.

Please indicate if you want your comments to remain anonymous, or tick here

INTRODUCTION

The strategic plan sets the broad medium and long term direction for the States. Detailed plans will be developed once the strategic direction is agreed.

In preparing for the next Strategic Plan, ministers are emphasising the need for Jersey's economy to flourish in the face of challenging economic conditions while also recognising the need for a balanced approach to economic, social and community issues.

Jersey is a diverse and resilient community with a proud history of adapting to change and punching well above its weight. The Island, in common with all jurisdictions, is facing some of the most challenging times ever seen in an increasingly competitive global environment.

These economic conditions mean that the prosperity enjoyed in recent times will be diminished for most people. Some difficult decisions remain.

The key to overcoming these challenges lies with the people of Jersey. Whether born or settled here, all have a stake in the Island's future and can be proud to call themselves 'Islanders'.

VISION AND PRIORITIES

The Council of Ministers is committed to delivering a successful future for Jersey through strong leadership, valuing the community and promoting fairness and responsibility.

The Council believes the Island can meet its challenges if all sections of the community work together with a common purpose and a shared vision. They want to inspire all Islanders to share their pride and confidence in a positive future for Jersey and its unique environment.

The diagram below illustrates the Council of Ministers' vision for Jersey and its priorities for the next three years.



ACHIEVING THE PRIORITIES

Get people into work

- We will reduce the number of unemployed Islanders
- We will raise academic standards in our schools and colleges and improve the skills of the local workforce
- We will build Jersey's international profile to attract inward investment and create jobs

Background

Our most urgent priority is to get unemployed Islanders working and to secure new employment opportunities for the future.

- At the end of November 2011, there were 1,530 people actively seeking work.
- Long-term unemployment has more than doubled during the last 12 months (130 to 270) and now accounts for almost 1 in 5 of the total. Longer term unemployment in the under 25's and those over 40 is a growing issue.
- The globally comparable ILO¹ rate of unemployment, measured as part of the 2011 Census, was 4.7% (UK rate is 8%). This corresponds to 2,569 islanders, as it includes people who are unemployed but not registered with Social Security.
- 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 and vocational training and make sure young people are prepared for the work that's available.
- Measures are being taken to improve employment opportunities for local residents:
 - expanding successful schemes like Advance to Work and Advance Plus
 - CV workshops
 - job coaching and mentoring
 - employment placements
 - short training courses to improve employability
 - more apprenticeships
- A consultation paper *Learning for tomorrow's world* has started the debate on the future shape and funding of education in Jersey.
- Primary school student numbers are predicted to **increase** by 5% between 2012 and 2020. Over the same period secondary school (11-16) student numbers will **decline** by 6%. This will affect the provision and cost of education services.
- 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.

¹ International Labour Organisation – the international organisation responsible for drawing up and overseeing international labour standards

Sustainable economic growth provides jobs

- Jersey's success has been built on a vibrant economy which has delivered long-term growth and one of the highest incomes per head in the world. This has provided employment, with the number of people employed currently at an all time high. It has also funded the high quality public services and low personal tax rates that Islanders have come to expect.
- Jersey's economic performance over the last decade has been less impressive. The global recession has seen the Jersey economy decline by more than 10% since 2007. In common with other jurisdictions, weak growth is forecast for 2012 and beyond.
- In its most recent report published in October, the Fiscal Policy Panel recommended that Jersey should 'continue to plan on the basis of a fragile and drawn out global recovery'.
- Sustainable economic growth based on increased competitiveness will create new employment opportunities.

Jersey's draft [Economic Growth Strategy](#) says we will need to –

1. Further develop a flourishing and diverse financial services sector
 2. Increase the competitiveness and raise productivity of existing sectors
 3. Create opportunities for new, high productivity sectors and markets with a greater emphasis on inward investment
- International finance, taxation and trade have raised Jersey's international profile at a time when the UK government no longer provides all our external representation. The challenge now is to take a more active role, including international representation at ministerial level, to maintain our competitiveness on the world stage.

Manage population growth and migration

- We will update the population model using the new Census information and set realistic targets for population
- We will control inward migration while maintaining competitiveness

Background

If we are to provide meaningful jobs for existing Islanders and future generations, we need to maintain enough working islanders to support the economy and fund public services in the face of an ageing population.

- Jersey, like many other countries, is anticipating an increasingly older population supported by fewer working adults.
- Current forecasts suggest:-
 - a 95% increase in the number of 65s and over in the next 30 years
 - in 2035 there will be 1.9 workers for each pensioner, compared with 3.9 in 2001
 - the increase in pensionable age to 67 years (phased in from 2020 to 2031) will increase the ratio to 2.2 workers per pensioner
- We need to balance the need for workers to sustain economic growth and provide tax revenues, against the impact of an increased population on our environment and way of life.
- We will help Islanders to develop the skills they need for the existing jobs but we will need some inward migration to provide experience that is not available locally. We must get the balance right so that we import the right skills without increasing the population to an unsustainable level. Neither “opening the floodgates” nor “closing the doors” is an acceptable policy.
- The current migration policy allows for inward migration of an average of 150 heads of household per year over a five year rolling average (overall increase c.325)
- The 2011 Census showed that population levels actually increased from 87,186 in 2001 to 97,857 in 2011. Ministers will be reviewing the current policy once a new population model has been developed, expected later in 2012. The States may decide to put back the debate on population/migration policy until the updated information is available.
- The new migration law, Control of Housing and Work Law, comes into force this year, which will allow closer monitoring and control of immigration. It is important that Jersey is seen as ‘open for business’. Some inward migration is necessary to support investment and job creation.

Reform Health and Social Services

- We will identify the options for providing affordable health and social services and bring proposals to the States for approval

Background

A Health and Social Care consultation paper, ‘Caring for each other, caring for ourselves’ published in 2011 described the service as under significant and increasing pressure. Significant changes are needed to maintain safe, sustainable and affordable health and social care.

- More than half of our hospital doctors are due to retire in the next 7 years and as medical training becomes more specialised we would need to replace each generalist with 2 or 3 specialists. It will be difficult to fund this increase in staffing and our population is too small for specialists to maintain their skill levels. This will make it more difficult to recruit senior medical staff to work here, adding to the existing problems we face in recruiting nursing staff.
- Some of our buildings have outgrown their usefulness. The General Hospital will need extensive refurbishment or replacement in the next 10 years and other accommodation – children’s homes, mental health wards and group homes – will also need to be upgraded.
- 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.
- The consultation paper has highlighted ways to redesign our services –
 - expanding community teams and providing 24-hour home care for people with long term conditions such as heart disease or dementia
 - developing parish-based services – eg providing help for patients, carers and their families
 - providing more specialist care locally, with specialists visiting or holding video-appointments to reduce travel time and cost to patients
 - providing specialist 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 so they maximise their well-being.
 - Improving integration between departments and with external agencies, including the charitable and voluntary sectors.

House our community

- We will investigate schemes to generate affordable housing
- We will investigate schemes to support first time buyers
- We will continue work on existing homes to meet the decent homes standard

Background

The level of home ownership in Jersey (57%) is low compared with many jurisdictions and house prices are high compared to average earnings. This is a result of economic success and tight planning controls.

- 25% of 3-bed houses sold between October 2010 and September 2011 cost £420,000 or less (more than 11 times the average income of £34,800 p.a.)
- Most recent first time buyer development saw 3 bedroom houses selling for £425,000 (more than 12 times average income)
- Around 16% of Jersey's homes are occupied as social rented housing. 24% of homes are privately rented. In the UK the social rented sector is significantly larger with just 10% of homes being privately rented.
- The demand for social housing has increased and the supply of new rental homes has slowed
- Demand for life-long homes is increasing as the population ages.
- States rental waiting list increased from 264 in 2005 to 505 at the end of 2011

	2005	2006	2007	2008	2009	2010	2011
New social rented homes	26	205	77	-13	0	0	21
Waiting list at end of year	264	233	234	292	385	425	505

- Long term under-investment in the States owned social housing stock means 28% of the homes would fail the UK Government's Decent Homes Standard. There is an annual funding shortfall of £6m.
- We need to:
 - review reliance on private developers to generate affordable housing
 - invest in social housing schemes
 - develop new life-long homes to meet the needs of an ageing population
- Plans are underway for the incorporation of the Housing Department which will allow more flexibility in tackling these issues.

Reform government and the public sector

- We will work with the Privileges and Procedures Committee to reform the way our government works
- We will work with the proposed Electoral Commission and Privileges and Procedures Committee on proposals to change the composition of the States Assembly
- We will co-ordinate all major States policy from the Chief Minister's Department
- We will continue to transform the public sector to deliver efficient and effective services

Background

The Council is committed to government reform to ensure the island's political processes work in the best interests of the island.

- The States has agreed to set up an Electoral Commission to look at the composition of the States Assembly and the electoral process. Ministers will also work with the Privileges and Procedures Committee to improve the operation of the Assembly, including arrangements for debates and States Questions.
- The Council wants to involve more States Members in decision making and policy development and to make information more accessible. Ministers will work with the Privileges and Procedures Committee to review the working processes of ministerial government and to agree improvements to the existing system.

Government needs better co-ordination of policy. Public sector reform will improve efficiency, reduce costs and support a cost-effective, "joined-up" approach.

- The existing system does not easily support "joined up" policy development across departments. This makes it difficult to coordinate policies which affect every area of the organisation –
 - 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.
 - Continued community safety depends on the effective tackling of minor crime and anti-social behaviour, alcohol-fuelled violence and disorder, international money laundering and organised crime. It requires partnership working between the States and Honorary Police, other States departments, the voluntary and private sectors.
- 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.
- In order to deliver the co-ordination, improved efficiency and savings required, we will need to modernise public services

Develop long term planning

- We will introduce medium and long term financial plans
- We will introduce long term capital planning
- We will review the sustainability of public sector and State pension schemes
- We will introduce a long term care benefit scheme
- We will introduce an Energy Policy
- We will develop a closer working relationship with Guernsey

Background

Jersey's successful economy has generated enough tax revenue to provide services typically associated with larger jurisdictions and higher tax rates.

In recent years, this financial position has weakened and there are a number of choices to be made.

- There have been two significant changes to tax revenues in recent years –
 - 0/10 business tax regime was introduced to keep the financial services industry competitive in response to international concerns. GST, '20 means 20' and ITIS were introduced to offset the impact of 0/10 on tax revenues
 - Tax revenues have been reduced by the impact of the global economic climate. This reduction in tax revenues, together with the need to maintain improvements in health care, education and children services, meant the States faced a deficit of £100m by 2013, unless action was taken
- A three-part plan was agreed to return to balanced budgets by 2013:
 1. reducing public spending by £65 million
 2. boosting economic growth
 3. increasing taxation and social security contributions
- The Fiscal Policy Panel's most recent report said the financial situation is still 'very tight'. It warned that recent international economic developments may see the economy growing less than forecast. The Treasury is working to improve our longer term expenditure and tax forecasting.
- It is particularly hard, on a small island, to boost the economy. We are therefore focussing on productivity based economic growth that does not require more land for development. The Island Plan sets out how development can support economic growth and diversification, for instance through urban regeneration, while protecting the natural beauty of our Island.
- We now intend to:
 - Manage our finances through medium and long term plans. We cannot meet the challenges of the downturn and the ageing population, while also providing ongoing States services, without finding new funding – whether it's from taxation, user pays, borrowing or a combination of the three.
 - Manage infrastructure requirements as part of longer term Capital Planning – dealing with liquid and solid waste disposal with limited resources.

- Review pensions to determine any changes needed in contribution rates and to ensure the system can support an increasing proportion of older residents
- Encourage pensioners to use a mix of state, occupational and private pensions, as well as investments and ongoing employment, to reduce reliance on Social Security pension and income support. Otherwise the increase in pensioner numbers will increase cost to the public.
- Develop a new mechanism to fund long term care. This will be a major step forward in caring for the elderly, but will also place an increasing burden on residents at a time when there will be pressure to increase Social Security contributions.
- Meet the costs of climate change and reduce its impact on our population.
- Comply with international obligations by reducing carbon emissions. The Energy White Paper will investigate how to achieve secure, affordable and sustainable energy supplies.
- Develop proposals for sustainable future funding of Health and Social Services

Conclusion

The priorities identified by the Council of Ministers will form the basis of the States Strategic Plan. We will also continue to provide the wide range of public services that Islanders need – benefits, pensions and suppliers will be paid; taxes will be collected, streets cleaned and public order maintained through our criminal justice system. Our emergency services, harbours and airport will operate as usual and our waste will be collected. We will strive to maintain high standards and provide value for money in all our core services.

Jersey now has to find a way to return to economic growth and lay the foundations for improved competitiveness while investing in essential services. This must be achieved against a backdrop of a fragile global economy, while also cutting costs and preparing for the impact of an ageing population.

Policy decisions need to work for the short, medium and long term, and policy makers must assess the impact of each new policy on every other policy under development.

For instance, getting people into work is an immediate issue because of the current level of unemployment. It is also a long term one, as the right training and skills development programmes need to be in place to prepare future job seekers for the work that will be available to them.

Our Island is a special place to live and work. By understanding what it is that makes Jersey special, we can take action to protect our unique culture and heritage.

What we would like you to tell us

- **Do you agree these are the highest priorities for the next 3 years?**
- **Are there other priorities that you consider are more important?**
- **What would you like to see achieved at the end of 3 years?**

States Strategic Plan 2012 Consultation

Analysis of Key Strategic Issues

Introduction

This analysis provides a summary of the background information to support the Council of Minister's Green Paper which sets out their proposed vision and priorities for the next Strategic Plan.

Jersey is a successful community facing a number of challenges. Whilst the options for addressing these challenges are variable, and will be subject to political choice, the evidence that these are challenges which need to be dealt with in the short, medium and long term is compelling.

These challenges can be distilled into ten key issues that need to be tackled. They are mostly inter-related and therefore require co-ordinated approaches which recognise the positive and negative effects on each other. These key issues relate to:

- The economy, employment and sustainable economic growth
- Education, skills and training
- Population levels and inward migration
- Social Policy
- Ageing demographics
- The provision of sustainable Health services
- The natural and built environment
- Machinery of Government
- International Affairs
- Balancing tax and spend

This analysis provides a summary of these challenges and key strategic issues, supported in the Annex by a more detailed analysis from which these challenges are drawn, setting out the short, medium and longer term strategic issues facing each States department.

Challenges and key issues

Whilst the last Strategic Plan rightly focussed on managing the economic downturn it can be argued that the next Strategic Plan will need to take a more balanced approach to economic, social and community issues.

Most, if not all, of the key issues have been identified in previous strategic reviews although the emphasis may have changed over time, particularly in light of the current economic position. These are consistent, mainly cross-cutting themes that affect all areas of policy and are drawn from the Departmental analysis which follows this section.

The economy, employment and sustainable economic growth

- Jersey's success has been based on a vibrant economy demonstrating strong growth over the long term. This growth has provided employment, which is currently at an all time high, and funded the high quality public services that Islanders have come to expect at low personal tax rates. In simple terms a world class finance sector has grown in Jersey resulting in a shift across the economy from low value activities to high value activities.
- Over recent years conditions have been more challenging, not least as a result of the global 'great recession'. One measure of Jersey economic activity – Gross Value Added (GVA) – has declined by more than 10% since 2007, as the financial services industry has been adversely affected particularly by the low interest rate environment. In common with other jurisdictions, weak growth is forecast for 2012 and beyond as the global economy is expected to remain fragile.
- Sustainable economic growth will be the platform that creates new employment opportunities and rewarding jobs.
- Increasing and sustaining economic growth in the future will not be easy with no expected equivalent shifts in activity towards the Finance Sector as in the past and with limited appetite for inward migration on the previous scale. The shift from the creation of high value to low end jobs is a concern.
- With limited scope to shift to higher value activity (if current policies continue), limited immigration and constraints on the built environment there will be a reliance on economic growth being driven by the productivity increases in existing sectors and businesses. When this is combined with the impact of an ageing society which will lead to a static or falling working population, identifying opportunities for future sustainable economic growth will be a challenge.
- It will need to be driven by increasing competitiveness and productivity in existing businesses and diversifying the economy through the development of new high value added businesses, with new products in new markets and a greater emphasis on inward investment.
- Perhaps the most obvious sign of the current difficult economic climate in Jersey is the current level of unemployment.
- At the end of November 2011, there were 1,530 people registered with the Social Security Department as actively seeking work. The ILO unemployment rate on 27 March 2011 found 2,569 people of working age were unemployed and looking for work. Whilst there is still a great deal of churn in the labour market, longer term unemployment in the under 25s – particularly 16 to 19 year-olds – and those over 40 is a growing issue.
- With a slow recovery expected, the labour market is expected to be fragile for some time and existing strategies for addressing the issues of youth and long-term unemployment need to be continually revised and adapted throughout the economic cycle and not just during the downturn.
- Jersey has one of the highest labour participation rates in the world at 87% (2010) but this hides the number of people over the age of 55 who, mostly through choice, are not working. With the growing number of elderly people, a static or falling working age population and an increase in the pension age, there is a need to encourage more over-55s into employment.

Education, skills and training

- A key element of getting people into work in the longer term will be improving the skills of the local workforce, and in particular, making sure that our young people are prepared for work.
- Future employment in Jersey will require students and adults to have higher levels of skills, particularly in sectors facing global competition like the finance sector, but also in more locally based sectors such as customer care and catering. To be successful, prospective candidates for employment and training will need the right attitudes and skills. Meeting these demands will be difficult with public finances under pressure.
- Whereas Jersey has a high proportion of students moving on to university education, there have also been criticisms of young people entering employment without the necessary work ethic, motivation and skills that employers are looking for. Vocational training will be an increasingly important solution for many young people to equip them for work and long term careers.
- Academic standards across the Island compare favourably with those in England and Wales. However it is now widely recognised that the current structure of secondary education has an impact on the results of individual schools.
- There are currently 1,392 students in higher education, 1,291 of which are either undergraduates or postgraduates studying off-island. Of the 503 1st year students moving into higher education in 2011, 55% received some financial support, and a further 25% received the full level of financial support allowed. Increases in university fees and changes to funding mechanisms in the UK will mean that securing sustainable funding for students entering higher education will need to be addressed.
- Population changes will affect education services. Older people will need training to maintain employability. The number of primary school pupils will increase to more than 7,230 in 2020. The number of secondary pupils (11-16), will decline from just over 5,200 in 2012 to 4,900 in 2020. It will then rise again as the increase in primary numbers filters through into the secondary system. This will have a significant impact on funding.
- Demographic changes over the next 10-15 years mean that student numbers are constantly changing. This will impact the provision and cost of education services. Primary school student numbers are predicted to increase by 5% in the period 2012-2020. Whilst over the same period secondary school (11-16) student numbers will decline by 6% to over the same period. In the longer term the increase in primary school rolls in the 2012-2020 period will feed through to restore the numbers of students in secondary education to current levels. In addition, with ageing demographics and the need to maintain employment participation rates older residents will need training and re-skilling to secure continued employment.

Population levels and inward migration

- Inward migration remains a concern for many Islanders who see the increasing size of the population and inward migration as threats to their way of life.
- One of the main challenges for the Island is the increasing population and the change in the population profile as natural increases and migratory flows combine both to increase the population and to increase the proportion of the elderly population in Jersey. This unavoidable trend affects all the challenges and any strategies devised to combat them.
- The aim should be to balance the need for sufficient workers to support sustainable economic growth and new employment opportunities – and provide the tax revenues to support the inevitable increase in demand for public services as the proportion of elderly increases – against the undesirable impacts of an increased population.
- The current migration policy of a reasonable limitation on inward migration was devised after several rounds of public consultation (Imagine Jersey). The policy allows for a maximum inward migration of an average of 150 heads of household per annum over a five year rolling average (overall increase circa 325) and although actual numbers will vary from year to year but this policy was expected to maintain the population below 100,000 in the longer term.

- The recent publication of the 2011 Census showed that population levels actually increased from 87,186 in 2001 to 97,857 in 2011 – higher than projected in the last strategic plan – and showed that the control mechanisms in place during the last three years have not worked properly.
- **The 2011 Census data will allow the population model to be updated. The projections and updated population model will not be available until later in 2012. These , along with the completion of a population register, will inform future inward migration policy.**
- The link between inward migration and the value of jobs needs to be considered strategically. The use of “low value” migrant labour in traditional industries such as tourism, agriculture and retail may need to be questioned if limiting migrant worker numbers leads to difficulties in recruiting to “high value” jobs.

Social Policy

- The area of Social Policy is wide, far reaching and complex and impacts on almost all policy areas. The Social Policy Framework approved in 2007 set out promoting independence, supporting those at risk and protecting those in need as the guiding principles of social policy. Delivering this approach calls for recognition of the dual responsibility shared between the States and the people of Jersey to create a better future for individuals and the community as a whole.
- Historically, Jersey has been fortunate to have enjoyed a very successful economy, allowing relatively low tax rates but sufficient government income to provide generous social provision typically associated with "bigger government" and higher tax rates. In recent years, this favourable financial position has weakened and the current comprehensive spending review process has exposed harsh choices between increased taxation and reduced services/ imposition of user charges. This is particularly relevant to the area of social provision.
- Co-ordination of social policies is often problematic with Departments working in isolation of each other. It is even more important in the current financial climate to assess longer term corporate "social returns on investment", rather than always give weight to shorter term departmental manpower, financial and impacts on the comprehensive spending review. For example, spending on health promotion campaigns is likely to have a long-term positive impact on the health of the population and will help to reduce health costs in future years. However, looking at a health budget on a short term basis, health promotion costs are likely to have a very low priority when compared with funding for essential hospital services, where patients are already on a waiting list, living with serious medical conditions. Individuals taking action for themselves, their families and neighbourhoods are central to the success of this approach.
- Whilst Jersey might not experience the extremes in the social spectrum, the analysis of short, medium and long term strategic issues highlights a number of key social policy areas that will need to be addressed relating to:
 - Unemployment and greater workforce participation;
 - Improved health status of the population, including chronic health issues such as diabetes, obesity and alcohol-related illnesses;
 - Improved educational and skills opportunities;
 - Adequate and appropriate housing;
 - Adequate income and financial support, whilst reconciling perceptions of a growing benefit dependent culture;
 - Community safety and criminal justice policy
- Some of these areas, such as employment, skills and training; and health services, are identified in this paper as separate key issues. However there is a wider social dimension to, for example, the provision of education where evidence shows that investment in early years education results in significant long-term benefits; or the success that preventative health programmes can have in reducing the personal and financial cost of chronic disease in the long term.

- The level of Home ownership in Jersey is low at around 57% (UK 68%). Although other jurisdictions are seeing a return to higher levels of renting. House prices in Jersey are high in relation to average earnings with the median price of a 3 bedroom house in the bottom quartile of all transactions in 2011 was £380,000 – 11 times the average annual income of £34,800 – with just 70 transactions. The most recent first time buyer development saw 3 bedroom houses selling for £425,000 – more than 12 times average income.
- Around 16% of Jersey’s homes are occupied as social rented housing with the private rented sector accounting for around 24% of homes. This is in contrast to the UK where the social rented sector is significantly larger with the private rented sector accounting for just over 10% of dwellings.
- The demand for social rented housing has increased and the supply of new rental homes has slowed. The States rental waiting list increased from 292 in 2008 to 505 at the end of 2011. The supply of new social rented homes over the past 6 years is shown below.

Year	2005	2006	2007	2008	2009	2010	2011
New Supply	26	205	77	-13	0	0	21
Year End Waiting List	264	233	234	292	385	425	505

- Demand for life-time and life-long homes is increasing as the population ages. In 2008 the States rental demand for 1 bedroom accommodation for those over 50 years of age was 143 households. At the end of 2011 the waiting list for these homes stood at 276 households
- Long term under-investment in the States owned social housing stock means that 28% of the homes would fail the UK Governments Decent Homes Standard. There is an annual shortfall in funding of £6m.
- Clearly pension provision, and in particular the future funding of the old age pension, is a major element in the ageing population issue, as is the cost of health and elderly care. Whilst these funded benefits are reliant on contributions, the other side of the coin is the reduction of disposable income and increased costs for employers caused by necessary increases in contribution rates and thresholds.
- Means tested benefits will always be subject to lively political debate. The level at which benefits should be paid, and the eligibility conditions surrounding benefit schemes must be continually reviewed, to create a balance between the needs of benefit claimants and the ability of the tax payer to fund the cost. The continuing economic downturn is likely to place further pressure on these budgets in the next few years.
- Support for jobseekers is an important social provision during this time of increased unemployment. Specific schemes have been set up to target young jobseekers but there is now a growing problem with jobseekers of all ages who have been out of work for more than a year.
- Community safety is a key component of social policy. Low levels of crime and disorder not only help make Jersey a special place to live, but also to visit and do business.
- The levels of safety, security and quality of life that we currently enjoy cannot, however, simply be taken for granted. They are heavily dependent upon the effective delivery of a community safety strategy that must simultaneously deal with challenges as diverse as minor crime and anti-social behaviour at neighbourhood level, protecting vulnerable people, alcohol-fuelled violence and disorder, international money laundering and organised crime. It also requires effective partnership working between the States and Honorary Police, Customs, the Courts, Prison and Probation and other agencies such as Education, Sport and Culture, Health and Social Services and Housing in order to address the underlying problems of crime and disorder in society and deliver integrated prevention, enforcement and rehabilitation services.
- In recent years, there has been a growing recognition of the role of the Third Sector – voluntary and charitable organizations. In Jersey, there is a long and proud tradition of honorary service, both within the parish system and through a wide range of other community organizations. There are many examples of effective partnerships between government and Third Sector organizations e.g. Family Nursing and Home Care, Jersey Hospice, Childcare Trust. The future

role of the Third Sector, and its ability to assist local people in many areas of social provision, needs to be carefully examined.

Ageing demographics

- The projected change in Jersey's population will focus the strategic development of services for the next 30 years.
- The projections show that:
 - There will be a 95% increase in the number of people over 65 in the next 30 years.
 - By 2035 there will be just 1.9 workers for each person of pensionable age compared with 3.9 workers per pensioner in 2001. The recent increase in pensionable age to 67 years (phased in from 2020 to 2031) still only increases this ratio to 2.2 workers per pensioner.
- The issue of an ageing population is not a problem to which government can provide a simple solution. For Jersey to deal successfully with this challenge there will need to be changes in the behaviour, attitudes and expectations of employers, employees, pensioners and working age adults.
- Jersey has one of the highest labour participation rates in the world at 87% (2010). However, there are currently a significant number of men and women between the age of 55 and 65 who are not economically active. With an increasing number of elderly projected for the future and a static or falling working age population there is a pressing need to consider strategies to increase the number of older workers. The increase in the Social Security pensionable age will start to take effect from 2020 but other measures are also needed. In particular, the role of age discrimination legislation needs to be considered. A desire to increase the older workforce also needs to be balanced against the valuable role that many younger retired people play in voluntary organisations within the island.
- JASS and other surveys suggest that many retired people rely heavily on their Social Security pension entitlement. Currently, 18% of pensioners also receive income support. Clearly, if this continues the increase in pensioner numbers will increase the burden on the state. Working age adults need to be encouraged to build up a variety of income streams for their old age from a mixture of state pension, occupational pensions, private pensions/investments and ongoing employment. The role of government in facilitating these income streams needs to be considered.
- Mechanisms for meeting the increasing cost of long term care are already being discussed. A new funding stream for these costs will place an increasing burden on residents at a time when there will also be pressure to increase Social Security contributions to maintain the value of the old-age pension and to create a new funding stream for increasing health costs.

Sustainable health services

- The challenges facing the future provision of health and social care in Jersey have been strategic issues for well over a decade. The recent review and the consultation exercise "Caring for each other, caring for ourselves" clearly identified the complexity and challenges facing Health and Social Services in the period 2010 to 2040. These included:
 - The increase in demand resulting from the significant increase in the older population, especially those over the age of 85 years
 - In general, older people have more complex, and often more costly health needs. This means that more funding will need to be raised to provide the necessary public services at a time when the relative number of people contributing to public finances is reducing.
 - The current configuration of services, e.g. the limited availability of 24 hour community care, which increases pressure on the hospital

- Age structure of the current workforce, with approximately 60% of hospital doctors due to retire within ten years. Many of the retiring professionals are 'generalists' who will need replaced by more than one specialist due to current medical training
 - Hospital services approaching capacity resulting in certain services e.g. operating theatres and beds, being overstretched
 - Deteriorating condition of buildings, in urgent need of investment – both in the main hospital and other care locations
 - High proportion of children cared for in residential homes rather than with a foster family
 - 'Medicalised Model' i.e. with a relatively small number of nurses and social care staff supporting Doctors, including GPs
 - With no changes to service provision, by 2040 the States of Jersey will need to spend £430 million per annum on health and social services, an increase of 76% on 2010 expenditure.
- Many jurisdictions are facing these same problems but small islands like Jersey have particularly challenges to provide cost effective services with a low volume. This creates diseconomies of scale which are estimated at 15-20%. The cost to the local taxpayer of paying this additional amount needs to be balanced against the desire for local people to receive treatment in Jersey, without needing to travel to a larger hospital elsewhere.

Natural & built environment

- The high quality local environment underpins local quality of life. The key challenge is of managing the requirements of an increasing population against their resource requirements whilst maintaining key ecosystem services and the need to recognise and manage the social, economic and environmental interactions.
- 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. Additionally to maintain economic diversity there is a desire to sustainably expand economic growth in sectors dependent on the environment such as fisheries and farming so that natural resources are protected for future generations as well as maintaining a vibrant town centre and parish communities. .
- If on a small island we are to balance our economic needs while protecting the natural environment then we must focus on productivity based economic growth that does not require significant more land for development. The Island Plan sets out how we will protect the natural beauty of our Island and how development within the built environment can take place and support economic growth and diversification..
- The provision of housing is a key challenge for the Island in the face of increased demand. Falling household size within the existing population itself generates a demand for more homes as does inward migration. Housing in Jersey is also an expensive commodity. 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 can reduce the need to commute to work, urban areas would be regenerated and the environment protected.
- Jersey imports over 95% of its current energy use and is highly dependant on hydrocarbon energy sources. Yet to comply with our international obligations Jersey must reduce carbon emissions and seek long term energy security. The developing Energy White Paper addresses the requirement to achieve secure, affordable and sustainable energy supplies against a backdrop of global rising prices and increasing global energy insecurity.
- The regulation of clean air and water, waste management, natural habitats and special places and buildings is a challenge against a requirement for increased housing and economic growth. Future economic, social and environmental decision making in terms of both mitigating the impacts of climate change and adapting current practices in preparation for a changing climate

will be essential. Furthermore the costs of climate change to the economy are predicted to be substantial.

- Capital replacement and maintenance of the Island's key infrastructure assets will require investment in the Island's infrastructure in the short medium and long term. The long term capital planning currently being undertaken by the Treasury will be key in identifying transparent, sustainable funding streams to address this.

Machinery of Government and government reform

- The recent elections highlighted a loss of public confidence in the States Assembly and government in general. There appear to be a number of reasons for this including: frustration of politicians with executive government; increased numbers of States Questions and Propositions; unduly lengthy speeches resulting in extended States sittings; lack of information on government decision-making; personality politics; and a less than robust system of scrutiny.
- The way that ministerial government has developed from the original Clothier proposals has been criticised for putting too much power in the hands of individual Ministers without the strong checks and balances to hold them to account. There are differing views on whether there should be more collective responsibility amongst Ministers.
- A major challenge for the new government in implementing the next strategic plan is the better co-ordination of policy, recognising that the current system of government predates against "joined up" government. Even if a leaner, sharper strategic plan is devised and agreed, how can corporate strategies be delivered with functional departments and budgets which tend to operate in isolation to each other?

International Affairs

- 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 and to ensure that Jersey is properly represented at Ministerial level.
- The importance of our international identity should not be underestimated as the success of our economy is built on a solid reputation of regulation and political stability. Jersey also needs to influence its own destiny and not be reliant on third party representation. This has to be recognised against the valued relationship with the UK and the position Jersey holds in Europe.

Balancing tax and spend

- To the man in the street, the concern is that government is spending too much and that taxes and other contributions are too high and/or increasing. They are aware of the shift from corporate to personal tax in recent years but probably less aware that it was essential to maintain the competitiveness of the economy, employment and the relatively high levels of tax revenues at low personal tax rates.
- There have been two significant changes to the tax revenues in the Island in recent years. Firstly, the 0/10 Fiscal Strategy which moved to a new corporate tax structure that responded to international concerns and also kept the financial services industry competitive. The strategy addressed the loss of corporate tax through this new structure by increasing personal taxes and in particular through the introduction of GST, '20 means 20' and ITIS. This has helped to preserve the Island's competitiveness, particularly in the area of financial services.
- Secondly, the global great recession and its impact on the local economy, combined with spending pressures to maintain improvements in health care, education and children services meant that, without further action, the States faced a deficit of £100m by 2013. This is being tackled with a three-part plan:

- reducing public spending by £65 million through the Comprehensive Spending Review;
- boosting economic growth and
- increased taxation and social security contributions.

These measures will ensure a return to balance budgets in 2013.

- The Fiscal Policy Panel reminded us in their October 2012 Update that structural risks remain to the fiscal outlook and that the implementation of current fiscal plans “provide an absolute minimum” for a return to financial stability in the medium-term.
- In response to this the States has approved a new medium term financial planning process which will deliver better forward planning for spending and revenues. Also being developed is a long term capital plan that sets out the future infrastructure investment requirements for the Island and potential sources of funding. This approach will be extended to long term revenue planning over the next year.
- With the long-term fiscal challenges outlined above there is a need to explain and improve understanding of these issues and to consult, and involve the public in potential solutions.

Short, medium and long term considerations

Traditional demands have to be met in a period where both short term and medium term funding will be limited whilst internal and external influences are likely to increase. For example, the Island faces a predicted budget deficit of £19 million in 2012, with a return to a balanced budget and modest surpluses in 2013/14. This is being achieved through a combination of government savings and increased taxation. However, this needs to be considered against a projected potential deficit in 2035 of the order of £140 million, primarily due to the ageing population and the need for future infrastructure investment. Projections for economic growth in the short to medium term mean that funding will need to be prioritised in order to provide appropriate services and investment to the community.

In its most recent report published in October, the Fiscal Policy Panel made it clear that the financial situation is still ‘*very tight*’. The Panel was particularly concerned that the long term funding requirements for maintaining our infrastructure was not properly accounted for and said:

‘One off funding sources are being, and are planned to be, used to fund capital expenditure in 2012, 2013 and 2014. Although the individual capital projects they fund are one-off, they may still indicate a higher structural capital spending requirement that will need an ongoing revenue stream in the longer term.’

This is a concern that needs to be addressed and work is already in hand in the Treasury to improve our longer term expenditure and tax forecasting.

Policy makers have to make decisions against different timescales – short, medium and long term issues may have consequences that stretch across different time periods. There are a number of long term pressures which will affect the Island. However, many of our services are at or near capacity. Doing nothing is therefore not an option, but decisions need to be made in order to address the challenges that will need to be faced in the future as well as those that face us now. The current three year political cycle does not necessarily allow medium and longer term strategies to be given equal priority with short term measures. Any strategic plan needs to identify the potential impacts of different policies against the different time frames and against each other.

Of course, in many instances, policies are already in place, or are being developed, and work is in train to address these issues. However, it is important that we understand the impacts in the short, medium and long term so that decisions can be made now on the action required. Accordingly, in the following pages, Departments have set out the key strategic issues facing them over the short, medium and long term.

Strategic Issues – Analysis by Department

CHIEF MINISTER'S DEPARTMENT

Where we are now

Summary of activities

The Chief Minister is responsible for two distinct areas of policy

- Co-ordination of the implementation of domestic policy
- International Affairs

1. Domestic Policy

The Chief Minister's Department co-ordinates policy delivery across the States. The current aim of the Department is to:

- Provide support and advice to the Chief Minister and Council of Ministers in developing and implementing States approved policies and objectives.
- Provide direction and leadership to the public sector in order to ensure that policies and programmes are delivered in accordance with agreed priorities.

These activities ensure that policy delivery is informed, effective and evidence-based such that the States is able to achieve its strategic objectives.

The department also provides:

- Leadership to the Public Sector through the Chief Executive
- Human Resource and Information Technology services
- The Law drafting service
- Economic advice
- Oversight of the Population Office and migration strategy in partnership with the Housing and Economic Development Departments.
- Oversight of the independent Statistics Unit

Over the last 5 years the Department has focused on:

- Promoting sustainable population levels
- Reform of the public service to reduce costs through the Comprehensive Spending Review
- Ensuring sustainable public finances
- Co-ordinating social policy

Some of the key success criteria behind these priorities have included:

- The adoption of the Residential Tenancy Law (2009); Control of Housing and Work Law (2011); and the Jersey Names and Addresses Law (2011). The introduction of these pieces of legislation aims to preserve and maximise the benefits of Jersey's resources, manage population density and control work and housing. This will ensure that States population targets are monitored and achieved.
- The Comprehensive Spending Review is on track to deliver a total of £65 million of savings by 2013. Given the predicted structural deficit, it has become increasingly important to ensure that strategic priorities are delivered efficiently and effectively within the resources available. The CSR process reflects not only on a need to ensure sustainable public finances, but a renewed emphasis on organisational change, which will transform services and ensure that the States targets resources where they are most needed.
- The provision of accurate and timely economic and statistical advice on major issues, which has ensured that the States is assisted to meet its economic objectives. These include the:
 - Economic Growth Strategy for Jersey
 - Jersey Census 2011
 - Jersey Annual Social Survey
- In conjunction with other relevant departments, there has also been a continued strive to develop social policy initiatives and promote closer working with the Third Sector.

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue

Although the emphasis may have changed, the Chief Minister's Department will need to address similar strategic issues over the course of the next Council of Ministers. The Island must continue to provide for traditional demands in a period where both short and medium term funding will be limited, while also meeting new challenges and circumstances, such as an increasing population and changes in the population profile. These are inter-related problems and require a co-ordinated and cross-organisational approach in tackling these issues.

From a strategic point of view there are a number of high-level challenges that need to be focused upon over the coming years, and will have policies and initiatives flowing from them. One of the biggest problems is that short, medium and long term issues have consequences that stretch across different periods of time, but the next Council of Ministers will need to make early decisions about tackling these challenges to give strategies full effect.

Short term (1-3 years)

- **Managing population levels and inward migration** (see also Economic Development)

Migration policy remains a key strategic issue. One of the main challenges faced by the Island is the increasing population and the change in the demographic profile, as natural increases and migratory flows combine to increase the population and to increase the proportion of the elderly population in Jersey.

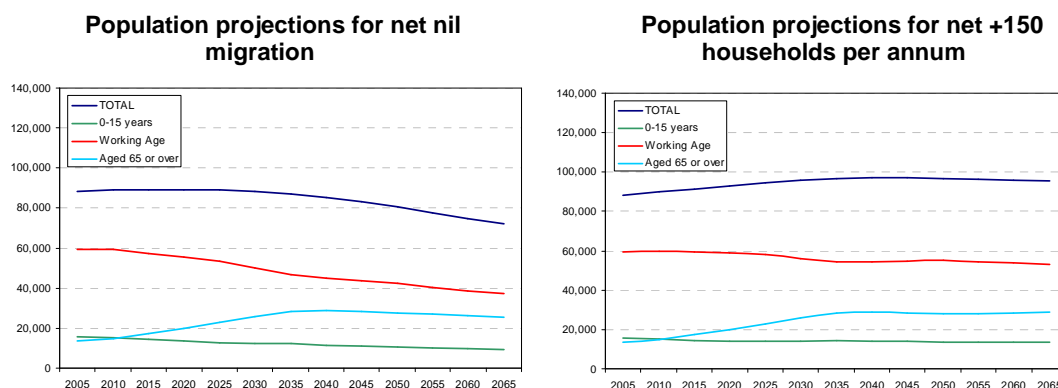
This is an unavoidable trend, and one which affects all key issues and the strategies designed to combat them. The challenge is to continue to provide services to more people with a similar or reducing number of economically active residents.

Views still differ and inward migration is a concern for many Islanders who view the increase in the size of the population and inward migration as a threat to their way of life.

The current migration policy of a reasonable limitation on inward migration was devised after several rounds of public consultation (Imagine Jersey). The policy seeks a clear approach to future population levels but sets a policy which, in terms of numbers

- Maintains the level of the working age population
- Ensures the total population does not exceed 100,000
- Ensures population levels do not increase continuously in the long term
- Maintains inward migration within a range of 150 and 200 heads of household per annum in the long term (overall increase circa 325 individuals)
- In the short term, allows maximum inward migration at a rolling five year average of no more than 150 heads of household per annum to be reviewed and reset every three years.

This is projected in the graphs below



The 2011 Census, published in December, showed that population levels actually increased from 87,186 in 2001 to 97,857 in 2011 – much higher than projected in the last strategic plan. The policy was based on a wider strategy to deal with the ageing population¹. Essentially there were six elements to that strategy to meet a predicted financial deficit of £140 million by 2035 due to the ageing

¹ 'Keeping Jersey Special'; Imagine Jersey

population. Of the six elements only the migration policy and pension age policy have been developed and implemented. There has been limited activity on long term policies on productivity growth, increasing labour participation, high value activity or increasing taxes or contributions.

Information from the 2011 Census on the population and demographic profile will be an important driver in setting strategies and allocating resources. The introduction of the Control of Housing and Work Law in 2012 will also allow us to monitor population levels and control the number of immigrants better through, amongst other things, the introduction of a population register. **The population model will be updated using the new Census data later in 2012.**

The updated population model will become available later in 2012, and given the commitment in 2009 to review the migration figure every 3 years, the Council of Ministers will need to consider population and migration policy once that updated model is available.

- **Supporting economic growth and businesses** (see also Economic Development)

Jersey's success has been based on a vibrant, buoyant economy with high labour participation rates. In simple terms a world class finance sector has grown in Jersey resulting in a shift across the economy from low value activities to high value activities.

The revenue generated by the economy in wages and taxes provides the means for the population to thrive. But increasing and sustaining economic growth will not be easy.

With lower expected equivalent shifts in activity towards the finance sector compared to the past, and a limited appetite for inward migration on the previous scale, finding a source of future sustainable economic growth will be a challenge.

The Economics Unit set out the framework for improving underlying economic growth in their June 2011 paper "*Developing a new Economic Growth Strategy for Jersey*" which made it clear policy should focus on:

- Developing a new enterprise and business development strategy based on support for new and existing businesses, a review of existing business support policies and a review of regulatory requirements.
- A holistic skills strategy addressing economy wide skills issues, improving work incentives, reviewing minimum wage arrangements and looking at ways to increase participation.
- Strengthening the existing competition framework.
- Identifying and planning for essential infrastructure investment and information technology and communications requirements such as high speed broadband.
- Planning decisions have greater regard for their economic implications and improved dialogue between Planning, Economic Development and the Chief Minister's Economics Unit.
- Maintaining and improving macroeconomic stability, low inflation and economy wide competitiveness including reviewing the fiscal framework.
- A clear strategy for diversification including the objectives, process and criteria for government support.

The Chief Minister's Department will continue to work with Economic Development in order to develop and expand existing policies to support the economy and economic growth, productivity improvements, and identify opportunities for economic diversification.

- **Employment** (see also Economic Development)

Perhaps the highest profile consequence of the difficult economic climate in Jersey is the level of unemployment. With a slow recovery expected, the labour market is expected to be fragile for some time. Strategies for addressing the issue of youth and long-term unemployment need to be devised throughout the economic cycle and not just during the downturn.

Jersey has one of the highest labour participation rates in the world, so one of the issues for the Island is maintaining the high levels of employment into the future as the population ages. The participation rate in Jersey is 87% (2010) but this hides the number of people over the age of 55 who are not economically active (males 61% females 80%, Census 2001). With an increasing number of elderly projected for the future, a static or falling working age population, and an increase in the Social Security pensionable age, there is a pressing need to consider strategies not only to maintain those over 55 in employment but to increase the number.

These strategies tie in with measures to manage population levels and inward migration, while also managing local unemployment downwards and supporting economic growth. The Chief Minister's Department will work with the Council of Ministers to ensure that any high-level solutions are co-ordinated and the various associated impacts arising from them taken into consideration.

- **Balance between Taxation and Spending**

In 2010 the States received £128 million less in income than it did in 2009. This was due to two factors; the economic downturn and the change in corporate taxation. Expenditure on the other hand has increased over recent years such that in 2010 an adjusted budget deficit of £85 million is estimated by the Fiscal Policy Panel.

The financial deficit is being tackled by a series of policies, one of which involves finding savings in service delivery through gains in efficiency and productivity within the States. This is not a recipe for wholesale cuts but a review of provision without necessarily making cuts.

However, the strain on public finances is such that the existing States' services, the challenges of the downturn and the ageing population, cannot all be met without finding a new stream of funding, be it taxation, user pays, borrowing or a combination of the three.

The challenge for the Chief Minister's Department is to lead the push for wider structural changes to the public sector to improve efficiency, reduce costs and find different mechanisms for the delivery of services. This will be difficult, not least because it will require a cultural shift away from States provision to a more self managed system with greater support from the voluntary sector.

These pressures will continue in the future, and the Chief Minister's Department, together with the Treasury & Resources Department will need to set out how they intend to deal with the financial issues faced by the Island while also developing policies to support the delivery of key services and future challenges.

- **Co-ordinating social policy across the organisation**

The Chief Minister's Department co-ordinates social policies across the States. The issue with social policy is not that it is lacking in Jersey but that its individual components are developed in isolation and not easily co-ordinated. Strategies relating to health, education, housing, social security and criminal justice are already in development, but are not necessarily judged against each other or against economic policies.

Likewise, social policies are generally long-term in nature and while deemed to be important often have lower priorities than short-term issues, especially at the current time when manpower, resource and financial impacts are given more weight.

The Social Policy Framework approved in 2007 set out promoting independence, supporting those at risk and protecting those in need as the guiding principles of social policy. Six areas for currently under consideration as criteria for assessing the impact of policies in a social context;

1. **Greater workforce participation;** the challenge in the future will be to maximise the potential within the resident population by facilitating the employment of older workers and others who face barriers to entering the workplace. Issues around pensions, part-time working and succession phasing will need to be addressed too.
2. **Improved health status of the population;** this has been considered in the challenges for health care services.
3. **Improved educational status of the population;** this is not only about educating the young as re-training and education for adults is likely to be an issue in an ageing society with limited migration and when economic changes will require Islanders to be flexible in their employment choices. The ultimate goal is to provide the whole population with the skills to succeed as independent people throughout their lives in Jersey.
4. **Adequate housing;** the term adequate comes from international agreements which define adequacy in terms of security of tenure, availability of services, affordability, accessibility, habitability, location and cultural expression. In summary the challenges for Jersey centre on security of tenure, affordability, location and standards. All need to be reviewed, particularly in the social housing sector, and especially for those who might be more vulnerable.
5. **Adequate income;** a perceived dependency culture does not help promote the idea of

adequate income and the recognition of people moving themselves to self sufficiency but always recognising the need to protect the more vulnerable. The economic downturn, the comprehensive spending review and client expectations all combine to put pressure on the cost and targeting of financial assistance. Clearly pension provision is a major element in the ageing population issue, as is the cost of health and elderly care and how that may be funded. Whilst these funded benefits are reliant on contributions, the other side of the coin is the reduction of disposable income and increase costs for employers caused by necessary increases in contribution rates and thresholds. Income support has to be considered against expectation, need and increasing budget demands.

6. **Community engagement;** perhaps the most difficult area to categorise given the different opinions throughout the community. Outsiders following recent tragic events have been impressed by the community spirit seen in Jersey and the interaction of the whole community in troubled times. Others speak of divisions in the community based on race and material wealth. The level of volunteering in the Jersey population is high as is the engagement in leisure activities but electoral turnout is very low.

In terms of criminal justice, and in particular the future challenges for the police, the ageing population poses challenges in the potential increase of the physical mistreatment of the elderly, financial exploitation of elderly relatives and exploitation of the elderly by strangers. This problem might be exacerbated by a health strategy of care in the community where with support the elderly remain in their community but with an increasing fear of crime become isolated, afraid and at a greater risk of property crime.

Inward migration also adds to the challenge, giving crime an international dimension on both perpetrators and victims, and with the potential lack of criminal history from abroad any vetting procedures are difficult. Economic success may also lead to envy and greater disposable incomes which in turn could lead to theft and more drink and drug related incidents. Technological developments will lead to more e-crime, ranging from theft and fraud to identity theft and the spread of viruses. The challenges for the Police encapsulate the difficulties of all services where traditional demands have to be met with reducing resources whilst fundamental changes in the field of crime have to be faced.

The challenge for the Chief Minister's Department is to ensure that the impacts of all policies and social initiatives are assessed against a series of criteria that reflect a return on investment .This is vital if scarce resources are to be directed to individuals to maintain their independence or to protect them if they are vulnerable.

- **Working towards an effective machinery of government**

During the recent elections a clear message for electoral reform came through from voters. The States has decided to set up an Electoral Commission to look at the way the Island is governed since the introduction of Ministerial Government. The current system of government does not support "joined up" government. In order to deliver the next strategic plan there must be greater co-ordination of policy and an enhanced corporate strategic development. The Chief Minister's Department is taking steps to ensure there is a more systematic and proactive assessment of policies where issues cut across departments, but this is a challenge when faced with departments that still tend to operate in isolation to each other. Key actions over the coming years will include supporting, where required, the work of the newly established Electoral Commission, and also the likelihood of further attempts to reform Ministerial Government.

Medium term (4-10 years)

- Continuing public sector reform to improve efficiency and drive down costs
- Machinery of Government reform

2. International Affairs

Where we are now

Strategic aim and Summary of activities

The main themes of the Island's UK and International strategy are to:

- *protect* and enhance the Island's reputation, unique constitutional position and domestic autonomy;
- *promote* Jersey's international identity and interests overseas;
- *build* the capability of the Island to represent itself externally.

The activities undertaken include:

Working with the UK and other Neighbours

- Crown processes: working with law officers on treaty extensions; entrustments; monitoring UK legislation and considering permissive extent clauses in UK bills; official correspondence; explanatory memoranda; PQs and FOI requests; royal assent.
- UK issues: supporting other Departments and coordinating political responses (e.g. tasers; e-gaming white list; Guernsey fisheries agreement, reciprocal health agreement, border controls etc).
- London engagement with Parliament (MPs and Lords); UK Departments (following MoJ withdrawal) working with relevant Jersey Departments; Foreign Embassies and High Commissions.
- Maintaining good relations with Normandy, Brittany, Guernsey and the Isle of Man.
- Participation in the British Irish Council.
- Incoming VIP visitors, working with Government House and Bailiff's Chambers.
- Taking forward the recommendations of the Second Interim Report of the Constitutional Review Group.

International Relations

- Participation in the OECD global forum on tax matters and Vice Chair of Peer Review Group, working with Treasury & Resources.
- Building the Island's network of Tax Information Exchange Agreements (TIEAs) and Double Taxation Agreements (DTAs) with G20, EU and OECD member states.
- Dealing with the EU through the establishment and operation of the Channel Islands Brussels Office, including trade in goods (protocol 3), taxation, financial services, etc.
- Engagement in Washington on tax matters with government and key politicians.
- Supporting Jersey Finance and Jersey Enterprise in their overseas market strategies in China, India, Middle East and Russia; and in exploring new opportunities in Israel, Malta, South America etc.
- International air and sea matters (e.g. ICAO, EU aviation safety/security directives; French wind-farms; EU fishing regulations, etc).
- UN and EU Sanctions coordination across responsible authorities in Jersey.
- IMF action plan implementation coordination, working with Jersey Financial Services Commission and other Departments.
- Support developing countries, Overseas Territories and smaller Commonwealth members with technical assistance where possible.

Policies that have been agreed within the last five years and are still current.

- International Identity Framework agreed with the UK in 2007 to clarify the constitutional relationship between the UK and Jersey, and to assist in the development of Jersey's international status and identity.
- Pursuit of Tax Information Exchange Agreements (TIEAs) or Double Taxation Agreements

(DTAs) with G20, EU and OECD member states in order to comply with OECD white list requirements.

- Strategic Plan 2009-2014 includes commitments to:
 - Keep our constitutional relationship under review;
 - Protect our unique Constitution and domestic autonomy;
 - Protect and extend our international identity and personality;
 - Strengthen international relationships, supported by legislation and international agreements, in order to enhance recognition as a responsible jurisdiction committed to international standards;
 - Protect Jersey's international reputation and viability as an offshore finance centre.
- Support for overseas market diversification strategies pursued by Jersey Finance and Jersey Enterprise.
- Development of joint representation with Guernsey in Brussels (with joint working now being considered for other areas of external relations, where appropriate).
- Following Ministry of Justice (MoJ) withdrawal of routine intermediation on our behalf in Whitehall and Westminster, decision to expand direct engagement with UK Government and Parliament, including the appointment of an Assistant Chief Minister with responsibility for external relations and the consolidation of an International Affairs team totalling 6 full time equivalents within Annual Business Plan 2012.

Policies that are currently in development, but have not yet been signed off.

- Further responses to changes promoted by the UK Government's response to the Justice Committee Report on the Crown Dependencies, including (for example):
 - extending the principle of entrustment beyond TIEAs/DTAs to enter into more international agreements in our own name;
 - consideration of a London Representative Office to strengthen links with London (to be fully costed and discussed with Guernsey during 2012).
- Further implementation of the recommendations of the Second Interim Report of the Constitutional Review Group – e.g. consideration of the establishment of a Jersey Monetary Authority.
- Consideration of the correct mechanisms to manage systemic risk to the Jersey economy, in response to a recommendation in the IMF action plan for Jersey.
- Possible implementation in Jersey of 'Vulture Fund' legislation (currently out for consultation).

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue

Short term (1-3 years)

- **Manage relations with UK Government, Parliament and Whitehall departments.**
Responding to changes at the Ministry of Justice, which have seen it focus on its core constitutional role and cease to act as an intermediary for the Island in Westminster. Jersey therefore will need to further develop our own relationship with decision makers in order to influence policymaking and ensure that UK Government departments consider the impact of new laws, policies or international agreements on the Island.
- **Maintaining and enhancing the Island's competitive position internationally.** The Island's international competitiveness requires continued attention to ensure our external relations can, for example, maximise the benefit from economic ties with the UK and the City of London whilst competing successfully with onshore centres in Europe (e.g. Luxembourg, Dublin and Switzerland) and other leading finance centres (e.g. Singapore and Hong Kong). The Island's international competitiveness is affected by a number of policy areas, including:
 - maintaining and enhancing the Island's international reputation through compliance with relevant international standards;
 - ensuring the sufficient availability of staff with the required level of skill and experience for

all sectors of the Island's economy and the pursuit of an appropriate immigration policy;

- pursuing a counter inflationary policy to ensure that the Island remains cost competitive;
- working to ensure international markets remain open to Jersey based businesses;
- the availability of a leading edge business infrastructure meeting the needs of local industry;
- maintenance of a low tax corporate tax regime;
- ensuring that legislative changes these are undertaken speedily and effectively;
- avoiding adding to business costs through unnecessary red tape and restrictions.

- **Defend financial services industry from potential EU threat.** Financial services regulation is now being driven by the EU and the UK's power to shape these regulations is diminished. Changes to the EU financial services regulatory architecture have the potential to significantly affect the Jersey directly as well as the future success of the City of London with consequent impact on the Island's economy. Jersey therefore needs to defend and promote its interests by continuing to build relationships and influence EU policy makers, Member States and other third country governments.
- **Assisting developing economies.** The Island remains open to criticism with regards developing countries and so we must re-double our efforts to build a stronger case as to how we are supporting the least developed countries along with Overseas Territories and Commonwealth members.
- **Historical Child Abuse Committee of Inquiry.** The States agreed on 1st March 2011 that a Committee of Inquiry should be set up to investigate some unresolved issues in relation to historical child abuse in the Island. The States also approved four points that the Committee of Inquiry should consider and asked the Chief Minister and the Council of Ministers to establish such a Committee. Once it is underway, the work of the Committee of Inquiry may require considerable support and resources from the Chief Minister's Department.
- **Freedom of Information Implementation.** The Council of Ministers fully supports openness and transparency, and to this end the Chief Minister's Department will have an important role to play in the implementation of the Freedom of Information Law.
Moving to a statutory provision will require a full understanding and a commitment to provide the resources necessary to meet the principles of Freedom of Information Legislation. It will be the work of the Chief Minister's Department to co-ordinate this work across departments to ensure that the introduction of Freedom of Information is done with ease and takes into account departments' record management standards as well ongoing maintenance.

Medium term (4 –10 years)

- **Prioritising the overseas market strategy.** In seeking to develop business in overseas markets Jersey Finance and Jersey Enterprise will continue to explore new opportunities in a diverse range of markets. However, decisions will need to be taken regarding the markets that we focus upon, new markets we may wish to explore and those markets which we may wish to drop.

Longer term (10+ years)

- **Ensure that the Island is prepared and equipped to weather a constitutional crisis.** It is important that Jersey is able to handle the unlikely event of a constitutional crisis with the UK. The Island should therefore have in place the necessary institutions required to endure such an event.

ECONOMIC DEVELOPMENT

Where we are now

Summary of activities

Underpinning all aspects of the Department's work are two strategic aims: supporting the Island through the economic downturn; and maintaining a strong, environmentally sustainable and diverse economy. A range of activities are undertaken, including:

- Providing advice and support to start-up and established businesses, developing export markets and attracting suitable inward investment;
- Support for the financial services sector to drive forward legislative changes, working in partnership with Jersey Finance Limited (JFL) for the promotion of Jersey; and working closely with the JFSC to ensure that Jersey maintains its reputation as a well-regulated jurisdiction;
- Supporting Skills Jersey (comprising of a private sector led Skills Board and the Skills Executive made up of the Ministers for Economic Development, Social Security and Education), including demand capture analysis and supporting skills development initiatives such as the Apprenticeship Scheme and the Undergraduate Internship Scheme;
- Promotion of Jersey as a visitor destination, providing visitor information services and products to incentivise return and new business;
- Working with the Environment Department to develop and implement the Rural Economy Strategy, aimed at growing the rural economy alongside safeguarding the environment;
- A policy and regulatory function on a wide range of cross cutting areas such as intellectual property rights; consumer protection; Sunday trading; shipping; communications and broadcasting and the hospitality industry;
- Monitoring and developing regulatory frameworks for the utilities, developing competition policy and maintaining the relationship with the Jersey Competition Regulatory Authority; and
- Oversight of the States trading bodies of the Harbours and Airport.

Major policies agreed over the last five years

- An Enterprise and Business Development strategy published in 2006 set the path for the establishment of Jersey Enterprise. A Ministerial policy decision has been taken to now integrate Jersey Enterprise and Jersey Business Venture to form an independent, grant-funded private-sector led organisation (Jersey Business) with its own governance structure. This will lead on delivery of on-island business support from early 2012.
- The Rural Economy Strategy was published in January 2011. This sets out policies that will drive forward the sector over the next five years.
- A range of new financial products have been established and increased JFL grant assistance has enabled progress in numerous markets, including the opening of JFL offices in Abu Dhabi and Mumbai.
- Skills Jersey was established in 2008 which has delivered in a number of areas, for example successful Advance to Work and Advance Plus schemes.
- The Jersey Gambling Commission has been created.
- The Intellectual Property (Unregistered Rights) (Jersey) Law was approved by the States at the end of 2010.
- Sunday trading legislation has been revised to create a more flexible and enforceable permit scheme.
- Evolution of Air and Sea transport policy, for example, the creation of an open skies policy by the repeal of the Air Transport Permits (Jersey) Law and Jersey and Channel Islands sea transport policy approaches to passenger car ferry services.

Policies under development

The draft Economic Growth Strategy was published in August 2011. Following consultation, a final version is due to go to the States in the first quarter of 2012. It sets out a long term strategy for

economic growth underpinned by three objectives:

- 1) Developing a flourishing and diverse financial services sector;
- 2) Raising productivity of existing sectors; and
- 3) Creating opportunities for new, high productivity sectors and markets

Sitting underneath this overarching strategy, a number of sector specific strategies are being developed. These will cover the following areas:

- **Continued support for financial services** – defining how the States can increase support for companies already based in Jersey, continue to diversify financial services products and markets and continue to secure financial services sector inward investment.
- **Enterprise** – focusing on removing barriers for start-up and established businesses; supporting businesses to reach their full potential in island and export markets; and promoting Jersey internationally as a place to invest. This will be delivered by Jersey Business and Jersey Enterprise International – the latter being a new part of EDD focusing specifically on inward investment and export trade service for Jersey.
- **Skills** – a strategy will be published by Skills Jersey in 2012, encompassing assessment of current and future demand and provision of training and support from both the public and private sectors
- **Tourism** – in conjunction with the Jersey Hospitality Association, the Institute for Directors and the Chamber of Commerce, a new strategy is being developed to increase visitor arrivals and spend, deliver higher productivity and align the tourism product to current and future demand.
- **E-Commerce, Intellectual Property and Communications** – to capture the potential of the sector by leveraging Jersey's communications infrastructure and commercialising the new gambling and intellectual property legislation, of which the latter is currently awaiting Privy Council approval and likely to come into force early in 2012. This will be facilitated by a new private sector led E-Commerce Commission

In addition, there are a number of specific policy and operational areas under development, including:

- finalising arrangements for the new 'Jersey Business' organisation;
- definition and implementation of the most appropriate mechanism for the future delivery of tourism;
- the second stage of Intellectual Property legislation (Registered Rights), due to go to the States early 2012;
- the nature and extent of working with Guernsey, including but not limited to a Joint Financial Services Ombudsman Scheme;
- consideration of whether to incorporate the Harbours and Airport following the completion of a business case being undertaken by the Group Chief Executive, due in quarter 1 2012;
- consideration of whether to establish a joint Channel Islands Aircraft Registry or a single Jersey entity; and implementation of the continued development of the Jersey Ships Register to increase opportunities for the growth of related local business.

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue

Short term (1-3 years)

- **Delivering sustainable economic growth**

The key strategic issue facing EDD over the next three years is to manage Jersey's economy in the context of a volatile worldwide economic environment. Between 2008 and 2010, total GVA declined by 13%. The recent falls have been driven by the performance of the finance sector which saw GVA fall by -11% in real terms in 2010 and by more than a quarter (-28%) over the last 3 years. Over the same period, the non-finance sectors have seen a small real term decline of -2%. *[NB it should be noted that care is needed in interpreting GVA trends– see medium term analysis below]*. Dealing with the wider strategic implications of the international economy will also be important – the regulatory framework for the financial services industry may experience a significant shift over coming years which may have a considerable impact on the profit generation of the sector.

- **Employment**

Recent figures show that there has been the first annual increase in employment since 2008. However, with a slow recovery expected, the labour market is expected to be fragile for some time. At the end of November 2011, there were 1,530 people actively seeking work. The ILO unemployment rate on 27 March 2011 found 2,569 people of working age were unemployed and looking for work. Whilst there is still a great deal of churn in the labour market, longer term unemployment in the under 25s – particularly 16 to 19 year-olds – and those over 40 is a growing issue.

Whilst it should be noted that this represents an ILO rate of 4.7% compared to the UK's 8%, it has a significant social and economic impact. There may be significant challenges ahead, in particular in dealing with the impact of a potential change to LVCR on the fulfillment industry.

- **International relations**

The Department works in an international context and relationships with the UK, EU and other jurisdictions can have a significant impact. For example, delays in the processing of Jersey legislation and specific policy decisions of the UK government – for example on white listing for e-gaming – have wider strategic implications on the ability of the Department to deliver its objectives as speed to market is so critical for Jersey to maintain and improve its competitive position. Similarly, the impact of EU legislation on the finance sector can be significant and Jersey's ability to represent itself effectively on an international stage is critical.

Medium term (4 –10 years)

- **Delivering sustainable economic growth**

The strong growth between 1976 and the early 1990s was driven by the growth of the finance industry (which generated a shift from low value added activity to high value added activity) and to a lesser extent population growth. Over the most recent economic cycle (2000-2007 peak to peak) GVA per person and per person employed have both fallen.

Care is needed in interpreting GVA trends in Jersey as there is a large volatile element (financial services profitability) that can be affected by one-off factors that bear little relation to trends in the wider economy (for example in terms of tax revenue and employment). Between 2000 and 2007 GVA excluding financial services profits (that is the wages of all Islanders and the profits of non-financial services together) grew by 1.5% p.a.

Opportunities to grow the economy going forward are more limited because there are no plans to facilitate a further significant shift towards the finance industry of the scale seen in the past. In addition, population growth with inward migration of 150 heads of household will be limited to about 0.3% p.a. compared to about 0.9% p.a. between 1976 and 2000 (a difference of about 19,000 people over 30 years). In order to deliver economic growth without population growth, again there has to be a movement from low value added activity to high value added activity. This involves both attracting new high value businesses and sectors, as well increasing the productivity margins of those sectors that traditionally perform low value-added activity.

It is clear that there is a real challenge to generate sustainable economic growth going forward in excess of 1% p.a. if:

- The structure of the economy is to stay largely as it is and there is no further shift from low value to high value activity;
- Population growth is to be kept well below historical trends (see below) and land use/change of use restricted;
- Productivity growth of the existing sectors (and to some extent existing businesses) is the key component of growth; and
- Ageing population leads to a static or falling working age population with no improvement in already high participation rates (see below).

- **Population levels and inward migration**

Inward migration is a concern for many Islanders who see the increasing size of the population and inward migration as threats to their way of life. However, this needs to be balanced against the need for sufficient workers creating the wealth to support the inevitable increase in demand for public services as the proportion of elderly increases.

The current migration policy of a reasonable limitation on inward migration was devised after several rounds of public consultation (Imagine Jersey). The policy allows for a maximum inward migration of 150 heads of household per annum (overall increase circa 325) over a five year rolling average. This should maintain the population below 100,000. In practice, the population increased from 87,186 in 2001 to 97,857 in 2011 – much higher than envisaged in the last strategic plan.

The link between inward migration and low value jobs in traditional industries such as tourism, agriculture and retail may need to be questioned if limiting migrant worker numbers leads to difficulties in recruiting to high value jobs. The link between inward migration and the value of jobs needs to be considered strategically.

Longer term (10+ years)

- **Sustainable economic growth** – See discussion under medium term
- **Population levels and inward migration** – See discussion under medium term
- **Ageing society**

By 2035 the number of people of working age supporting those over pension age will have halved. The most recent projections show that in 2035 there will be just 1.9 workers for each person of pensionable age compared with 3.9 in 2001. The recent increase in pensionable age to 67 years still only increases this ratio to 2.2 workers per pensioner. The projections require updating following the results of the 2011 census.

Jersey has one of the highest labour participation rates in the world at 87% (2010) but this hides the number of people over the age of 55 who are not economically active. With an increasing number of elderly projected for the future, a static or falling working age population and an increase in the Social Security pensionable age there is a pressing need to consider strategies not only to maintain those over 55 in employment but to increase the number in order to be able to generate economic growth.

The table below shows the past and future projections (based on 2001 census, interim annual updates, and the chosen policy target) with worker: pensioner (W/P) and worker: dependant (W/D) ratios based on a future net migration figure of 150 head of households. **The updating of the model is a complex process in which is unlikely to be completed by the independent Statistics Unit until later in 2012.**

Total and Age Structure of the Population (Census)							
	1971	1981	1991	2001	2011	2035 as per current population model	2035 as per population model to be updated
Workers	43,243	49,660	56,005	57,015	64,353	54,300	?
Elderly	11,850	13,537	13,851	14,507	17,291	28,300	?
Children	14,212	12,852	14,226	15,664	16,213	14,300	?
Total	69,305	76,049	84,802	87,186	97,857	96,900	?
W/P	3.7	3.7	4.0	3.9	3.7	1.9	?
W/D	1.7	1.9	2.0	1.9	1.9	1.3	?
W/P+PA	3.7	3.7	4.0	3.9	3.7	2.2	?

Notes:

1. The 2011 numbers include the undercount in the measures of the resident population; all previous Jersey censuses did not include the undercount (put footnote to this effect in Strategic Plan and reference to Census Bulletin 1);
2. W/P+PA shows the effect of the intended increase in pensionable age.

EDUCATION SPORT AND CULTURE

Where we are now

Summary of activities

Education

Early years education (3-4 yrs)

- To prepare young people to start reception school;
- Delivered in 17 primary school and 22 private and voluntary sector nurseries.

Primary school education (4-11yrs)

- Statutory education for key stage 1 & 2;
- Delivered in 22 primary schools. Grants are provided to two States provided fee paying schools and three independent private Catholic schools (grants being phased out at two independent preparatory schools).

Secondary school education (11-16yrs)

- Statutory education for key stage 3 & 4 (GCSE);
- Delivered within four States 11-16 schools and one academically selective school (key stage 4 only). Grants provided to two States provided fee paying schools and two independent private Catholic schools.

Post 16 education (16-19yrs)

- A levels available at two States provided fee paying schools and two independent private Catholic schools, plus one States academically selective school (International Baccalaureate available at this school);
- Vocational post 16 education delivered at Highlands College.

Special Education

- Delivered in the early years, primary and secondary phases of education for children with special needs in mainstream and specialist schools.

Adult education

- Range of programmes, including those at degree level, delivered by Highlands College.

Higher Education

- The department is responsible for negotiating fee levels with UK and International universities and providing maintenance grants and support with fees to students.

Careers

- Careers advice provided to students in schools and to citizens in the community. This includes delivering job seeking services (e.g. Advance to Work), advice and guidance, and jobs and university fairs.

Youth Service

- Support and activities to young people delivered across 40 clubs and projects in Jersey. This includes a number of partnerships with parishes.

Library Service

- The service includes the delivery of services in the main central library, the branch library at Les Quennevais and the mobile library across all parishes in the island. The service also provides support to our schools.

Sport and Leisure

- Responsible for the management of sporting facilities, including Fort Regent and Les Quennevais, and playing fields in Jersey;
- The delivery of a wide range of community and sports development programmes, including the exercise referral programme;
- The management and co-ordination of events, including the 2015 island games.

Culture and heritage

- The department supports cultural, arts and heritage organisations to deliver services to the community.

Major policies agreed within the last five years

- Cultural Strategy
- Early Years strategy
- Establishment of Early Years and Childcare Partnership
- Highlands College Funding Policy
- Jersey Youth Service Strategic Plan

Major policies in current development

- Education consultation paper – “Learning for tomorrow’s world: The future of education in Jersey”;
- Higher Education White Paper in preparation.

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

Future employment in Jersey will require students and adults to have higher levels of skills, particularly in sectors facing global competition like the finance sector, but also in more locally based sectors such as customer care and catering.

In order to match the skills that employers are looking for, and to ensure all students can maximise their opportunities, the provision of a mix of academic and vocational training will be increasingly important to equip young people for work and long term careers.

A large number of students progress to higher education at universities off-island. A high percentage of these (75% of 1st year students in 2011) 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 sooner rather than later..

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.

Demographic projections indicate that the number of primary school is set to steadily increase year on year to a high in 2020. The number of secondary pupils (11-16), which peaked in 2012, continues to decline until 2020. This will have a significant impact on funding under the current mechanism.

The need for adequate investment in the States property portfolio remains as pressing as ever. Both capital and maintenance expenditure are chronically under-funded. Similar difficulties apply in relation to maintenance, with ESC expenditure reducing by 40% following the transfer of responsibility to Property Holdings in 2007.

Education Sport & Culture are currently in the middle of an extensive public consultation on education which will define strategic direction over the long term.

1. Lifelong Learning and skills (Short term 1-3 years)

- Support full employment and the future diversification and development of the economy through the development of skills from within the residential population;
- Employment and skills needs of organisations are met, as far as possible, from the resident population;
- All individuals have opportunities to maximise their occupational potential and life skills;
- Further improvement to funding mechanisms to support students in Higher Education;
- Enhancement and further development of vocational training opportunities for students and adults from the age of 14 upwards.

The above issues will also need to be addressed in the medium and long terms.

2. Raising standards (Short term 1-3 years)

- Ensuring all pupils achieve target standards in Mathematics and English in primary and secondary schools;
- Further develop systems for managing performance across primary and secondary schools;
- Further develop pupil tracking systems.

The above issues will also need to be addressed in the medium and long terms.

3. Managing the impact of demographic changes across schools to ensure the efficient use of resources (Short term 1-3 years and ongoing)

- Manage falling numbers in the secondary phase of education until 2020 and then the predicted increase in numbers following this date;
- Manage growth in numbers in the early years and primary phases of education over the next five plus years.

The above issues will also need to be addressed in the medium and long terms.

4. Social inclusion – to make ESC services accessible for all who wish to participate (Short term 1-3 years and ongoing)

- Promote social inclusion in schools and encourage citizenship and social community values;
- Design services appropriately for those with special educational needs.

The above issues will also need to be addressed in the medium and long terms.

5. Encourage healthy and active lifestyles and increase participation in sport and community programmes (Short term 1-3 years and ongoing)

- Continue to deliver programmes in the community and increase participation amongst hard to reach groups.

The above issues will also need to be addressed in the medium and long terms.

ENVIRONMENT DEPARTMENT

Where we are now

Summary of activities

The Department of Environment's key strategic aim is to protect and enhance the natural, built and historic environment of Jersey including its' marine resources and working countryside and their associated industries. It also encompasses the meteorological and veterinary services. It develops spatial and environmental policy e.g. the Island Plan, Masterplans and energy policy. As well, it administers and enforces over 25 pieces of primary and subordinate legislation in respect of ecosystem services like water pollution and waste as well as other related areas like animal health, building control, the planning law and development control.

Jersey's key environmental priority areas can be divided into the following five areas:

1. Energy and Climate Change

The consumption of energy has a profound effect on quality of life, the economy and social equity. Jersey's population, like most of the developed world, is dependent on hydrocarbon fossil fuels to support industrialised economies and food production. Greenhouse gases (GHGs) are produced when energy is extracted from hydrocarbon sources and the overwhelming evidence is that these GHGs are causing the climate to change in a way that will most likely have significant and detrimental effects on global ecosystems and human habitation of the planet.

Jersey is signatory to the Kyoto protocol signalling to the international community that it wishes to take action and reduce the Island's emissions of GHGs. Critically the local consumption of hydrocarbon energy must be reduced alongside other longer term options like switching to renewably generated energy. The benefits of a reduction in imported hydrocarbon energy are threefold and centre on security of supply, affordability and sustainability.

Jersey has yet to agree an energy policy and is still drafting an Energy White Paper for consultation which will propose emissions reduction targets. The EU members have set a reduction target for 2050 of 80% lower than 1990 levels

It is unlikely that local current emissions trends would lead to sufficient reductions in GHGs to achieve the EU targets and far more radical steps need to be taken if the Island is to achieve the substantial emissions reductions that other jurisdictions are signed up to. These are likely to include switching to utility-scale renewably generated energy alongside technological advances for example increased numbers of electric vehicles so reducing the amount of emissions arising from road fuel.

Analysis of meteorological data has shown that the Island's weather appears to be displaying patterns consistent with global patterns of climate change, particularly the marked warming trend over the last 30 years.

2. Waste – High Levels of Waste Production

Excessive waste generation represents a misuse of resources and causes pollution. Locally total non-inert waste generated increased year on year until 2008 when changes to the global economy affected this growth trend. As the economy recovers and the number of local households increases, there is predicted to be a rise in solid waste.

Inert waste is of particular significance to the Island since it is landfilled in expensive reclamation sites. In 2010 108,158 tonnes of inert material was received and used in the filling of the La Collette reclamation site and 60,229 tonnes of material was separated and reused as secondary aggregates. This figure is fairly typical of previous years but varies depending on the activity in the construction and earth moving market.

A comprehensive and evolving programme of recycling has been implemented and has shown that the people of Jersey want to support the 'reduce, reduce and recycle' programme. The Solid Waste Strategy set a recycling target of 32% by 2009 which was achieved. However, a recycling rate of 31% was recorded in 2010. To maintain and increase recycling rates there must continue to be resources allocated to pay for processing costs. Half a million pounds revenue from Jersey's first environmental tax – Vehicle Emissions Duty is used to assist TTS in managing and extending their recycling

programme.

3. Fresh and marine waters

The average annual quantity of water (approximately 440 m³ water per person) available per person makes Jersey one of the driest in the UK. On average, 97% of the Island's public water supply is from surface water sources which are largely derived, and thus reliant, upon a high groundwater level.

The Water Pollution (Jersey) Law 2000 has successfully been used to tackle the reduction of point source pollution. The total number of reported pollution incidents peaked at around 160 incidents per year during the three years after the Law was introduced. Thereafter the number gradually reduced to around 100 incidents per year (2004-2010).

Despite many water quality improvements, data shows that Jersey still has elevated levels of nitrate in streams and groundwater compared to many other places, and certainly higher than most places in Europe. Although not the sole source, agricultural sources in the Island are significant, because agriculture accounts for about 57% of the land coverage. A large scale project with the Department and the agricultural industry is underway to tackle this issue.

Jersey's 800 square miles of territorial waters support not only unique and varied ecosystems such as those attracting international recognition as Ramsar sites but that also support a vibrant fisheries and aquaculture industry.

Continued and significant steps are being taken to balance environmental and economic success with the adoption of the Coastal Zone Management Strategy in 2009 alongside the Granville Bay treaty which acts a mechanism to conserve and enhance the local fishery on a regional scale involving negotiation with the French neighbourhood administrations.

Despite considerable progress in the last few years there are some major issues that we see that need to be addressed in the short and medium term are: Protecting over-exploited fish stocks and marine biodiversity; Mitigating the effects of potential maritime renewable energy projects; Climate change and maintaining existing fisheries Treaties, Memoranda of Understanding and agreements.

4. Transport

In recognition of the challenges associated with transport, the Sustainable Transport Plan (STP) was formally adopted by the States in 2010. Road transport accounts for over one third of final energy consumption in Jersey and is the key contributor to air pollution. Nitrogen Dioxide (NO₂) and particulates (PM₁₀ and PM_{2.5}) from road transport emissions present the greatest challenge to Jersey in terms of improving air quality.

The draft Air Quality Action Plan developed by the Environment Department in 2010/11 identifies the need, as a minimum, for the protection of human health, to monitor both Nitrogen Dioxide and particulates (PM₁₀ and PM_{2.5}) pollutants.

Implementation of the recommendations within the STP will improve air quality both by reducing the amount of road traffic and by increasing the number of low emission vehicles. The STP sets an overall target of reducing peak hour traffic levels to and from St Helier by 15% by 2015. The electric car market is moving towards the commercial production of all-electric vehicles and it is likely that these innovations will reduce the impact of personal car use where it is unavoidable

Vehicle Emissions Duty (VED) was introduced in September 2010 to encourage the purchase of low emission new vehicles. European legislation also requires new models of vehicles to be extremely fuel efficient. The States of Jersey car fleet has moved substantially to low emission / high efficiency small petrol or diesel cars in the last 2 years reducing emissions as well as making efficiency savings. This is a good example of good environmental practice making good business sense.

5. Biodiversity, the urban area and the working countryside

Jersey protects its local biodiversity in various ways, but the Island Plan is the main document which addresses the tension between habitat loss and development. The new Island Plan proposes numerous policies which are aimed to protect the countryside, coastal areas and the Island's rich, natural habitats.

The 11 designated ecological SSIs in Jersey are under pressure from development in this small Island. The planning process provides a transparent process for evaluating potential harm, and the requirement

for ecological Impact Assessment, now enshrined in the Planning & Building (Jersey) Law 2002 further helps to ensure that adverse impacts of development are recognised and where possible mitigation measures are provided to address the damage.

Over 500 hectares of the Island are managed for nature conservation by the Environment Department, of which 360 hectares have been designated as Sites of (ecological) Special Interest

Approximately one quarter of the land surface is 'built environment' which includes man-made surfaces such as buildings, roads, footpaths, domestic gardens, and harbour areas. The majority of land (54%) is under 'cultivation' and it is the nature of our working countryside that defines much of our local identity.

Sustainable development requires the implementation and monitoring of planning policy to deliver a more sustainable pattern of development in the Island that ensures the optimal use of already developed land whilst meeting the Island's development needs and reducing the need to travel. Critical is the planning for homes whereby the States and other key stakeholders deliver homes that are affordable, to rent and buy, by those least able to gain access to a good standard of residential accommodation.

Renewing the urban environment is vital to support economic activity. Detailed policies are required to guide, encourage and enable investment in the urban fabric and open spaces of the Island's built environment and infrastructure, and in particular St Helier, to provide a high quality environment that retains its character and identity, where people want to live, work and visit.

Importantly there is need to continue to develop an awareness of the quality and value of Jersey's unique historic environment, and its special buildings and places, and to encourage a sense of pride and appreciation of owning and caring for an historic building.

Strategies for environmental sustainability cannot be looked at in isolation. They must recognise and create a synergy between the environment, economy and social needs.

Major policies agreed within the last five years and are still current:

- Island Plan ('11);
- Rural Economy Strategy 2011-2015 (Jan'11);
- Coastal Zone Management Strategy (July '08);
- North of Town Masterplan (June'11);
- Environmental taxation regime (VED) supporting Energy Efficiency Service (and recycling & sustainable transport –TTS)

Major policies under development

- Energy White Paper – A policy framework for the provisions of secure, affordable and sustainable energy for Jersey (Includes renewable energy policy framework);
- Air Quality Action Plan;
- Climate Change Adaptation Plan (to follow Energy Policy);
- Numerous planning policies (supplementary planning guidance and legislative updates esp. Building Bye-Laws);
- Low Carbon Economy (in conjunction with EDD)

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

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. Additionally to maintain economic diversity there is a desire to sustainably expand economic growth in sectors dependent on the environment such as fisheries and farming so that natural resources are protected for future generations as well as maintaining a vibrant town centre and parish communities.

Short term issues (1-3 years)

- **Delivering the new Island Plan:** The new Island Plan (and the previous Strategic Plan), promotes the protection of the natural and built environment in response to the strong public message that the countryside must be protected and the environmental impact of the population limited. Yet

demographic changes leading to a larger population and changes in social behaviour (reduction in average number of people per household) can both lead to a greater number of households resulting in the need for more homes and associated infrastructure. Ensuring that those least able to satisfy their housing needs and to afford housing are assisted to do so is an immediate and significant issue. There is a requirement to provide 4,000 new homes over the next 10 years, 1,000 of which should be affordable. To assist in meeting this objective, planning permission for at least 150 affordable homes on States-owned land is required to be in place by 2013.

Renewing the urban environment is vital to support economic activity. Detailed policies are required to guide, encourage and enable investment in the urban fabric and open spaces of the Island's built environment and infrastructure, and in particular St Helier, to provide a high quality environment that retains its character and identity, where people want to live, work and visit.

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 agreed Island Plan and Sustainable Transport Plan seek to address this tension and a target of reducing peak hour congestion by 15% (at 2010 levels) has been set. Delivering these policy objectives will require key changes in behaviour to realise their targets; particularly when you consider Jersey has the highest car ownership in Europe.

- **Energy:** Jersey imports over 95% of its current energy use and is highly dependant on hydrocarbon energy sources. Yet to comply with our international obligations Jersey must reduce carbon emissions. The draft Energy White Paper addresses the requirement to achieve secure, affordable and sustainable energy supplies against a backdrop of inevitable global rising prices and increasing global energy insecurity. Importantly to achieve long term energy security the potential for the generation of renewable energy is recognised whilst remaining cognisant of funding challenges.

Medium term (4 –10 years)

- **Ecosystem services:** The value of these are internationally recognized, and protecting and evaluating Jersey's ecosystem services (e.g. clean air and water, good waste management and a healthy working countryside and marine environment) is essential. This is managed through a proportionate, up-to-date regulatory regime in line with best practice and global commitments to ensure a healthy local population and environmental quality. For example over the next 25 years water demand will increase by 15% whilst at the same time water available for use will go down by 11% as a result of changing climatic patterns. This means that Jersey could face a shortfall of Island daily water demand of 26%; this equates to 6.5 million litres per day.

Longer term issues (10+ years)

- **Invest-to-save:** Investment in environmental services and infrastructure often has long paybacks and associated benefits that are difficult to quantify. For example, in Jersey 44% of adults are overweight of which 12% are obese – the wider costs to Jersey society and business are estimated to be £87 million by 2050. The health benefits arising from a successful increase in sustainable transport options e.g. walking and cycling should contribute to the management of obesity in the general population. Continued investment in the environment in the face of the economic downturn is necessary, in particular in the Rural Economy which was worth £62 million to the local economy in 2009 and employed over 1,500 people.
- **Future proofing:** economic, social and environmental decision making in terms of both mitigating the impacts of climate change and adapting current practices in preparation for a changing climate. Daily numbers of deaths increase during very hot weather in temperate regions; for example in the heat wave of summer 2003 in Europe more than 70,000 excess deaths were recorded. Furthermore the costs of climate change to the economy are predicted to be substantial. The Stern Review estimated that without action, the overall costs of climate change will be equivalent to losing at least 5% of global gross domestic product (GDP) each year, now and forever this is compared to Stern's estimate that the annual cost of achieving climate stabilisation would cost 2% of GDP per year.

HEALTH & SOCIAL SERVICES

Where we are now

Summary of activities

- **Hospital Services-** the acute health care services involve all activities within the Jersey General Hospital and ambulance and patient transport services. Strategic aims are to transfer appropriate services into the primary care setting, develop further partnership working, review the use and activity within the Emergency Department and provide more effective commissioning.
- **Estates-** this includes the portfolio of properties used by HSSD along with the various supporting sections such as portering, engineering and hotel services. Strategic aims are to undertake a feasibility study relating to a new general hospital, ensure all HSSD accommodation is fit for purpose and to dispose of any that is not.
- **Community & Social Services-** A compliment of services including children's services, adult services and older people services. Strategic aims are to support in a variety of ways independent living in the community for those needing support, to refocus children's services in particular to develop early intervention and to implement more effective commissioning.
- **Public Health-** is comprised of Health Protection, Health Promotion and Health Intelligence. Strategic aims include the amalgamation of Health Protection with the Environment department, the development of care pathways to allow people with long term conditions to maintain independent living, the further promotion of health screening, the promotion of self management to encourage people to lead healthy lifestyles, the development of alcohol and tobacco strategies and the development of the Regulation of Care Law.

Major policies that have been agreed within the last five years and are still current.

- Comprehensive Spending Review – a programme of savings and user pays initiatives to contribute towards the States of Jersey £65m deficit by 2013.
- Williamson Implementation Plan – a programme of activity to improve children's services island wide
- Organisation Improvement Plan – a programme of change to improve clinical and corporate governance within HSSD
- Children and Young People's Strategic Framework – sets out the future strategic direction for services for children and young people across the States of Jersey

Major policies that are currently in development, but have not yet been signed off.

- The HSSD Transition Plan – a plan which develops the principles and outline service models in the Green Paper and the Technical Document to the next level of detail, for the period 2011 to 2021.
- Dementia Strategy – to define the care and management of people suffering with Dementia.
- End of Life Strategy – to define the care and management of people coming to the end of their life to allow them to die with dignity.
- Alcohol Strategy – an island wide strategy for the management of alcohol consumption and its medical and social impact.
- New Mental Health Law – modern, fit for purpose law to be developed (drafting time not yet formally requested).

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

Health and Social Services in Jersey are at a crossroads. Existing capacity is due to be exceeded in some services as early as December 2011, the elderly population is rising disproportionately and almost 60% of the medical workforce is due to retire in the next 10 years.

Advances in expensive medical technology, the move towards specialist training and a built estate

which is in need of upgrading place further financial pressures on our small island community.

As the Green Paper and public consultation describe, services in Jersey are under significant and increasing pressure. The public acknowledge that changes in self, primary, hospital and community care are required in order to continue to provide safe, sustainable and affordable health and social care.

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.

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 key community services will also soon be inadequate to meet demand.

The built estate is also ageing, and is in need of significant upgrading or replacement in order to continue to be fit for purpose for the delivery of modern care.

The working age adult: older adult ratio reduces from 3.9:1 in 2010 to 1.8:1 in 2040. This change will create a dual challenge which can be summarised in the questions 'who will provide the hands on care required?' and 'who will pay for the costs of care required?'

Services are poorly integrated across States departments and with external agencies, including the third sector.

Health services are medically dominated, with relatively low levels of team based practice. Most of the current hospital consultants are "generalist" and have low levels of sub-specialisation. Middle and junior grade medical staff levels are low and contact between hospital consultants, GPs and tertiary consultants is limited.

Privately delivered primary care creates perverse incentives. There is a high number of GPs (relative to the size of the population) but very low levels of supporting nursing and allied health professional staff in primary and community care settings, and limited integration with social care and third sector provision.

There are persistent problems in recruiting and retaining nurses, in what is becoming a very competitive global employment market. Nearly 60% of the hospital consultants will be eligible to retire during this decade and very few of them will be replaced on a like for like basis.

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 because of very high referral rates and the difficulty of securing a good supply of foster carers.

Short term (1-3 years) [January 2013- December 2015]

- Refocusing Children's Services in line with the Children and Young People's Framework – starting with early intervention
- Support mechanisms to allow vulnerable patients and clients to be cared for in the community.
- End of Life care pathways
- Modernising acute services
- Healthy lifestyles
- Feasibility study completed for the future of the hospital
- CSR complete, resulting in more efficient and productive services
- Standardised Service Level Agreements with consistent quality and improved value for money
- Review of A&E services
- Long-term Care Fund in place

Medium term (4 –10 years) [January 2016- December 2018]

- Improved Children's Services to 'include an inter-agency model and be fully integrated across departments
- Person-centred care
- Increased range of preventative and health promotion services
- Fully integrated teams supporting services in community settings
- Enhanced primary care teams
- Safeguarding for all service users – protocols and governance operational
- New Mental Health Law

Longer term (10+ years) [January 2019 – December 2021]

- New hospital built and fully operational
- Strategic partnerships with UK centres for all tertiary services
- Improved outcomes for all groups e.g. health, social well-being and educational attainment
- Commissioning for outcomes

HOME AFFAIRS

Where we are now

Summary of activities

The Home Affairs Department's strategic aim is to provide a safe, just and equitable society, thus improving people's quality of life by:

- Protecting the public and keeping our community safe.
- Ensuring that the Island is as resilient as possible to threats to its security and way of life.
- Helping people feel secure in their homes and local communities by driving down levels of crime, anti-social behaviour, disorder, vulnerability and harm.
- Supporting the efficient and effective delivery of justice.

Services / Activities:

The States of Jersey Police, Customs and Immigration Service, Prison Service and the Fire and Rescue Service working in partnership with other departments and agencies.

Implementation of the crime and community safety strategy, Building a Safer Society (BaSS)², and the Criminal Justice Policy. (BaSS feeds into the early intervention pillar of the Criminal Justice Policy and, as it is a community safety and substance misuse strategy, it relates to any social policies and policies regarding community engagement and any health policy objectives for substance misuse. It is especially a partnership and community engagement strategy.)

- Maintaining Jersey's Defence Contribution to the United Kingdom.

Services / Activities:

Jersey Field Squadron (Territorial Army)

- Maintaining and preserving a register of all births, marriages, adoptions and deaths.

Services / Activities:

Office of the Superintendent Registrar

Major policies that have been agreed within the last five years and are still current.

- Criminal Justice Policy
- Building a Safer Society Strategy
- States of Jersey Police Annual Policing Plan
- Fire and Rescue Service Integrated Risk Management Plan
- Customs and Immigration Service Annual Action Plan
- Prison Performance Improvement Plan
- Prison (Jersey) Rules 2007

Major policies that are currently in development, but have not yet been signed off.

- The policy for implementing the Repatriation of Prisoners (Jersey) Law, 201- once it is registered and in force.
- The supervised release of offenders as outlined in the Criminal Justice Policy.

² The Building a Safer Society Strategy (BaSS) has three main priorities:

- To reduce crime and anti-social behaviour.
- To provide people with the opportunities to develop their potential and become active and responsible citizens
- To reduce substance misuse.

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

Short term (1-3 years)

- Delivering effective front-line services with reducing resource levels and staff re-structuring as a result of the CSR, and balancing this against public expectations.
- Maintaining continued investment in BaSS in order to support and develop early intervention, community engagement and partnership.
- Protecting our community against organised crime will be a key priority in the years ahead. Jersey's way of life would be seriously threatened if organised crime were to secure a serious local presence, investing in legitimate institutions and businesses with tactics that often involve violence, intimidation and corruption.
- Developing a strategy to manage the St Helier Night Time Economy – Alcohol related harms to individuals and society remains a key concern both in terms of health related consequences, ASB, Domestic Violence.
- Integrating a new Police Authority to oversee the States of Jersey Police.
- Introducing new generation biometric passports from late 2013 and E-Borders from 2014.
- Prison estate and regime development taking into account the desire to repatriate non-Jersey prisoners at the earliest opportunity.
- Computerisation / centralisation of the registration service
- Criminal Justice Policy review. The Criminal Justice Policy was approved by the States in 2007 and was intended to be a 5-year policy. One aspect in particular – the supervised release of offenders – has not been pursued by the current Minister in favour of repatriation measures. The time is right for the next Minister to review the Policy, continue with those aspects which remain valid, and consider whether it requires updating in any areas.

Medium term (4 –10 years)

- Given the anticipated increases in the globalization, sophistication, and organization of crime, its impact on Jersey society may be more severe than that witnessed under a similar rate of crime in the past. Jersey will need to adapt and respond to a number of widely recognised challenges –
 - E-Crime is a key emerging threat. People in Jersey will become increasingly vulnerable to crime committed by criminals based elsewhere who exploit technological advances to gain greater access to valuable information and services at both household and commercial levels.
 - the ageing population will give rise to increasing levels of 'elder abuse', including physical mistreatment and financial exploitation.
 - inward migration is likely to create an increasingly diverse community, including more hard to reach communities. It can also give rise to a greater 'international' dimension to criminality in the Island by establishing new links to countries where little or no connection existed before.
- Careful consideration will need to be given to the legislative and resource implications of these issues. In particular, can legislative change and public sector investment in a small jurisdiction support and sustain the Police's capability to tackle E-Crime; or will funding constraints force the police to deal with ever more complex issues and situations with outmoded tools and laws? On the other hand, will new police technology applications give rise to concerns regarding civil liberties, potentially imposing constraints that restrict the capacity to tackle increasing sophisticated and organised crime?
- On-going affordability and sustainability of other front-line services.

HOUSING DEPARTMENT

Where we are now

Summary of activities

The aim of the Housing Department is to ensure that long-term, sustainable and affordable housing is provided to meet the needs of all residents. It delivers this aim through:

- Management of 4,500 social rented homes housing approximately 13,000 people
- The development of Housing Policy
- Providing an administrative link with other social housing providers

Major policies that have been agreed within the last five years and are still current.

- Island Plan 2011 (P&E)

Major policies that are currently in development, but have not yet been signed off.

- Housing Transformation Programme – which includes:-
 - New Regulatory Framework for all social housing providers
 - Creation of a Strategic Housing Unit (SHU)
 - Development of a new social housing rent policy
 - Implementation of the Affordable Housing Gateway
 - Development of proposals for transferring the management of the States owned social housing stock to a new wholly States owned landlord organisation

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

The level of Home ownership in Jersey is low (approximately 57% of the residentially qualified population) in comparison with other jurisdictions although jurisdictions such as the UK are seeing a return to higher levels of renting. *[In 1953, the proportion of owner-occupiers in England was 32 per cent. In 1961 this had risen to 43%. Homeownership rates peaked at just over 70% in 2000. However since 2000 they have fallen to the present level of 68% – its lowest level for 2 decades. The National Housing Federation predicts that owner occupation in the UK will fall below 64% by 2021.]*

House prices in Jersey are high in relation to average earnings:

- Median price of a 3 bedroom house in the bottom quartile of all transactions (for the year ending Q3 – 2011) was £380,000.

Median price of flats and houses by bottom decile and by quartile, Q4 2010 to Q3 2011

	Number of Sales	Bottom decile	Quartile 1	Quartile 2	Quartile 3	Quartile 4
1 bed flat	151	£145,000	£160,000	£180,000	£212,000	£ 260,000
2 bed flat	160	£225,000	£240,000	£282,000	£330,000	£ 475,000
2 bed house	100	£255,000	£300,000	£355,000	£420,000	£ 495,000
3 bed house	289	£340,000	£380,000	£452,000	£540,000	£ 745,000
4 bed house	131	£430,000	£470,000	£645,000	£767,500	£1,045,000

- This lower quartile median price for a three bedroom house is 11 times the average income (£34,800 p.a.).
- Most recent first time buyer development saw 3 bedroom houses selling for £425,000 (over 12 times average income).

Around 16% of Jersey's homes are occupied as social rented housing with the private rented sector accounting for around 24% of homes. This is in contrast to the UK where the social rented sector is significantly larger with the private rented sector accounting for just over 10% of dwellings.

The demand for social rented housing has increased and the supply of new rental homes has slowed:

- Level of the States rental waiting list has increased from 292 in 2008 to 505 at the end of 2011.
- The supply of new social rented homes over the past 6 years is shown below. Note the correlation between the lack of new supply and the increase in waiting list levels from 2008 onwards.

Year	2005	2006	2007	2008	2009	2010	2011
New Supply	26	205	77	-13	0	0	21
Year End Waiting List	264	233	234	292	385	425	505

- Our population is ageing. In 2010 16.5% of our population was of retirement age. By 2030 this figure is estimated to rise to 27% and onward to 30% by 2040.
- Demand for life-time and life-long homes is increasing as the population ages. In 2008 the States rental demand for 1 bedroom accommodation for those over 50 years of age was 143 households. At the end of 2011 the waiting list for these homes stood at 276 households
- Long term under-investment in the States owned social housing stock means that 28% of the homes would fail the UK Governments Decent Homes Standard. There is an annual shortfall in funding of £6m.

Short term (1-3 years)

- Completion of the Housing Transformation Programme; Creation of the SHU; Introduction of new regulatory framework; and the establishment of the new States landlord agency.
- The development of significant numbers (400+) new life-long homes to meet the needs of the increasingly ageing population and in support of H&SS strategies to provide client choice.
- Dealing with our reliance on private developers and the planning system to generate affordable housing (almost complete lack of new supply since 2008).
- Addressing the affordability issues facing first time buyers.
- Continuing with the upgrade of existing homes to meet the decent homes standard (£48m backlog).

Medium term (4 –10 years)

- Meeting the housing needs of a progressively ageing society.
- Investigating options to address the affordability issues facing first time buyers.
- Completing the upgrade of existing homes to meet the decent homes standard.

Longer term (10+ years)

- Ensuring that the supply of affordable homes is maintained at an appropriate level to meet the needs of the population

SOCIAL SECURITY DEPARTMENT

Where we are now

Summary of activities

Help people to achieve and maintain financial independence:

- **1 – through social insurance**

Social Security administers a compulsory social insurance scheme. Contributions are paid into two separate funds and are used to provide benefits to people at times when they are less likely to be able to support themselves through work and to assist people with the cost of primary (i.e. community based) healthcare. We are currently developing a third fund to assist with the cost of long-term care.

- **2 – through encouraging a safe and fair labour market**

To support working age people to be financially independent, we maintain legislation (employment law, employment relations law, and health and safety law) which aims to provide a safe, healthy and fair workplace. We provide support to jobseekers and as a partner within the Skills Executive we support the development of skills within the workforce. We fund the Jersey Employment Trust which provides specialist employment assistance to adults with disabilities, and JACS which provides independent advice on employment issues.

- **and provide social benefits to protect those unable to support themselves**

The main tax-funded benefit is income support which provides income related (means-tested) support to low income households, including support for those needing residential care. A number of other stand alone tax funded benefits cover specific areas. Most of these are subject to means/asset tests.

Major policies that have been agreed within the last five years and are still current.

2007 – 2011

Insurance benefits:

- Social Security law – Additional contributions above the earnings ceiling from January 2012 (part of FSR)
- State pension age – Increase state pension age from 2020 onwards
- Health insurance law – local governance framework for GPs and to allow for contracts with GPs and pharmacists
- Long-term care – primary legislation to introduce a long-term care benefit, planned for 2013.

Support for workers:

- Employment relations law
- Temporary insolvency benefit with permanent legislation agreed (not yet implemented)
- Employment law – extended to cover redundancy payments
- Skills executive – established in 2008
- Support for jobseekers – extension of Work Zone in 2011

Tax funded benefits:

- Income support law replaced 14 separate benefits and created single application/administration process
- GST bonus/food costs bonus

Major policies that are currently in development, but have not yet been signed off.

Insurance benefits:

- Long-term care benefit – development of detail and operation – introduce 2013
- Social Security law – consequential changes following introduction of contributions above ceiling
- Health insurance law – implementation of governance structure for local GPs

Support for workers and others:

- Employment law – long-term project – next stage – family friendly legislation (e.g. maternity pay)
- Work Zone – provision must continue to respond and adapt to depressed labour market and historically high levels of unemployment.
- Discrimination legislation – a new responsibility for the department, transferred from Home Affairs.
- H&S – Regulations for the construction industry 2013

Tax funded benefits:

- Complete the review of IS system, including input into Housing Transformation project.

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

Short term (1-3 years)

These short-term projects are all items that are already ongoing and will need to be completed before the end of next three years.

General themes:

Ageing population:

- Introduction of long-term care benefit
- Analysis of actuarial reports to determine any increases needed in contribution rates in short term
- Introduction of discrimination law so that age discrimination issues can be addressed in future
- Identifying ongoing funding stream for health costs,

Response to recession – cuts across all dept areas:

- Financial support through Income Support
- Employee support through Work Zone / Skills Executive initiatives

Departmental themes:

Insurance benefits:

- Long-term care benefit – development of detail and operation – political commitment to introduce in 2013
- Social Security law – consequential changes following introduction of contributions above ceiling.
- Health insurance law – Immediate pressure to provide local governance framework for GPs to conform to revised UK system.
- Develop joint strategy with HSS re future support for / funding of primary health care (linked to KPMG)

Support for workers:

- Employment law – family friendly legislation (maternity, paternity pay etc)
- Work Zone – provision must continue to respond to depressed labour market and historically high levels of unemployment, fully co-ordinated with Skills Executive initiatives
- Discrimination Law – political commitment to introduce legislation by end of 2012.
- H&S – Construction regulations by 2013

Tax funded benefits:

- Complete the review of IS system, including input into Housing Transformation project.
- CSR plan for 2013

Medium term (3 –10 years)

NB this period overlaps the short-term period as we would hope to start many of these projects by 2014. They are placed in the medium-term category on the grounds that they are projects that have not yet started, and will not be started until the urgent items in the short-term section are well under control and nearing completion.

General themes:

Ageing population:

- Develop a strategy to make best use of Social Security fund surplus and adjust contribution rates as proportion of older people increases
- Develop joint strategy with Treasury to coordinate increases in contributions and other taxes
- Increase support for working age with long term health conditions to return to/stay in employment
- Develop framework to support older workers – employment legislation, discrimination legislation, flexible and part-time working, contribution holidays, job licenses, etc
- Consider support for pension provision – opt in/opt out secondary pensions, support for private pensions, tax breaks etc
- Review introduction of long-term care benefit and if necessary, fully extend community care provisions

Recession:

- Appropriate employment services

Departmental themes:

Social insurance:

- Develop joint strategy with Treasury to coordinate increases in contributions and other taxes
- Develop joint approach to collection of contribution income with income tax
- Develop a strategy to make best use of Social Security fund surplus and adjust contribution rates as proportion of older people increases.
- Thorough review of benefits paid from the Social Security Fund
- Review introduction of long-term care benefit and if necessary, fully extend community care provisions

Support for workers:

- Appropriate extension of employment legislation
- Increase support for working age with long term health conditions to return to/stay in employment
- Appropriate employment services
- Develop framework to support older workers – employment legislation, discrimination legislation, flexible and part-time working, contribution holidays, job licenses, etc
- Consider support for pension provision – opt in/opt out secondary pensions, support for private pensions, tax breaks etc

Support for the more vulnerable:

- coordinate income support policies with other social policy areas
- develop mechanisms for identifying social benefit of policies and assessing cost-benefit over a much longer time period
- develop appropriate support for low income families accessing primary healthcare services

Other tax funded benefits:

- review policy intent of other tax funded benefits

Longer term (10+ years)

General themes:

Ageing population:

- If we have got policy right in the medium-term then we will be well prepared for the necessary changes in the 2020s and 2030s as proportion of older residents increases compared to those of working age.
- Practical support for workers and those seeking work will also adapt to take account of the ageing demographic

Departmental themes:

Social insurance:

- If we have got policy right in the medium-term then we will be well prepared for the necessary changes in the 2020s and 2030s.

Support for workers:

- As above, employment legislation need to develop and adapt to changing economic conditions and the needs of the labour market.
- Practical support for workers and those seeking work will also adapt to take account of the ageing demographic

Tax funded benefits:

- Adjust to needs of society and economic conditions

TRANSPORT & TECHNICAL SERVICES

Where we are now

Summary of activities

Waste Management

- disposal of the Island's Solid Waste (including Energy from Waste, Refuse Handling Plant, Clinical Waste Incinerator, Sewage Sludge, Green Waste Composting, La Collette Land Reclamation, Abattoir, Animal Carcass Incinerator and Knackers Yard);
- provision, management and maintenance of the foul and surface water sewerage system (including Drainage Design and Maintenance and Pumping Stations);
- treatment and disposal of the Island's liquid waste (including Septic Tanker Fleet, Sewage Treatment Works and Disposal of Hazardous Chemicals);
- development and operation of schemes for waste minimisation and recycling; and

Transport

- traffic policy and regulation – laws governing the circulation of traffic and the use of highways, footways and cycleways;
- transport policy and regulation – setting of driver and vehicle standards;
- traffic engineering services and advice to the States, other Highway Authorities and private property developers;
- delivery of highway safety improvement projects;
- public transport services including the licensing of the scheduled and school bus networks and taxi service; and
- administration, regulation and policing of car parking on-street and off-road in public car parks.

The overarching strategic objective within this sphere of work is to develop a sustainable internal travel infrastructure for the travelling public on Jersey and to improve safety.

Municipal Services

- provision and management of the Island's public parks and gardens, open spaces and amenity areas;
- Infrastructure maintenance and cleaning services including those services undertaken on behalf of the Harbours, Property Holdings and Housing Departments;
- vehicle fleet management and maintenance; and
- port engineering services for the Harbours Department.

Major policies of the last 5 years

- The Sustainable Transport Policy (STP) – aims reduce traffic congestion by increasing walking, cycling and bus ridership. This will be achieved through soft measures such as culture change, as well as hard engineering measures such as providing improved pedestrian / cycle infrastructure and public transport offerings.
- Solid Waste Strategy – the major project was the replacement of the Bellozanne incinerator with the new La Collette Energy from Waste plant which is now operational. The main aim of the strategy was to reduce, reuse and recycle as much as possible.

Major policies in development

- Road Safety Strategy (a requirement of the STP)
- Walking Strategy (a requirement of the STP)
- Cycling Strategy (a requirement of the STP)
- Liquid Waste Strategy
- Long term Infrastructure and asset planning

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

Short term (1-3 years)

- Maintain the Island's Liquid Waste Solid Waste and Jersey Harbours critical infrastructure and assets – with limited financial and on-Island resources.
- Maintain and develop the liquid waste system to deal with the Island's Liquid waste accordingly to environmental standards and to optimise performance.
- Decommission the Bellozanne Energy from Waste Plant.
- Construction of final phase of St Helier surface water drainage system located in Phillips Street – funding in place but complex and high risk project.
- Review and update the Solid Waste Strategy to enhance recycling of hazardous materials and other waste streams.
- Provide secure on-Island location for asbestos waste.
- Enhance the existing sludge treatment facilities at Bellozanne to minimise odours and maximise efficiency.
- Expand the fleet management and maintenance service to all States Departments.
- Develop a plan for assets managing the £1 billion of assets that TTS administer.
- Continue Department's strategy of becoming more commercial and improving operational effectiveness of sections and services.
- Delivery of the STP's immediate objectives and subsidiary strategies
Investment in a successful STP will bring about real savings through reductions in congestion, pollution, road injuries and health problems caused by low levels of physical activity. It will also provide savings through a reduction in the space given over to car parking.
Resources have been provided to progress this work, however in this area, public expectation will always exceed what can be reasonably achieved within the resources provided. Clarity of objective and maintained focus is required to avoid effort being diverted to new topical projects that will not provide the required changes in public travel behaviours. CSR will also present a significant resource challenge that needs to be overcome.
- HR/IR issues from delivering the CSR.

Medium term (4 –10 years)

- Maintaining and providing sustainable funding for key infrastructure – to enable efficient maintenance of key infrastructure, a sustainable long term annual allocation of capital is required. This will allow local companies to develop and retain expertise on Island and keep the financial and employment benefits within the local economy. Sea defences – annual spend required – circa £1 million; road maintenance – annual spend required –circa £5 million; sewerage – circa £5 million; Engineering assets, e.g. pumps – circa £5 million.
- Extend the life of the Sewage Treatment Works – circa £5 million.
- Facilities will need to be modified for vulnerable road users. Readdress the priority within the road network to protect the vulnerable road user (aim of STP to increase number of vulnerable road users, e.g. pedestrians and cyclists) – will require additional funding to provide enhancements when providing asset maintenance on road network.
- Changes in vehicle design and size for both commercial and private vehicles create issues for infrastructure and inflexible legislation
- The ability of the Car Park Trading Account to meet its existing capital investment commitments as a result of the ongoing pressure on its commercial base by other States projects such as the Town Park and proposed Anne Court, Esplanade Quarter and Green St Car Park developments, eroding the number of chargeable public spaces available.

Longer term (10+ years)

- Capital Replacement of Key Infrastructure Assets – to enable efficient maintenance of key infrastructure, a sustainable long term annual allocation of capital is required. This will allow local companies to develop and retain expertise on Island and keep the financial and employment benefits within the local economy. Sea defences – annual spend required – circa £1 million; road maintenance – annual spend required –circa £5 million; sewerage – circa £5 million; Engineering assets, e.g. pumps – circa £5 million.
- Replace the Sewage Treatment Works – circa £60 million.
- Transport needs of an ageing population – In light of an aging population the STP has the potential to reduce social isolation by improving pedestrian and public transport facilities. Effective public transport will be important in addressing this issue. However the particular transport needs of an ageing population with increased disability will increase the subsidies required to maintain a comprehensive level of service.

TREASURY AND RESOURCES

Where we are now

Summary of Activities

The Treasurer has a wide range of duties with regard to the financial management, planning and governance for the States of Jersey. The Treasurer and the Treasury Department are responsible for setting policy that allows the following to run efficiently:

The States adopted on 13 September 2011 a 2012 Annual Business Plan Amendment by Senator Ferguson which moved Human Resources and Information Services into the Chief Minister's Department. Both Jersey Property Holdings and Corporate Procurement were subsequently transferred to the Treasury with a direct reporting line to the Treasurer.

Treasury Operations

- Development of effective treasury management policies and investment strategies
- Management of States investments and cash balances, including currency
- Management of Insurance
- Management of Charitable and special funds
- Payments to suppliers for goods and services
- Cash administration
- Payroll services
- Pension accounting and administration.

Treasury Corporate Group

- Preparation of the Medium Term Financial Plan
- Preparation of the Long Term Capital Plan
- Financial Monitoring and consolidation of quarterly financial reporting
- Decision support for the Treasury Minister
- Preparation of the States Annual Report and Accounts
- Maintaining and updating the Financial Control Framework.

Taxation Administration

- Administration and collection of all taxation
- Administration of taxation agreements
- Ensure compliance with the income taxation laws.

Taxation Policy

- The recently established Tax Policy Unit has primary responsibility for reviewing, developing and implementing domestic and international tax policy
- The Director of Tax Policy is also Jersey's representative internationally on all tax matters including the negotiation of tax agreements.

Internal Audit

- Manage the internal assurance process, including risk and compliance.

Procurement

- Responsibility for design and oversight of the procurement strategy
- Responsibility for the delivery of savings from a range of corporate cross departmental contracts
- Manage the 'procure to pay' process.

Property Holdings

- Jersey Property Holdings (JPH) primary role is to manage the operation and long term maintenance and replacement of the States property portfolio.

Major Policies of the Last 5 Years

- Three part plan to deal with forecast deficit of £100 million by 2013 by reducing spending via a Comprehensive Spending review, boosting economic growth and in part through increased taxes.
- Targeted use of Fiscal Stimulus monies to stimulate the economy
- Financial statements prepared in accordance with UK GAAP as interpreted by the JFReM.

Tax Policy:

- Tax policies which have been agreed in recent years include the need to maintain the 20% rate of personal tax, retain the 0/10 tax regime, enhance the tax regime available to wealthy immigrants and keep GST low and broad.

Taxes Office:

- Assessment, investigation and collection of taxes, both income tax and goods and services tax. Annually the Comptroller of Taxes collects approximately 80% of total States' revenues from 107,000+ personal and corporate taxpayers
- Administration and enforcement of Jersey's international tax treaties. Strategic aim is to enhance Jersey's international reputation.

Treasury Corporate Group:

- Implementation of the Medium Term Financial Plan.

Treasury Operations:

- Revised investment strategy
- Introduction of a Common Investment Fund.

Property Holdings:

- Rationalisation of States Office Accommodation to deliver reduced property costs, release sites for residential development and act as an enabler for major organisational transformation
- Development of a rolling five year Portfolio Plan to identify on a property by property basis the future occupation, investment and disposal plans for all States premises.

Major Policies in Development

- Development of new financial directions, policies and procedures to clarify all internal and external operating procedures for property transactions and utilisation
- The development of agreed protocols for transferring surplus land and building assets to SoJDC in accordance with the RSG framework
- Development of an active shareholder role in respect of States owned companies including SoJDC
- Funding strategy for the medium term financial plan and the long term financial plan
- Development of the management of the pension schemes
- Review of PECRS and Teachers' pension schemes in light of UK changes as a result of Hutton Inquiry
- Development of infrastructure requirements built into Longer-Term Capital Planning
- Public Finance Law Amendments – Tranche 2.

Key (strategic) issues facing the department with the key statistics/evidence that make it an issue and whether they need to be addressed in the short/medium/long term

Short term (1-3 years)

- Current policies under development include development of the principles of a long term tax policy, simplification of the tax system and improving the robustness of the tax regime
- Transfer of property maintenance responsibility from Home Affairs and Health. Both departments are currently under-funded for these activities and this will exacerbate pressure of JPH maintenance budget position
- Progression of major works projects that are currently unfunded that is precursors to the release of capital receipts
- Obtaining Ministerial and States approval of any proposed tax policy changes which are in the best interest of the Island
- Introducing the Medium Term Financial Plan to include requirements and funding policies.
- Integrating financial requirements across the States into a single fiscal strategy
- Have a strategy for pension arrangements across all States employees
- Implement the revised investment strategy
- Manage Strategic Investments in Utilities.

Medium term (4 –10 years)

- Changes to financial international standards will affect the way Jersey operates in future. Although these are outside Jersey's control, it is imperative that the Tax Policy Unit is fully aware of development so that to the extent possible the affect of these can be managed
- Introduction of corporate and personal tax self assessment, whereby taxpayers will self assess their own tax bills with compliance by the Taxes Office on a risk based approach, rather than the current system where Taxes Office staff assess all such taxpayers with all undergoing compliance checks. A very major cultural, administrative and operational change. Efficiencies and savings in Taxes Office staff will be possible with such a change
- Manage ongoing investment in capital infrastructure from a funding and requirements basis
- Manage the overall investment strategy for the States, including the correct level of funding in each of the core funds/reserves
- Review cross departmental service provision for overlap in policy.

Longer Term (10+ years)

- Manage investment requirements arising from the long term capital plan.