

Government Plan 2022-2025: Scrutiny Review

Corporate Services Scrutiny Panel

10 December 2021

S.R.20/2021



Government Plan
2022-25 Review

**Corporate
Services Scutiny
Panel**



States of Jersey
States Assembly



États de Jersey
Assemblée des États

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1 Chair's Foreword

With a vast amount of information in circulation about this Government Plan I would urge readers to take the time to absorb the report by our eminent advisor, Warwick Lightfoot. His economic analysis provides a valuable insight into the current position of the island's finances. Unfortunately the advisor also identifies a number of significant gaps in the information provided which hampers decision makers.

In conclusion Mr Lightfoot surmises:

“Jersey should review its budget and the presentation of its strategic plans to provide greater clarity about the rationale and purpose of policy, its analytical context and their economic, and policy implications. It should be possible to see how spending, taxing, borrowing and asset accumulation has happened in the past where it will go in the future.

There should be an analysis and presentation of unit costs, how have changed in the past and how they are evolving, published with the budget documents.

There should be a practical description of the public services and functions that the Government of Jersey carries out, such the number of schools, school student, child safeguarding services, and hectares of public park managed.

The Government should undertake objective surveys about its public's perceptions of the quality and extent of the services it offers.”

I would like to thank Mr Lightfoot for his careful consideration of the Government Plan and his valuable guidance throughout the scrutiny process, The Panel also has the benefit of a very capable team who have worked hard to bring this report together in a shorter than ideal time period. It has been a pleasure to work with them, along with the members of the Panel, to whom I am very grateful.



Senator Kristina Moore
Chair,
Corporate Services Scrutiny Panel

2 Introduction / Methodology

The proposed Government Plan 2022-25 sets out the approach the Government of Jersey has taken in responding to COVID-19 whilst continuing to invest in the Common Strategic Policy priorities:

1. Put children first
2. Improve Islander's wellbeing and mental and physical health
3. Create a sustainable, vibrant economy
4. Reduce income inequality and improve the standard of living
5. Protect and value our environment.

The Plan outlines the investment proposed in each of these five strategic priority areas and also includes a number of proposed efficiencies within the Government.

The Government Plan Financial Annex has also been lodged which contains supporting information for the Government Plan 2022-2025.

The Scrutiny review of the Government Plan has taken a thorough approach, looking at the projects identified for additional revenue expenditure and capital expenditure last year, as well as new projects requiring additional revenue expenditure and capital expenditure in 2022. The Panel has undertaken this review in as much detail as possible with the information provided by Government.

A summary table of all business cases is provided in Chapter 8, along with the Panel's RAG rating.

In line with the methodology used during previous reviews, all Scrutiny Panels have agreed to use a common system to report on the status of each business case, as follows:



The Panel has reviewed the background information and is satisfied with the business case.



The Panel has reviewed the business case and either has concerns or considers that it needs more work, or further detail should be provided. It might also mean that the Panel considers it too early to make an informed decision. This may or may not lead to recommendations and/or amendments.



The Panel has reviewed the business case and is not satisfied or does not agree with the proposal. This may or may not lead to an amendment.

3 Findings and Recommendations

Findings



FINDING 1

The Government Plan does not adequately clarify the rationale and purpose of policy, analytical context, economic and policy implications to ensure that it is possible to see how spending, taxation, borrowing and asset accumulation has happened in the past and where it will go in the future is not clear.



FINDING 2

The cost of living and household survey, a key indicator of inequality, has not been published since 2015. This has significantly restricted the measuring of metrics to household and individual income and wealth. The Government Plan is therefore unable to adequately present how taxes, transfers and spend reduces the dispersion on income and wealth or confirm how sufficient measures to achieve the inequality policy objective will be accomplished.



FINDING 3

The Government Plan appears to be set on a course where taxes will need to rise in future years even if the ambitions to make spending more efficient are realised. However, no plan has been proposed even though this is due to current spending, capital investment and borrowing.



FINDING 4

The Panel has undertaken a separate review of the proposed changes to the GST de minimis and have made various recommendations for the Minister for Treasury and Resources to consider prior to the debate of the Government Plan.



FINDING 5

The Panel has lodged an amendment to the Government Plan to include a level increase in alcohol duty which, if adopted, will aid in keeping taxes low, broad, simple and fair. The amendment is sympathetic to the potential impact upon the hospitality sector of any increase in alcohol duty as it recovers from the pandemic and is a reasonable compromise between revenue raising, public health and economic support.



FINDING 6

The Panel has brought forward an amendment to the Government Plan to place additional stamp duty upon properties purchased as a “Buy to Let” investment property, second home and holiday home to help alleviate the continuing demand for property in the Island and allow owner-occupier and first-time buyers preferential financing when buying their own home.



FINDING 7

There is no clear justification in either the Government Plan 2022-2025 or the Draft Finance Law to support either the current Commercially Let Property Tax Relief regime or the proposed amendments to it. In addition, no reporting was provided during its introduction as part of the Income Tax (Amendment No.23)

(Jersey) Law 2004, and the minutes of the respective debate on this proposition provide little insight into its justifications.



FINDING 8

Fiscal rules in relation to borrowing do not take account of controls for spending.



FINDING 9

The Council of Minister's acceptance of a BBB Standard and Poor rating is a significant change in policy and would be a diminution in Jersey's credit status. If such a point was reached it would have a significant impact on the island's economic future.



FINDING 10

Allowing the Government to utilise a further £20 million for the Fiscal Stimulus Fund is unjustified. The Panel has lodged an amendment to the Proposition to remove the borrowing and require the Minister for Treasury and Resources to come forward with a new proposition to the Assembly if further funding is required to meet timely, targeted and temporary objectives.



FINDING 11

There is no detail in the Government Plan in respect of the calculation of the actual savings figures and actuarial assumptions in relation to the borrowing for the Past Service Pension Liabilities.



FINDING 12

Article 6 (2) of the Public Finance Law (Establishment of other funds) states that when establishing a Fund, the States must specify the purpose of the fund, the fund's terms and the circumstances in which the fund may be wound up. By not providing this information within the proposition for the Technology Fund the Panel concludes that the Council of Ministers may not have adhered to the intentions of Article 6 (2) or Article 9 (4) (b) of the Public Finance Law which states that the Government Plan must include any other information that the Council of Ministers believes that the States may reasonably be expected to need to order to consider matters mentioned in paragraphs (2) and (3) and subparagraph (a)". Paragraph (2) (b) states it as being for the proposed amount of any transfer of money from one States fund to another during the financial year.



FINDING 13

The extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending should be reviewed.



FINDING 14

The Government of Jersey is proposing a number of revenue programmes and capital projects that relate to Information Technology across the departments, with the total expenditure equivalent to £65.4 million in 2022, and £161.1 million over the life of the Government Plan 2022 – 2025.



FINDING 15

The budget of Modernisation and Digital requires greater oversight by the Assembly. As seen with previous Government spending on technology projects

there is a clear risk of costs of programmes and projects escalating or being duplicated if spending discipline is not enabled.



FINDING 16

Detailed, realistic and time bound efficiency targets for all years should be built into the four-year Government Plan to support departments to plan how they will achieve sustained efficiencies.



FINDING 17

Information about unit costs and exploration of different means of service should be explored further for efficiencies.



FINDING 18

The Target Operating Model of the Modernisation and Digital Directorate may not be fully met until 2025, with a need expressed to add additional roles as gaps and shortages are identified.



FINDING 19

It is forecast that the Staff Costs of the Modernisation and Digital Directorate will have underspent by £4.4 million over 2020 to 2021, however it is still anticipated that staff budget will remain the same. The Panel holds concern that this bolsters the Chief Operating Office Head of Expenditure unnecessarily.



FINDING 20

There has been a significant movement of circa £10 million from proposed allocation to the revenue programme “Technology Transformation Programme” to capital projects. By 2024 the Project’s funding bid will rise to a similar level of that prior to the transfer of this funding, and additional funding bids can be expected.



FINDING 21

The Chief Minister has not committed to providing evidence of monetary benefit of the Technology Transformation Programme, it is therefore difficult to ascertain value for money.



FINDING 22

It is proposed the Capital Project MS foundations receive a transfer of £4.4 million from the “Technology Transformation Programme” (GP20-OI3-14) and that further funding will be required for ongoing revenue costs which will require resubmission in subsequent plans.



FINDING 23

The Integrated Tech Solution is now estimated to cost £63 million compared to £29.4 million agreed through the Government Plan 2021-24.



FINDING 24

The Capital Project Electronic Document Management Solution Additional will receive a transfer of £1.2 million from revenue expenditure in 2021.



FINDING 25

The completion of the Cyber capital project is predicted to be delayed to 2023, costing a stated £14.97 million. It is anticipated that additional funding in 2023 will be required.



FINDING 26

Additional funding has been proposed for Revenue Jersey to meet backlogs for transformational work and the pandemic.



FINDING 27

Additional funding has been required to meet further increase of insurance costs, as new growth included in the Government Plan 2021-24 did not match requirements following more hardening of the insurance market and a claim made during the pandemic.



FINDING 28

Funding to the previous revenue programme “Building Revenue Jersey Team” (GP20-OI3-01) been reclassified to the capital project ‘Revenue Transformation Programme (Phase 3)’.

Recommendations



RECOMMENDATION 1

The Council of Ministers should review and consider amendments to the Government Plan to ensure it delivers a strategic plan which provides greater clarity about the rationale, purpose and analytical context of policy making which will ensure the Assembly holds sufficient information it needs to agree the Government Plan as per the requirements of the Public Finances Law (Jersey) 2019.



RECOMMENDATION 2

The Council of Ministers must deliver results from an updated cost of living and household survey, a key indicator of inequality, to the assembly by the 31st March 2022



RECOMMENDATION 3

The Minister for Treasury and Resources must deliver fiscal discipline and confront the direction of travel of the fiscal arithmetic that arises, from the spending, capital investment and borrowing plans laid out in the Proposition by addressing the revenue raising measures over the medium term to provide transparency on the consequential impact for taxpayers.



RECOMMENDATION 4

The Council of Ministers should accept the proposed amendment of the Panel to provide a level increase in alcohol duty to keep taxes low, broad, simple and fair.



RECOMMENDATION 5

The Council of Ministers should accept the proposed amendment of the Panel to place additional stamp duty upon properties purchased as a 'buy to let' investment property, second home or holiday home and specifically assist owner-occupiers and first-time buyers to purchase property.



RECOMMENDATION 6

The Minister for Treasury and Resources, mindful of the removal of interest relief on main resident mortgages, should bring forward a proposal to implement a phased removal of Commercially Let Property Tax Relief by 31 December 2022.



RECOMMENDATION 7

The Minister for Treasury and Resources should produce a set of fiscal rules which take account for spending and focus on the accumulation of financial assets rather than primarily focusing on the sustainability of debt and borrowing.



RECOMMENDATION 8

The Council of Ministers should set higher expectations and reconsider its acceptance of a BBB Standard and Poor credit rating as the minimum standard. A higher rate should be used instead to minimise its business and financial risks.



RECOMMENDATION 9

The Minister should provide a report to the Assembly by the 31st March 2022 which confirms the impact of the Fiscal Stimulus Fund. It should consider process, value for money and provide learnings against the Fund objective of being timely, targeted and temporary.



RECOMMENDATION 10

The Council of Ministers should accept the proposed amendment of the Panel to reduce the borrowing capability for the purpose of Fiscal Stimulus Fund.



RECOMMENDATION 11

Detail in respect of the calculation of the actual savings figures and assumptions for the Past Service Pension Liabilities refinancing must be provided to the Assembly prior to the debate of the Proposition.



RECOMMENDATION 12

The Council of Ministers should accept the proposed amendment of the Panel to remove the Technology Fund transfer from P.90/2021 pending further information.



RECOMMENDATION 13

The Minister for Treasury and Resources, prior to the next Government Plan, should carry out a review of the extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending, the findings of which should be included within future Government Plans.



RECOMMENDATION 14

The Chief Minister should review use of funds within the Chief Operating Office, including the Modernisation and Digital Department and provide the Assembly, by May 2022 with a breakdown of and reason for spends within that Department, with particular prominence of any divergence of previously stated budgets.



RECOMMENDATION 15

Before the end of this political term, the Chief Minister must deliver outcome-based accountability of Digital and IT investment across Government. This should include quantifiable baselines and public communications on how this expenditure is making a tangible benefit to the operation and deliverance of public services to avoid any double spend for the incoming Council of Ministers to understand what has been achieved.



RECOMMENDATION 16

The Council of Ministers should provide, in the next Government Plan, information about unit costs of public services and exploration of different means of service to the public, this may include active benchmarking, comparison between the public service and private sector, to aid in transparency.



RECOMMENDATION 17

The Chief Minister and Minister for Treasury and Resources must ensure, in future, that the transfer of revenue expenditure to capital project budgets is clearly and transparently outlined.



RECOMMENDATION 18

Ministers must ensure that figures included in the Government Plan are accurate and provide the assembly with the option to deny funding should a bid need to be updated following agreement of that Government Plan.



RECOMMENDATION 19

The Minister for Treasury and Resources should, within her response to this report, provide greater reasoning for the removal of the revenue programme “Building Revenue Jersey Team” (GP20-OI3-01) and justify why its funding now forms part of a capital project, namely the Revenue Transformation programme (Phase 3).

4 Government Plan Overview and Context

Introduction

The Corporate Services Scrutiny Panel (the Panel) review into the Government Plan 2022-25 and financial annex (the Government Plan) specifically monitors the policy initiatives led by the Chief Minister and the Minister for Treasury and Resources, whilst also reviewing the financial actions being proposed by Government

The Panel engaged Warwick Lightfoot to provide expert advice on the financial and economic modelling of the Government Plan, and also used results of a survey carried out by the Government Plan Review Panel in order to understand the views of members of the public to the Government Plan.

Background

The Government Plan sets out the Government of Jersey's detailed income and spending plans for the forthcoming year and indicative amounts for proceeding years. The format allows for spending plans to be revisited each year and changes made should circumstances require it. The Government Plan also links spending with outcomes and service priorities.

The first Government Plan, agreed in December 2019, delivered broadly balanced budgets over the period and included transfers to the stabilisation fund.

However, the COVID-19 Pandemic in 2020 and 2021 has caused the Government of Jersey to make substantial decisions and divert unprecedented levels of financial resources to establish measures, processes and powers to protect Islanders' lives, livelihoods and wellbeing. The various restrictions impacted the Government's ability to deliver many planned new initiatives set out in the 2020 and 2021 four year rolling plans.

Government Plan 2022-25

Therefore, the Government Plan 2022-25 is looking to build on the existing plan (2021-24) but also needs to address the continued impacts of the pandemic, adjust to those impacts on income and return to a balanced budget in the medium term.

The 2022-2025 Government Plan Proposition [[P.90/2021](#)] which requires approval by the States Assembly, seeks approval of the appropriations from the Consolidated Fund, the movement between other funds and reserves, parameters around income, expenditure estimates, budgets and borrowing for 2022. The proposition also seeks endorsement of the efficiencies and rebalancing measures planned for 2022.

The headline components of the Government Plan 2022-25 proposed in relation to financial management confirm:

- **Borrowing of up to £258 million in 2022 to cover the costs of responding to the pandemic, £756 million for the Our Hospital Project, £480 million to refinance past liabilities and £250 million existing borrowing for the Housing Bond,**
- **Higher expenditure than income until 2023 therefore running a budget deficit,**
- **Spending on public finances and infrastructure proposed to be £1.171 billion in 2022, and by 2025 is predicted to increase to £1.247 billion. In 2018 public expenditure (excluding depreciation) was £777.3m,**

- **£210 million to be spent on capital projects (buildings, infrastructure and IT systems) in 2022. This compares to a budget of £117 million in 2020,**
- **£50 million to be spent on new revenue initiatives in 2022,**
- **Saving £21 million in 2022 by finding ways to work more efficiently as well as rebalancing public finances through revenue raising measures,**
- **An overall deficit of some £27 million before depreciation is likely for 2022.**

5 Financial Strategy

Budget Presentation

The Panel adviser's report highlights that the Government Plan should show 'where Government policy is coming from historically and where it is going' and that 'a budget is not just an accounting exercise but one that involves economic consequences as well as political and moral choices that are either made expressly or by implication'

Indeed, the Public Finances (Jersey) Law 9(4)(b) states that in preparing the Government plan it must include 'any other information that the Council of Ministers believes that the States may reasonably be expected to need in order to consider the matters mentioned in paragraphs (2) and (3) and sub paragraph (a) of the law.'

The report from the Panel's adviser concludes by recommending that the Government of Jersey should:

- review its budgets and presentation of its strategic plans to provide greater clarity about the rationale and purpose of policy, its analytical context and its economic and policy implications to ensure that it is possible to see how spending, taxing, borrowing and asset accumulation has happened in the past and where it will go in the future;
- provide greater consideration to the distinct character of Jersey and its constitutional position to ensure it uses the full autonomy that it possesses and is alert to the risks that attach to its unusual position;

A written submission to the Panel highlighted that statements made in the Government Plan in relation to the housing priorities were 'glib' statements and had not addressed:

- How the outcomes are going to be measured?
- What does success look like?
- How are they going to "manage demand"?
- What does "rental choices for all" actually mean?
- "Stronger system leadership" – what is this? Stronger than what? How strong will this be (and how weak is it now)?

The Panel questioned¹ why data in relation to tax deciles was not included in the Government Plan to enable a better understanding of the Government income. The Panel were advised that 'it was not the intention of the plan to collate all information on Government activities especially when this information is already available and that the inclusion of excessive amounts of information would be likely to impair understanding rather than improve it and that this information is available in the public domain through Freedom of Information requests and written questions as well as the Tax Statistical Digest (next published in Spring 2022).

The Panel is also aware that the cost of living and household survey, a key indicator of inequality, has not been published since 2015. This should be fundamental to the Proposition to ensure it consider inequality in relation to household structure, income, tenure, age, mortgage payments, mortgage debt and spending. The lack of data to this core priority of

¹ [letter - minister for treasury and resources to corporate services scrutiny panel re government plan hearing follow-up - 28 October 2021.pdf \(gov.je\)](#)

Government will have a significant effect on the ability to provide any policy, context and economic implications.

Due to the lack of inequality data the Panel's advisers report highlights that the Government Plan does not provide:

- metrics to measure dispersion of household and individual income and wealth.
- an explanation on how present taxes, transfer payments and benefits in kind such as spending on education and health modify to reduce the dispersion on market incomes.
- and identify specific measures what will accomplish this policy objective.

The adviser report confirms the Government Plan is unable to assess household poverty and how it has evolved over time by the lack of regular statistical surveys to enable any judgement. The advisers report suggests that this survey should be completed on an annual basis.



FINDING 1

The Government Plan does not adequately clarify the rationale and purpose of policy, analytical context and its economic and policy implications to ensure that it is possible to see how spending, taxing, borrowing and asset accumulation has happened in the past and where it will go in the future is not clear.



FINDING 2

The cost of living and household survey, a key indicator of inequality, has not been published since 2015. This has significantly restricted the measuring of metrics to household and individual income and wealth, The Government Plan is therefore unable to adequately present how taxes, transfers payments and spend reduces the dispersion on income and wealth or confirm how measures to achieve the inequality policy objective will be accomplished.



RECOMMENDATION 1

The Council of Ministers should review and consider amendments to the Government Plan to ensure it delivers a strategic plan which provides greater clarity about the rationale, purpose and analytical context of policy making which will ensure the Assembly holds sufficient information it needs to agree the Government Plan as per the requirements of the Public Finances Law (Jersey) 2019.



RECOMMENDATION 2

The Council of Ministers must deliver results from an updated cost of living and household survey, a key indicator of inequality, to the assembly by the 31st March 2022.

Income

The Assembly are asked in the Proposition to approve the estimate of total States income to be paid into the Consolidated Fund in 2022 as per Appendix 2 - Summary Table 1 of the Report which is inclusive of the proposed taxation and impots duties as outlined in the Government Plan in line with this Article of the Law. Article 9 (2) (a) of the Public Finances (Jersey) Law 2019.

Income Tax	2022 Estimate (£000)	2023 Estimate (£000)	2024 Estimate (£000)	2025 Estimate (£000)
Personal Income Tax	544,200	580,200	608,200	640,200
Companies	99,000	109,000	123,000	130,000
Provision for Bad Debt	(6,000)	(3,000)	(3,000)	(3,000)
Income Tax Total	637,200	686,200	728,200	767,200
Goods and Services Tax (GST)				
Goods and Services Tax (GST)	91,000	93,200	95,200	97,400
ISE Fees	12,600	12,600	12,600	12,600
GST Total	103,600	105,800	107,800	110,000
Impôt Duties				
Impôt Duties Spirits	7,501	7,768	7,967	8,163
Impôt Duties Wine	9,456	9,789	10,039	10,285
Impôt Duties Cider	865	878	883	887
Impôt Duties Beer	6,111	6,273	6,375	6,473
Impôt Duties Tobacco	16,135	16,535	15,954	15,381
Impôt Duties Fuel	28,328	29,038	29,485	29,912
Impôt Duties Goods (Customs)	800	800	800	800
Vehicle Emissions Duty (VED)	3,130	3,044	3,044	3,044
Impôt Duties Total	72,326	74,125	74,547	74,945
Stamp Duty				
Stamp Duty	36,168	36,509	37,767	38,992
Probate	2,500	2,500	2,500	2,500
Stamp Duty on Share Transfer (LTT)	3,069	3,256	3,404	3,548
Stamp Duty Total	41,737	42,265	43,671	45,040
Central Scenario	854,863	908,390	954,218	997,185
Annual Growth %	4.41%	6.27%	5.05%	4.51%
Increased Collections - Domestic Compliance	12,900	14,000	15,500	15,500
GST De minimis	0	1,100	1,100	1,100
Additional Tax Measures	0	0	10,000	10,000
Total General Tax Revenue	867,763	923,490	980,818	1,023,785
Island Rate Income from Parishes	14,178	14,546	14,910	15,298
Other States Income - Dividends	11,082	11,377	11,935	12,244
Other States Income - Non-Dividends	9,107	9,214	9,198	9,071
Other States Income - Return from Andium Homes and Housing Trusts	31,726	32,600	33,466	34,321
Total General Tax Revenue	66,093	67,737	69,509	70,934
Total States Income	933,856	991,227	1,050,327	1,094,719

Summary Table 1 – States Income

- **Revenue Forecasts**

The Fiscal Policy Panel's report confirms that the economic outlook remains uncertain and that the economy is still recovering, has weakened and that revenue raising over the medium term is important and that Government should clarify how it will do so in the next Government Plan.²

The Panel agrees with its adviser's recommendation that Government should ensure a rigorous analysis of the outlook for the Jersey economy and the implications of enjoying the benefits of such a significant financial sector within GVA, in the context of two decades of limited, if any, economic growth and the very modest trend rates of growth that the Fiscal Policy Panel expects.

² [Fiscal Policy Panel 2021 Annual Report](#)

The Panel's adviser, the Fiscal Policy Panel and written evidence received by the Panel all confirm that the Government of Jersey appears to be set on a course where taxes will need to rise even if the ambitions to make spending more efficient are realised.

The Panel were advised by the Minister for Treasury and Resources that it had received around 1,300 fewer tax returns as at the 15th October 2021 than would normally have been expected at that date. The Minister confirmed that this corresponded to a similar drop in Class 1 Contributions and that this was largely due to a reduction in seasonal low-income employees. However, the Minister did highlight to the Panel that they did not expect this to have material variation to the assumptions already applied to the income forecast by the Income Forecasting Group and highlighted that those with lower incomes only account for 2% of tax receipts.

The Panel would highlight, from the information supplied by treasury, that it falls to the 20% of taxpayers who have the highest incomes to pay around two thirds of total income receipts.

The Adviser has highlighted in his report that as financial services account for over 38% of value added in GVA it would be helpful if the Government Plan laid out some guidance on the makeup of Jersey's financial sector and how changes in the sector could significantly put this source of important revenue at risk in the short and longer term. It is highlighted that this guidance could then also analyse how the disruption to the hospitality sector will affect revenue and demonstrate how these factors are taken into account.

The Panel's adviser has specifically highlighted "that it would be appropriate for the Government to confront the direction of travel of the fiscal arithmetic that arises, from the spending, capital investment and borrowing plans laid out Jersey will face either a discretionary increase in taxes or a discretionary cut in spending – not just a cut in cash spending where services are carried out but with greater efficiency yielding a saving – but a cut in the service. These are expressly substantive policy choices that should be confronted shortly to ensure that policy makers make decisions that are the result of deliberate policy choice rather than arising from policy drift over the course of a legislative cycle."

The Minister for Treasury and Resources confirmed to the Panel in a Public Hearing that there 'may well be a tax rise considered' in the future given expenditure incurred at present but that it was not the intention to do it now.³

The Adviser has confirmed that in the years covering the plan higher interest rates are likely to increase bank margins and to contribute to revenue buoyancy. This analysis has also been cited in the Fiscal Policy Panel's report. The Adviser has suggested that guidance on the increases in interest rates benefitting yield should be a consideration of the Government Plan.

FINDING 3



The Government Plan appears to be set on a course where taxes will need to rise in future years even if the ambitions to make spending more efficient are realised. However, no plan has been proposed even though this is due to current spending, capital investment and borrowing.

RECOMMENDATION 3



The Minister for Treasury and Resources must deliver fiscal discipline and confront the direction of travel of the fiscal arithmetic that arises, from the spending, capital investment and borrowing plans laid out in the Proposition by addressing the revenue raising measures over the medium term to provide transparency on the consequential impact for taxpayers.

³ [Transcript - Government Plan 2022-25 Review - Minister for Treasury and Resources - 12 November 2021, page 46](#)

- **General Tax Revenue**

GST de minimis

The Panel has conducted a separate review on the proposed changes to the GST de minimis and in this report would like to highlight its recommendations:

- The Minister for Treasury and Resources must immediately release the detail of Revenue Jersey's communications with offshore retailers to scrutiny to provide transparency in decision making.
- The Minister for Treasury and Resources should commit to lowering the GST de minimis to zero and provide a roadmap to outline Revenue Jersey and affiliated organisation's (including Jersey Post and the Jersey Customs and Immigration Service) work programme to deliver this reduction.
- The Minister for Treasury and Resources must ensure that relevant data sets and calculations used to substantiate and justify a reduction to both a £60 GST de minimis and a £0 de minimis are provided to the States Assembly and stakeholders to inform decision making in advance of the Government Plan debate.
- The Minister for Treasury and Resources must clarify to the Assembly the reporting framework for GST importation to ensure it can assist Ministers and Officers in developing long term policies in a wider context in advance of the Government Plan debate.
- The Minister for Treasury and Resources should publish a report outlining the expected income to be gained for the Island from GST receipts before and after the application of changes to the GST de minimis, whilst outlining a longer-term plan for prospective collection of GST on all imports and the level of investment required to accommodate this change, in order to help shape debates on the future of the GST de minimis.
- Subject to the GST proposal being agreed in the Government Plan 2022-2025, the Minister for Treasury and Resources must ensure that an impact assessment to consider the consequences of a reduction in de minimis for low-income families is prepared in 2022 and that consideration is also given to making adjustments to the Community Cost Bonus in the Government Plan 2023-2026.
- The Minister for Treasury and Resources must ensure that support and written guidance is available for any islander that requests it to help them fully understand GST Personal Importation, and the Minister must communicate to islanders in 2022 how the changes to GST Personal Importation will not have a negative impact on the Island's supply chains, whilst providing a clear and transparent understanding to Islanders how goods arriving in Jersey are valued and charged GST.
- The Minister for Treasury and Resources must consider as a matter of urgency the need for a new, bespoke customs and freight management system, including the customer portal, to fully coordinate and update all aspects of the Customs and Excise system, and report back to the Assembly by the end of April 2022.
- The Minister for Treasury and Resources must monitor the impact on customer choice, revenue, stakeholders, and to the Government's workforce, of the Royal Mail

manifesting goods on a quarterly basis in 2022 and 2023 through a series of quarterly progress reports to be provided to the Corporate Services Scrutiny Panel regarding customer choice, to provide reassurance to the Assembly that sufficient funding has been allocated in the proposed Government Plan 2022-25 to account for this change prior to the debate.

- Revenue Jersey and Jersey Customs and Immigration Services should develop terms of reference for a working group with the logistics industry to ensure:
 - all questions are addressed, and processes agreed especially in relation to valuation and returns; and stakeholder capabilities match demand.
- The Minister for Treasury and Resources should review the provision of GST exemptions for imported goods and consider any exemptions required due to limitations on customer choice or health grounds.

The Minister for Treasury and Resources should immediately evidence the work which the Revenue Jersey report suggests it has completed in recent years to discourage the removal of VAT and consider if any other actions could be taken to coincide with changes to the registration process for offshore retailers.



FINDING 4

The Panel has undertaken a separate review of the proposed changes to the GST de minimis and has made various recommendations for the Minister for Treasury and Resources to consider prior to the debate of the Government Plan.

- **Impot Duties**

This Government Plan 2022-25 proposes to freeze Alcohol Duty on all strengths of beer and cider whilst increasing the duty on all wines and spirits by 5%. The Panel are proposing an amendment which seeks to level this increase across all alcohol in order to keep the duty broad simple and fair. The Panel is sympathetic to the impact that this will have to parts of the Island's economy recovering from disproportionate impact of the pandemic, as such believes that a rise of 1% below June 2021 inflation should be implemented.

As highlighted in the Government Plan, when determining excise duties on alcoholic beverages the Council of Ministers consider the overall financial and economic position as well as the advice from public health officials. Alcohol duties can be identified as a way to address costs of alcohol-related harm by both raising revenue and reducing consumption.⁴

Alcohol Duty was frozen in 2021, and as such a 3% to 6.5% would be in line with inflation in 2022.⁵ The Government Plan 2020-2023 indeed introduced above inflationary increases to higher strength drinks (up to RPI+10.9%).⁶

In a public hearing with the Panel the Minister for Treasury Resources indicated that the exclusion of beer and cider “had to be compensated for, so hence the increase in wine and spirits”.⁷ The Minister was not able to explain why it had been decided that beer and cider

⁴ Institute of Alcohol Studies and Alcohol Health Alliance UK (AHA), September 2020 [online] [retrieved 23.11.2021] available from: <https://committees.parliament.uk/writtenevidence/12554/default/>

⁵ [Fiscal Policy Panel 2021 Annual Report, page 29](#)

⁶ [Government Plan 2020-23, page 163](#)

⁷ [Transcript - Corporate Services Government Plan 22-25 Review - Minister for Treasury and Resources - 12 October 2021, page 39](#)

should continue to be frozen. When questioned on the potential impact on the hospitality sector the Minister opined that the effect would be negligible.

However, the Jersey Hospitality Association has, in a submission to the Panel, expressed concern on the target above inflation increase in excise duty, indeed highlighting that it may encourage individuals to purchase cheaper Duty-Free spirits reducing the amount of revenue the Government can expect.⁸

As such the Panel has proposed a reduction in the planned 5% increase in duty on wine and spirits, and a halt to the freeze of duty on beer and cider to bring a level Alcohol Duty increase which is 1% under the Retail Prices Index (RPI) inflation to June 2021 of 3.5%, introducing a rise of 2.5%.⁹

The Panel has been informed that this amendment, if adopted, would amount to a decrease of £213,000 revenue being raised. Although slight, the Panel concludes that this decrease will act as additional economic assistance to those sectors hit most by the pandemic, for example, hotels, restaurants and bars which saw a 45% contraction of the Gross Value Added in 2020.¹⁰ This negative outlook for the hospitality sector can be seen in the September 2021 Business Tendency Survey, for who profitably and future business activity is pessimistic.¹¹

FINDING 5



The Panel has lodged an amendment to the Government Plan to include a level increase in alcohol duty which, if adopted, will aid in keeping taxes low, broad, simple and fair. The amendment is sympathetic to the potential impact upon the hospitality sector of any increase in alcohol duty as it recovers from the pandemic and is a reasonable compromise between revenue raising, public health and economic support.



RECOMMENDATION 4

The Council of Ministers should accept the proposed amendment of the Panel to provide a level increase in alcohol duty to keep taxes low, broad, simple and fair.

- **Stamp Duty**

Stamp Duty is levied on the purchase of properties bought on the Island and the registration of wills of Jersey immovable property.

Land Transactions Tax (LTT) is levied on share transfers involving shares which give the owner the right to occupy property in Jersey.

The Panel has long called for action to be taken by the Government in regard to Stamp Duty and LTT and was disappointed to note that the Government Plan 2022-25 contains no proposed changes.

As highlighted in the Government Plan, Treasury and Exchequer are conducting a review (the review) into Stamp Duty, LTT and the Taxation of Enveloped Property (holding real estate within a company). This current review however has been ongoing since at least 2020, with seemingly limited progress made in introducing new or creative ways of implementing duty on the sale of properties. The Panel would highlight that the Treasury and Exchequer has carried

⁸ [Submission - Government Plan Review 2022-25 - Jersey Hospitality Association - 12 November 2021](#)

⁹ [RPI June 2021 Report, Statistics Jersey](#)

¹⁰ [Fiscal Policy Panel 2021 Annual Report, page 9](#)

¹¹ [Business Tendency Survey, September 2021, page 16](#)

out similar work previously, for example the Property Tax Review, a paper for which was published in 2014.¹²

Last year the Panel proposed an amendment to the Government Plan 2021-24 which, following acceptance by the Council of Ministers and States Assembly, increased Stamp Duty on property purchases over £2 million.¹³

The Panel has lodged an amendment to the proposed Government Plan mindful of the financial gain and wealth associated with Buy to Let property, holiday home and second home purchases, and the contribution it makes to assisting with reducing property demand and re-balancing the market towards owner occupiers and first-time buyers.

If adopted this amendment will require the Minister for Treasury and Resources to introduce a higher rate of Stamp Duty for “Buy to Let” investment properties, second homes and holiday homes, no later than 31 December 2022. The Panel has outlined a potential rate of 2%, however, acknowledges that further review is needed to consider legislative elements of its introduction. It accepts that the Minister for Treasury and Resources (the Minister) may wish to alter this rate upon review.

It has been well rehearsed that the Island is facing unprecedented demand for residential property, with this showing no sign of slowing. Indeed, the House Price Index for the third quarter of 2021 has shown overall housing market activity, on a rolling four-quarter basis, to be 40% higher than in the corresponding quarter of 2020.¹⁴ The index also highlights the continued rise in property prices, with the mix-adjusted average price of dwellings sold in Jersey during the year ending Q3 2021 being 4% higher when compared with the previous quarter.

The Environment, Housing and Infrastructure Panel’s [Affordable Housing Supply and Delivery Review](#) found that anecdotal evidence suggested that the demand for, and purchase of, buy-to-let properties by investors may be contributing to higher property prices and also the availability of affordable properties for first time buyers.¹⁵

Actions to combat the impact of Buy to Let property being purchased in other jurisdictions have been implemented. In 2015 HM Treasury in the UK announced the introduction of a 3% higher rate of Stamp Duty Land Tax (SDLT) to be charged on the purchases of additional properties, such as Buy to Let properties and second homes, with this coming into effect from 1 April 2016.¹⁶ This was introduced on all properties purchased for over £40,000 and is operated on a tiered structure based upon the SDLT rate levels as shown in Figure 1.¹⁷

Stamp Duty Land Tax	Standard rate	Higher rate
Up to £125,000*	0%	3%
The next £125,000 (the portion from £125,001 to £250,000)	2%	5%
The next £675,000 (the portion from £250,001 to £925,000)	5%	8%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%	13%

¹² [R.101/2014 Property Tax Review: Publication of Green Paper and PWC Paper](#)

¹³ [P.130/2020 Amd.\(7\)](#)

¹⁴ [House Price Index Q3 2021](#)

¹⁵ Report - Affordable Housing - Supply and Delivery Review - 10 November 2021 [\[S.R.14/2021\]](#) p.60

¹⁶ Spending Review and Autumn Statement 2015 - November 2015 [\[PU1865\]](#) p.42

¹⁷ Gov.uk, Stamp Duty Land Tax [online] [retrieved 22.11.2021] available from: <https://www.gov.uk/stamp-duty-land-tax/residential-property-rates>

The remaining amount (the portion above £1.5 million)	12%	15%
* Higher rates do not apply to properties costing £40,000 or less		

Figure 1. SDLT Rates

As the higher rate has been in force for some time HM Treasury guidance is available to cover various situations in which the rate would or would not apply, for example in the case of cohabitating partners or married couples.¹⁸

The Panel has, through correspondence with the Legislative Drafting Office, ascertained that further time is required to review the legislative elements that would be required upon implementation of a higher rate of Stamp Duty in Jersey. This includes consideration of penalties for non-compliance and situations such as gifted property. As such the Panel has formed the amendment to allow the Minister to implement a higher rate of Stamp Duty for “Buy to Let” investment properties, second homes and holiday homes by 31 December 2022 to allow time for this review to take place.

It has been highlighted that the changes in the UK resulted in an increased sale to owner-occupiers, or to more sanguine/less affected landlords, and reduced overall residential property transactions. Indeed, there was a drop in the ratio of Buy to Let mortgage completions, to 8% in April 2016 versus 18% that took place in February 2016.¹⁹ This has continued in the long term, with 12% of homes in Great Britain being bought by landlords in 2020 down from 16% in 2015.²⁰ It should be pointed out that the introduction of the surcharge will potentially have a knock-on effect on longer term revenues from the UK SDLT.²¹

The UK Government outlined that some of the additional Tax collected would be used to provide £60 million for communities where the impact of second homes were particularly acute and doubling the affordable housing budget and helping first time buyers.²² The Panel highlights that any additional revenue gained from the higher rate of Stamp Duty could be used in a similar manner.

Although not statistically representative, the Government Plan Review Panel’s public perceptions survey has suggested that there may be acceptance by Islanders of this type of taxation with 28 of 38 (74%) agreeing with higher Stamp Duty for Buy to Let properties and, lower Stamp Duty for first time buyers, with 29 agreeing with Higher Stamp Duty for purchases by those who own more than one property.

The Panel believes that a 2% surcharge to be a fair amount to impose on Buy to Let property, holiday home and second home purchases; however, acknowledges that this figure may be altered upon completion of the review by the Minister for Treasury and Resources. The Panel believes that this additional rate should be applied at the point of Stamp Duty being taken and that mortgage status at this stage would only assist in its determination. Consideration has been given to the connotations borrowing for a mortgage may have upon the Stamp Duty rate, however, believes this requires deliberation at a later date.

¹⁸ HMRC Internal Manual, Stamp Duty Land Tax Manual, 20 August 2021, SDLTM09730 [online] [retrieved 24.11.2021] available from: <https://www.gov.uk/hmrc-internal-manuals/stamp-duty-land-tax-manual/sdltm09735>

¹⁹ Office for National Statistics, The effect of stamp duty changes on housing market activity: April 2016, [online] [retrieved 22.11.2021] available from: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/theeffectofstampdutychangesonhousingmarketactivity/september2016#sales-of-flats-more-than-double-the-5-year-average-in-march-2016>

²⁰ Hamptons, 2021, “Spring 2021: HAS THE DOOR CLOSED ON BUY-TO-LET?” [online] [retrieved 22.11.2021] available from: <https://www.hamptons.co.uk/research/reports/2021/buy-to-let-report/buy%20to%20let%20report.pdf>

²¹ Christine Whitehead, Kath Scanlon & Fanny Blanc, 2018, page 9, “A tax too far? Monitoring the impact of SDLT”, [online] [retrieved 22.11.2021] available from: <https://www.lse.ac.uk/geography-and-environment/research/lse-london/documents/Reports/A-tax-too-far.pdf>

²² Spending Review and Autumn Statement 2015 - November 2015 [PU1865] p.42

For illustrative purposes adoption of a higher rate of 2% would result in the following rates:

Transaction value up to	Standard rate	Higher Rate
1 – 50	0.5% up to 50k	2.5% up to 50k
50,001 – 300,000	1.5% on excess up to 300k	3.5% on excess up to 300k
300,001 – 500,000	2% on excess up to 500k	4% on excess up to 500k
500,001 – 700,000	3% on excess up to 700k	5% on excess up to 700k
700,001 – 1,000,000	3.5% on excess up to 1m	5.5% on excess up to 1m
1,000,001 – 1,500,000	4.5% on excess up to 1.5m	6.5% on excess up to 1.5m
1,500,001 – 2,000,000	5.5% on excess up to 2m	7.5% on excess up to 2m
2,000,001 - 3,000,000	7% on excess up to 3m	9% on excess up to 3m
3,000,001 – 6,000,000	9.5% on excess up to 6m	11.5% on excess up to 6m
6,000,001 +	10.5% on excess	12.5% on excess

FINDING 6



The Panel has brought forward an amendment to the Government Plan to place additional duty upon properties purchased as a “Buy to Let” investment property, second home and holiday home to help to alleviate the continuing demand for property in the Island and allow owner-occupier and first-time buyers preferential financing when buying their home.

RECOMMENDATION 5



The Council of Ministers should accept the proposed amendment of the Panel to place additional stamp duty upon properties purchased as a 'buy to let' investment property, second home or holiday home and specifically assist owner-occupiers and first-time buyers to purchase property.

- **Tax Relief - Commercially Let Properties**

The Government Plan 2022-25 proposes to amend the tax relief available for interest arising on business loans and other borrowings, to ensure that relief for interest is available where property is acquired as part of a commercial letting business.

Currently, interest can be claimed - with no capital restriction on the interest deduction - as an expense against the letting income on loans used for:

- Buying land or property which will be commercially let;
- Extending a commercially let property.²³

Tax Relief for interest on borrowing to purchase commercially let properties was introduced by the Income Tax (Amendment No.23) (Jersey) Law 2004. Before this change was implemented, interest incurred when capital assets were acquired would have been disallowed by Article 70 of the Income Tax (Jersey) Law 1961, although relief may still have been available for interest incurred on other loans.

²³ [Interest Tax Relief, Government of Jersey website](#)

The United Kingdom has historically provided tax relief where borrowings are used to acquire capital assets used in a business, including commercially let property, plants and equipment used in a trade.

Under Article 10 of the Draft Finance (2022) Budget (Jersey) Law 2021 (P.100/2021), facilitated through the Government Plan 2022-2025, this relief will be provided if, in the year of assessment, “all or part of the land or building concerned is let or available to let on open market terms to a third party.”

The Panel is concerned that no clear justification has been provided in either the Government Plan 2022-2025 or the Draft Finance Law to support either the current Commercially Let Property Tax Relief regime or the proposed amendments to it. In addition, no reporting was provided during its introduction as part of the Income Tax (Amendment No.23) (Jersey) Law 2004, and the minutes of the respective debate on this proposition provide little insight into its justifications.

The Panel is of the conclusion that the maintenance of Commercially Let Property Tax Relief and the proposed amendments to it represent an unnecessary and outdated form of support for those in a position to let property for commercial reasons. Instead, the Panel believes that it would be in the best interests of both the Government of Jersey and the Island to abolish this relief altogether.

The Panel further understands that Article 90AA of the Income Tax (Jersey) Law 1961, relating to Marginal Income Deduction in Respect of Interest Payments on personal allowances for only or main residences, is currently being phased out, with 2025 as the final year to claim relief. The Panel believes this timing represents a prudent opportunity to remove Commercially Let Property Tax Relief.

The Panel believes that it is important that unnecessary and poorly justified interest reliefs should be removed when their maintenance is no longer justifiable. As highlighted with the review of Stamp Duty, the Panel has been previously informed that work to review property taxation will be undertaken and the Panel is again disappointed on the lack of progress in this area.

FINDING 7



There is no clear justification in either the Government Plan 2022-2025 or the Draft Finance Law to support either the current Commercially Let Property Tax Relief regime or the proposed amendments to it. In addition, no reporting was provided during its introduction as part of the Income Tax (Amendment No.23) (Jersey) Law 2004, and the minutes of the respective debate on this proposition provide little insight into its justifications.

RECOMMENDATION 6



The Minister for Treasury and Resources, mindful of the removal of interest relief on main resident mortgages, should bring forward a proposal to implement a phased removal of Commercially Let Property Tax Relief by 31 December 2022.

Finance & Borrowing

The Assembly are asked in the Proposition to approve the changes to the approval for financing and borrowing for 2022 as per Appendix 2 - Summary Table 3 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2) (c) of the Public Finances (Jersey) Law 2019.

	Existing Approval (£000)	Change to Approval (£000)	2022 (£000)	2023 (£000)	2024 (£000)	2025 (£000)
Costs of Covid-19, including Refinancing	335,953	-127,433	208,520	208,520	208,520	208,520
Fiscal Stimulus, including Refinancing	50,000		50,000	50,000	50,000	50,000
Borrowing for Our Hospital - P.80/2021	756,000		756,000	756,000	756,000	756,000
Refinancing of past-service liabilities		480,000	480,000	480,000	480,000	480,000
Housing Bond	250,000		250,000	250,000	250,000	250,000
Total Financing	1,391,953	352,567	1,744,520	1,744,520	1,744,520	1,744,520

Summary Table 3 – Borrowing for 2022

The FPP feel that islanders want Government to be prudent and create the conditions for economic growth. While respecting the island's cultural heritage, maintaining the competitiveness of the economy and keeping inflation low.

The Island's fiscal rules currently emphasise to only borrow for investment and a desire to maintain public sector stocks of assets, however there are no rules to contain spending.

The Panel's adviser highlights that the wider policy culture of the Government of Jersey, and the fiscal rules accommodating borrowing for capital investment is promoting a bias in favour of higher expenditure and taxation, should be reviewed.

The Panel has raised questions in public hearings regarding the use of borrowing in response to COVID as expenditure. The Panel adviser's report highlights that consideration should be given as to whether Jersey needs a stricter set of fiscal rules that take account of controlling spending and emphasise the accumulation of financial assets rather than principally focusing on the sustainability of debt and borrowing.

This Panel's adviser also highlights that consideration should be given to the construction of an investment portfolio that could yield a permanent income to defray the costs of future expenditure in the event of an adverse change in the structure of the economy of Jersey.



FINDING 8

Fiscal rules in relation to borrowing do not take account of controls for spending.

RECOMMENDATION 7

The Minister for Treasury and Resources should produce a set of fiscal rules which take account for spending and focus on the accumulation of financial assets rather than primarily focusing on the sustainability of debt and borrowing.

Standard and Poor's (S&P) Credit Rating

To date Jersey has enjoyed an AA- credit rating from S&P that reflects its exceptionally strong financial balance sheet. The AA- credit rating expressly takes account of the Government's access to liquidity and its reserves and investments. As the Government of Jersey starts to borrow to pay for a significant capital project – the proposed new hospital – it may result in the AA- credit rating being down-graded.

The Government express an aim of maintaining at least a BBB investment grade credit rating as a minimum acceptable level.

The Panel's adviser has confirmed that bond market practitioners would regard this as "an undemanding objective and would consider it an inappropriately easy objective to maintain given that to go from AA- to BBB would be a huge diminution in Jersey credit status." The Panel's adviser has also confirmed that "Jersey's current outstanding debt in public markets trades at around 50 to 60 basis points spread over the equivalent maturity gilt-edged stock. It is perceived to be illiquid. It tends to be bought and held to maturity by institutional investors and therefore rarely trades and is illiquid on secondary markets given that it is closely held."



FINDING 9

The Council of Minister's acceptance of a BBB Standard and Poor rating is a significant change in policy and would be a diminution in Jersey's credit status. If such a point was reached it would have a significant impact on the island's economic future.



RECOMMENDATION 8

The Council of Ministers should set higher expectations and reconsider its acceptance of a BBB Standard and Poor credit rating as the minimum standard. A higher rate should be used instead to minimise its business and financial risks.

Fiscal Stimulus Fund

The Panel has been scrutinising the Fiscal Stimulus Fund (the Fund) throughout its inception and implementation. During this time, it has expressed a number of concerns in respect of the implementation and success of the Fund not being appropriately timely, targeted and temporary. Many of these concerns remain.

Although it is noted that flexibility is needed to meet the uncertainty of the ongoing pandemic, the Panel highlights that it is in the power of the Minister to bring forward further propositions to the Assembly to amend the Government Plan borrowing, should this need arise in 2022.

The Fund was established by the States of Jersey through [P.128/2020](#), debated and approved on 18 November 2020, with the intention of assisting the economy to recover from the impact of COVID-19. This was to be achieved via two Tranches of £25 million, using funding of £50 million from the Revolving Credit Facility.

The Panel presented comments at that time,²⁴ which highlighted concerns such as the Minister's ability to ensure major infrastructure projects were timely, targeted and temporary and that Government projects should be excluded, as well as how the Fund would assist a range of sectors.

At the time the panel noted:

"The Government has stated that any fiscal stimulus should be timely, targeted and temporary, as such the Corporate Services Scrutiny Panel (the Panel) is pleased to see that bids for grants from the Fund will only be awarded to projects that will be completed no later than December 2021. The allocation of the Fund will take place in

²⁴ [P.128/2020 Com.](#)

two tranches of £25 million, which will be available from November 2020 and February 2021”

As stated in the Fund’s proposition, poorly timed fiscal stimulus can exacerbate rather than mitigate the business cycle, if stimulus is enacted too slowly it may fail to prevent output and incomes falling further and may arrive after the economy has returned to full capacity.²⁵

However, the Panel soon became concerned with aspects of the implementation of the Fund, corresponding with the Minister on a number of occasions to highlight delays, poor targeting of the fiscal stimulus and increased risk of financing projects that should have appeared in the Government Plan.

The Panel provided recommendations on Tranche 1 allocations on the 26 March 2021, following a focused review of recommendations made to the Minister by the Fiscal Stimulus Oversight Group.²⁶

The Panel held a public and private hearing with the Minister on 26 May 2021 to discuss these concerns and progress of the Fund,²⁷ highlighting its views on Tranche 2 allocations in a letter of 28 May 2021.²⁸

The Minister confirmed in a letter of 22 July 2021 that it was her intention to allow the completion deadline for projects to continue into March 2022.²⁹ The Panel expressed concern that this risked breaking the timely, targeted and temporary expectation of the Assembly when establishing the Fund. The Minister indicated that in the wider economic context the timely criteria for the projects has been met and the matter does not require any notification to the States Assembly.

The Panel highlights that its concerns have come to fruition in this respect. By way of example, the impact of delays to planning application processes (such as Oakfield sports facility amongst others) has caused projects to miss timeframe targets.

It was confirmed in a public hearing with the Minister that under current legislation there would be no further allocations from the Fund.³⁰ It was also confirmed at that time by the Minister that any future use would require additional legislation to alter the original proposition for the Fund.³¹

The Panel finds it concerning that the Minister has not brought forward an amendment to the Fund to allow the Assembly to decide if the Fund should be continued as it is clear that the Fund risks failing to meet the objectives (timely, targeted and temporary) of the Assembly when it was established. The Panel has considered lodging an amendment to reduce borrowing ability for the Fund further to ensure that projects that fail to achieve their original business cases do not receive further funding, however, has decided against this course of action at this time.

Indeed, the Panel’s adviser, to its Government Plan 2022-25 Review, has highlighted that having energetically engaged in a fiscal stimulus with the support of the Fiscal Policy Panel the Government should interrogate its success to inform the future management of the economy when there is adverse shock. This should include exploration of whether the stimulus

²⁵ [P.128/2020, page 4](#)

²⁶ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re Fiscal Stimulus Fund - 26 March 2021](#)

²⁷ [Transcript – COVID-19 Response and Recovery Review – Minister for Treasury and Resources – 18 May 2020](#)

²⁸ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re Fiscal Stimulus Fund Tranche 2 Recommendations- 28 May 2021](#)

²⁹ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re Fiscal Stimulus Fund - 22 July 2021](#)

³⁰ [Transcript - Quarterly Hearing with the Minister for Treasury and Resources - 12 July 2021](#)

³¹ [Transcript - Quarterly Hearing with the Minister for Treasury and Resources - 12 July 2021, page 17](#)

met the test of being Timely, Targeted and Temporary, what leakage of local stimulus was there, and how Jersey can use learnings to form policy in addressing an adverse shock to its economy in the future. The Panel suggests that the Minister should provide this information before asking the assembly to allow further borrowing for the Fund and future fiscal stimulus.

The Panel questions the ability of the Fund to now meet its original aims. As the Island heads into 2022 the Panel suggests that those projects yet to be completed fail to be timely, temporary and targeted and believes the Minister should take actions to ensure any such projects are not allocated any further funds.

The Panel is mindful that the Fiscal Policy Panel has recommended that the Government of Jersey retain flexibility in regard to fiscal stimulus over the course of this Government Plan.³² The Panel agrees in principle with this aim, however, highlights that the ability for the Minister to borrow further amounts during 2022 and beyond can be introduced during the year, if needed, as illustrated in P.80/2021.

FINDING 10



Allowing the Government to utilise a further £20 million for the Fiscal Stimulus Fund is unjustified. The Panel has lodged an amendment to the Proposition to remove the borrowing and require the Minister for Treasury and Resources to come forward with a new proposition to the Assembly if further funding is required to meet timely, targeted and temporary objectives.

RECOMMENDATION 9



The Minister should provide a report to the Assembly by the 31st March 2022 which confirms the impact of the Fiscal Stimulus Fund. It should consider process, value for money and provide learnings against the Fund objective of being timely, targeted and temporary.

RECOMMENDATION 10



The Council of Ministers should accept the proposed amendment of the Panel to reduce the borrowing capability for the purpose of Fiscal Stimulus Fund.

Past Service Pension Liabilities

The Assembly are asked in the Proposition to approve up to £480 million to be appropriated from the Consolidated Fund for the Past Service Pension Liabilities Refinancing Head of Expenditure, subject to the availability of funding, which may include, in full or in part, use of the borrowing/financing referred in Summary Table 3 – Borrowing for 2022.

The Government Plan 2022-2025 states: *The pre-existing past service employee pension liabilities owed to the Jersey Teachers Superannuation Fund and the Public Employees Contributory Retirement Scheme are currently valued at up to £456 million. These liabilities are to be refinanced via issuance of external debt expected to mature in 30 years, with the proceeds paid towards the settlement of the outstanding Pension Debt. The new debt, issued at a lower rate, is anticipated to replace the older debt paying higher rates earning a net saving for the Government. The liabilities are currently serviced through departmental budgets. Once the liabilities are repaid these amounts will be used to service the borrowing, including paying the coupon (interest) and making transfers into the Strategic Reserve to create a sinking fund. These contributions combined with investment returns on these monies will build sufficient funds to repay the issued debt at maturity.*

³² [Fiscal Policy Panel 2021 Annual Report, page 47](#)

Page 27 of the Government plan 2022-2025 states:

The pension scheme past-service debts are existing liabilities, and the proposal to refinance them using borrowing will result in their being repaid sooner, generating a £3.6 billion cash saving, and a £700 million saving after adjusting for inflation. This will obviously benefit the finances of the Government and the Island in the longer-term.

Written evidence provided to the Panel asks for clarification on the figures:

- What are the actuarial assumptions being used as these can have a big implication on the size of the liability?
- Even when we have this figure there could be further substantial payments (a “contingency to allow for variation to the point of actual repayment.”)
- There is no detail in respect of the calculation of the actual savings figures.

Often in the calculation of pension debt the key factor is long term interest rates. Basically, the higher the long-term rate of interest (long gilt), the lower the liability.

Whilst low interest rates do provide a platform for low interest rates in respect of the bond, it does balloon the amount to be borrowed. If interest rates were higher, the amount to be borrowed would be much lower (perhaps £350m instead of £450m).

Whilst it makes sense in one regard, the timing is more beneficial to the scheme members than it is to the taxpayer. This is because there is a possibility that the figure proves to be “too-much”, at which point it would perhaps be used to reduce the individual liabilities of members.

The Panel notes a lodged amendment to the Government Plan [[P.90/2021\(Amd\)\(25\)](#)] which seeks to limit the borrowing for refinancing of past liabilities to only meet the amount for the Jersey Teachers Superannuation Fund.



FINDING 11

There is no detail in respect of the calculation of the actual savings figures and actuarial assumptions in the Government Plan in relation to the borrowing for the Past Service Pension Liabilities.



RECOMMENDATION 11

Detail in respect of the calculation of the actual savings figures and assumptions for the Past Service Pension Liabilities refinancing must be provided to the Assembly prior to the debate of the Proposition.

Funds

The Assembly are asked in the Proposition to approve the transfers from one States fund to another for 2022 of up to and including the amounts set in Appendix 2 – Summary Table 2 to the Report, noting that the transfer from the Consolidated Fund to the Technology Fund is subject to the Assembly’s approval of a proposition to create such a Fund in 2022, in line with Article 9(2)(b) of the Law.

	2022 (£000)	2023 (£000)	2024 (£000)	2025 (£000)
Jersey Innovation Fund to Consolidated Fund	3,000	0	0	0
Consolidated Fund to Technology Fund	(20,000)	0	0	0
Consolidated Fund to Insurance Fund	(1,244)	0	0	0
Consolidated Fund to Climate Emergency Fund	(4,400)	(4,400)	(4,400)	(4,400)
Strategic Reserve to Consolidated Fund (Hospital Borrowing coupon and costs)	21,000	19,000	19,000	19,000
Health Insurance Fund to Consolidated Fund (Revenue)	8,300	6,100	4,100	0
Assisted House Purchase Scheme to Consolidated Fund	2,000	0	0	0
Dwelling House Loans Fund to Consolidated Fund	3,700	0	0	0
Criminal Offences Confiscation Fund to Consolidated Fund (Capital)*	2,985	749	237	0
Health Insurance Fund to Consolidated Fund (Capital)	4,700	6,060	3,725	0
Strategic Reserve to Consolidated Fund (Our Hospital - Reimbursement of Capital)	11,320	1,000	336	0
Strategic Reserve to consolidated Fund (Our Hospital Project costs)	85,000	181,700	287,400	169,600
Social Security (Reserve) Fund to Social Security Fund*	81,255	87,175	0	0
* These transfers are included for reference purposes (i.e. subject to separate authority/approvals)				

Summary Table 2 – Transfer of monies between States Funds

Technology Fund

The Panel has been scrutinising the proposal in the Government Plan to transfer £20m from the Consolidated Fund to the Technology Fund (the Fund), in particular in respect of the requirements of the Public Finances (Jersey) Law 2019.

States approval of the Fund is effectively sought indirectly via the inclusion in the Government Plan 2022-25 of outline background due to the ability in the public finances law, but with no additional detail. This is signposted to follow in a subsequent standalone Proposition at an as yet unspecified time in 2022. The Panel holds concern that this may unduly evidence Assembly support prior to that subsequent Proposition.

Part C of the proposed Government Plan 2022-2025 [P.90/2021] asks the States to decide whether they are of opinion to approve the transfers from one States fund to another for 2022 of up to and including the amount set out in Appendix 2 – Summary table 2 to the Report, noting that the transfer from the Consolidated Fund to the Technology Fund is subject to the Assembly’s approval of a Proposition to create such a Fund in 2022, in line with Article 9 (2) (b) of the Law.

Page 175 of the proposed Government Plan states:³³

“as shareholders of JT Global, the Government is in receipt of an extraordinary dividend of £40 million which relating to the sale of the Internet of Things (IOT) part of the business. As a result, this plan enables the creation of a £20 million fund to assist with technology projects that seek to assist with technology projects that seek to assist with the Island’s objectives, including enhancing the digital economy, closing known gaps in Jersey’s innovation ecosystem and ensuring government, states owned enterprises, arms-length partners and other key players, are equipped to play their role in incubating and supporting new high-value

³³ [Government Plan 2022-25, page 175](#)

initiatives. By laying out this purpose for its creation within the Proposition it is subject to approval in the Government Plan 2022-25.”

The Panel is concerned as Article 6 (2) of the Public Finances (Jersey) Law 2019 (Establishment of other funds) states:³⁴

“the States must specify on the establishment of a fund for specific purpose the purpose of the fund, the fund’s terms and the circumstances in which the fund may be wound up.”

By not providing this information within the Government Plan Proposition the Panel is also concerned that the Council of Ministers have not adequately met Article 9 (4) (b) of the Public Finances (Jersey) Law which states:³⁵

“the Government Plan must also include any other information that the Council of Ministers believes that the States may reasonably be expected to need to order to consider matters mentioned in paragraphs (2) and (3) and sub-paragraph (a)”

Paragraph (2) (b) states *“the proposed amount of any transfer of money from one States fund to another during the financial year.”*

Whilst the proposed purpose may be commendable in relation to the establishment of the Fund, it must be considered with sufficient background and context provided to the Assembly to substantiate the purposes proposed in the Government Plan 2022-25.

In 2020, the Proposition for the Fiscal Stimulus Fund [[P.128/2020](#)] was lodged and agreed prior to the Assembly debating the Government Plan 2021-2024, thus enabling the Assembly to have a complete understanding of the purpose, terms and winding up clauses.

The Government Plan is silent on the planned lodging date or debate date of the Fund in 2022. This is particularly important given that 2022 is an election year, and could result in work being undertaken by Government Officers before the next Council of Ministers is in place that subsequently does not match the new Government’s agenda, resulting in the inefficient use of public sector time and resources.

The Assembly has not been advised of any terms in relation to governance, risk assessments, selection procedures and any manpower or financials arrangements for the Fund to be reassured on its delivery. Other funds which have been established have laid out any working groups to be established to oversee the programme, the involvement of internal or external parties in decision-making and ministerial accountability.

Providing such detail retrospectively does not enable the Assembly to hold sufficient information to consider this matter in the Government Plan.

The Panel would like to highlight to the Assembly that the Government has had historical issues with the purpose, terms and winding up of funds and is why Article 6 (2) of the Public Finance Law is fundamental to their establishment.

The review of the Jersey Innovation Fund found that any deficiencies in the operating Terms of Reference were collectively the responsibility of the Assembly and therefore it is pivotal that the Assembly has the detail on the terms of any Fund prior to its approval and to not set a dangerous precedence.

³⁴ https://www.jerseylaw.je/laws/current/Pages/24.900.aspx#_Toc83306953

³⁵ https://www.jerseylaw.je/laws/current/Pages/24.900.aspx#_Toc83306959

The Panel has raised a number of concerns in relation to the Council of Ministers handling of funds in recent months. In November the Panel brought a comments paper to the Assembly on the Proposition of the Ann Alice Rayner Fund.³⁶ The debate for this Proposition resulted in the Proposition being referred to the Minister for Treasury and Resources to answer questions in relation to the Governance and Structuring of the Fund. The Panel has also had to consistently challenge the outcomes of the Fiscal Stimulus Fund against its original aims in 2021 and has brought a separate amendment to the Government Plan in relation to its continued use.

The Panel also highlights that the [Fiscal Policy Panel's annual report](#) (FPP Report),³⁷ published in November 2021, recommends that the proliferation of separate funds is undesirable' and that 'no further funds should be proposed without strong rationale.'

FINDING 12



Article 6 (2) of the Public Finance Law (Establishment of other funds) states that when establishing a Fund, the States must specify the purpose of the fund, the fund's terms and the circumstances in which the fund may be wound up. By not providing this information within the Proposition for the Technology Fund the Panel concludes that the Council of Ministers may not have adhered to the intentions of Article 6 (2) or Article 9 (4) (b) of the Public Finance Law which states that the government plan must also include any other information that the Council of Ministers believes that the States may reasonably be expected to need to order to consider matters mentioned in paragraphs (2) and (3) and subparagraph (a)". Paragraph (2) (b) states it as being for the proposed amount of any transfer of money from one States fund to another during the financial year.



RECOMMENDATION 12

The Council of Ministers should accept the proposed amendment of the Panel to remove the Technology Fund transfer from P.90/2021 pending further information.

³⁶ [Changes to the Objects and Purpose of the Ann Alice Rayner Fund \(P.92/2021\): comments](#)

³⁷ [Fiscal Policy Panel 2021 Annual Report \(gov.ie\)](#) – Page 4 paragraph 6

Major Projects

The Assembly are asked in the Proposition to approve each major project that is to be started or continued in 2022 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report

	Department	2021-2024 Government Plan Full Cost (£000)	2022-2025 Government Plan Full Cost (£000)
Infrastructure Rolling Vote and Regeneration Including St. Helier	IHE	0	13,318
Sewage Treatment Works	IHE	75,502	86,235
Fire and Ambulance Headquarters	JHA	0	24,403
Fort Regent	IHE	3,000	8,000
OneGov Office	IHE	3,450	3,923
Elizabeth Castle	OCE	0	4,953
Inspiring Active Places - Sports Strategy	IHE	0	814
MS Foundation	COO	7,000	11,446
Cyber	COO	13,800	14,970
Integrated Tech Solution	COO	29,400	54,740
ITS Phase 2	COO	0	6,500
ITS Release 3 Additional	COO	0	1,281
Schools Estate	CYPES	31,350	31,350
Total		163,502	261,933

Summary Table 4 – Full Costs of Projects designated as a Major Project, to be started in 2022 and projects with amended totals since Government Plan 2021

Split between capital and current revenue spend

The adviser report concludes that the extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending should be reviewed. The Panel were advised by the Chief Minister that the IT budget for the capital programme was based on an estimation process and that it was not prioritised and remained flexible to meet priorities.³⁸



FINDING 13

The extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending should be reviewed.



RECOMMENDATION 13

The Minister for Treasury and Resources, prior to the next Government Plan, should carry out a review of the extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending, the findings of which should be included within future Government Plans.

IT Spend

As seen in summary table 4 above, there have been significant increases to estimated total costs for MS Foundations, Cyber and Integrated Tech solution compared to last year's plan, with an additional spend of £38.737 million now forecast, for a total of £88.937 million of major project spend to those items. The Panel would highlight these are attributed to the Chief Operating Office along with four other projects seen in Summary Table 5ii.

³⁸ [Transcript - Corporate Services Government Plan 22-25 Review - Chief Minister - 5 November 2021, page 20](#)

	Department	2022 (£000)
Central Planning Reserves		900
Replacement Assets		7,851
Discrimination Law, Safeguarding and Regulation of Care		1,600
School & Educational Developments		10,650
Infrastructure Assets		2,300
COO Replacement Assets	COO	3,000
Regulation Group Digital Assets	IHE	1,230
Next Passport Project	JHA	355
Combined Control IT	JHA	400
Electronic Patient Records	JHA	130
Electronic Document Management Solution	COO	2,200
Customer Relationship Management	COO	736
Service Digitisation	COO	1,750
Jersey Care Model - Digital Systems	HCS	800
Revenue Transformation Programme (Phase 3)	T&E	3,385
Non-Ministerial IT	NON-MINS	1,413
New Skatepark (net of Pol Funding)	IHE	200
New Skateparks	IHE	500
North of St. Helier Youth Centre	CYPES	2,000
Army and Sea Cadets Headquarters	JHA	494
States of Jersey Police Firearms Range	JHA	264
Prison Improvement Works - Phase 6b	JHA	230
Prison Phase 8	JHA	1,609
Health Services Improvements Programme	HCS	5,000
In-Patient/Support Services Refurbishments	HCS	989
Dewberry House SARC	JHA: SoJP	882
Reserve for Central Risk and Inflation Funding	T&E	1,800
Planning Obligation Agreements	IHE	0
Countryside Access & Wellbeing	IHE	0
Piquet House		0
Total Projects Heads of Expenditure		52,668
Major Projects		
Infrastructure Rolling Vote and Regeneration Including St. Helier (202	IHE	13,318
Sewage Treatment Works	IHE	10,740
Learning Difficulties - Specialist Accommodation	HCS	3,300
Fire and Ambulance Headquarters	JHA	500
Fort Regent	IHE	2,000
Office Modernisation	IHE	460
Elizabeth Castle	OCE	1,250
Inspiring Active Places - Sports Strategy	IHE	814
MS Foundation	COO	5,546
Cyber	COO	4,370
Integrated Technology Solution Release 1 & 2	COO	19,730
ITS Release 3 & 4	COO	4,200
ITS Release 3 Additional	COO	1,264
Digital Care Strategy	HCS	3,900
Schools Estate	CYPES	1,250
Total Major Projects Heads of Expenditure		72,642
Our Hospital	HCS	85,000
Total Capital Heads of Expenditure		210,310

Summary Table 5ii -- 2022 Project Heads of Expenditure³⁹

The Panel has long expressed concern that the Government of Jersey lacks a clear published strategy in relation to Information Technology. During the Panel's review of the Government Plan 2021-2024 it was highlighted that there was no published strategy covering all IT spending in the Government Plan. At a public hearing the Panel were advised by the Assistant Chief Minister that a 'roadmap strategy' to look at IT systems was under development. It was

³⁹ [P.90/2021 page 20](#)

also highlighted that a digital strategy to look at services and how they are used for Government services would be developed in the future.⁴⁰

The Panel identifies the Government of Jersey is proposing a number of revenue programmes and capital projects that relate to Information Technology across the departments, with the total expenditure equivalent to £65.4 million in 2022, £54.4 million of this is Capital, and £161.1 million over the life of the Government Plan 2022 – 2025, of which £95.7 million is capital.



FINDING 14

The Government of Jersey is proposing a number of revenue programmes and capital projects that relate to Information Technology across the departments, with the total expenditure equivalent to £65.4 million in 2022, and £161.1 million over the life of the Government Plan 2022 – 2025.

A key element of achieving the Government’s aspirations in this area is the Modernisation and Digital Directorate (M&D). M&D exists to deliver the technology and change service required across the GoJ and wider Island community to the agreed standards. The function manages Government-wide change (through the Corporate Portfolio Management Office (CPMO), as well as a range of technology and information functions, including IT Operations, against a range of agreed Key Performance Indicators.

The Panel believes that improved budget oversight of the department is needed to ensure underspends are not used to bolster overly expensive projects, and that efficiencies attributed to Modernisation and Digital are not suitably evidenced and as such should be removed.

The Panel, as part of its Government Plan review, requested detail on the level of underspend within M&D growth programme and capital projects. It has been informed that the programmes “Modernisation and Digital – enhanced capabilities” and “Technology Transformation Programme” had underspends totalling over **£2 million** in 2020 (budget vs actual spend), with a similar amount in year to date for 2021. However, it has been highlighted that growth spending in 2021 will be spent in full, variance in budget compared to actual of growth programmes is outlined below:

CSP Reference	Programme	Variance Budget – Actual 2020 (£000)	Variance Budget – Actual (Year to date) 2021 (£000)
GP20-OI3-09	Modernisation and Digital – enhanced capabilities	625	833
GP20-OI3-14	Technology Transformation Programme	1,500	1,237
Total underspend		2,125	2,070

Growth programme budget variance

The Panel is concerned that, in practice, the revenue and project funding attributed to M&D deviates from the associated expectations established in the Government Plan, noting that once in a Department’s Head of Expenditure the funding can be re-allocated without recourse to the Assembly by Ministers, or Officers. Whilst accepting some flexibility, the Panel is concerned that this leads to undue degrees of financial indiscipline, whereby underspends in one area provide excessive top up budget for projects that have over-spent elsewhere.

⁴⁰ [Transcript - Corporate Services Government Plan 22-25 Review - Chief Minister - 5 November 2021, page 9](#)

The Panel holds further concern that funding which has been provided to M&D to fulfil its Target Operating Model (TOM) and business plan may have been used to fund an already large investment in Information Technology. Although it is clear that investment in this area is needed, this should not be at any cost.

The Chief Minister has highlighted that based on the recruitment plan for the TOM and the need to fill in vacancies, the M&D Department needed an appropriate funding year on year. The per annum growth allocated has been reviewed by the Head of Transformation to ensure feasibility, attract necessary staff, and meet skills and salary expectations. The growth reaches its full Business as Usual cost at £6m in 2025 rather than the original 2024 plan based on the recruitment plan, increment and grades. It has been stated to the Panel that the department needed the flexibility to add additional roles as gaps as shortages are identified with the new requirements coming from the TOM.⁴¹

Indeed it has been highlighted to the Assembly that M&D has struggled to recruit and retain staff to its TOM, for example there was a **£3.156 million** underspend on permanent staff budget in 2020 for that Directorate.⁴² The Panel has been informed that the average headcount for the Chief Operating Office as a whole was 255.9 between January to October 2021, this compares to 175.5 in 2018.⁴³ The Panel notes that updated figures provided to it in the course of this review indicate that over 2020 and 2021 there is a forecast underspend on staff costs of **£4.4 million** as shown below:

£000 Modernisation and Digital	Full Year 2020		
	Budget	Actual	Variance
Expenditure	18,100	18,730	(630)
Non-Pay	8,291	11,618	(3,327)
Staff Costs	9,809	7,112	2,697
Income	(519)	(1,125)	606
Grand Total	17,581	17,605	(24)

£000 Modernisation and Digital	Full Year 2021		
	Budget	Forecast	Variance
Expenditure	23,395	23,133	262
Non-Pay	11,533	13,051	(1,518)
Staff Costs	11,862	10,082	1,780
Income	(1,300)	(1,460)	160
Grand Total	22,095	21,673	422

Further underspend has been predicted; during a public hearing with the Public Accounts Committee (PAC) it was confirmed that projects within M&D were forecast to underspend by **£1 million**.⁴⁴ It has been indicated to the Panel that projects, such as Cyber (Major Project), has deferred underspends from 2020 to 2021.⁴⁵

⁴¹ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow up Questions - 24 November 2021, page 6](#)

⁴² [WQ.117/2021](#)

⁴³ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow up Questions - 24 November 2021, page 2](#)

⁴⁴ [Transcript - Performance Management / COVID response – Chief Operating Officer – 1 November 2021, page 36](#)

⁴⁵ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow up Questions - 24 November 2021, page 14](#)

The Panel was informed during a public hearing with the Chief Minister on 5 November 2021 that the spend envelope of information technology projects, excluding the Integrated Technology Solution (ITS) remained the same. It was acknowledged that the spending had been spread over separate years due to necessity, mainly relating to COVID-19.⁴⁶ It was highlighted that this was enabled by the move away from the Medium-Term Financial Plan.

During a recent PAC hearing, the Chief Operating Officer stated: *“if you look at the speed at which, and Health is a good example, Health I.T. you could give me a blank cheque and it probably would not be enough, and the same with cyber”*⁴⁷ This sentiment has also been communicated to the Panel during briefings.

The Panel has had difficulty in tracking budget changes within M&D, identifying significant movements in allocations in the Government Plan 2022-25 when compared to previous versions. The Chief Minister, in a letter of 24 November 2021, clarified that £8.596 million had been moved from the Technology Transformation Programme to specific Capital Projects; this includes £4.446 million to MS Foundations, £2.8 million to Electronic Document Management Solution, £1.1 million to Cyber Security. It has also been highlighted that a shortfall has been recognised from 2023 onward and a business case will be drafted in due course in order to request additional funding.⁴⁸

Investment within IT systems has been purported to be beneficial in providing efficiencies within the Government of Jersey, however, as highlighted by the Chief Minister these are not particularly quantified in the rebalancing programme.⁴⁹ When questioned what the investment in particular areas of IT meant for the person in the street the Panel was informed that it has allowed Government services to keep running,⁵⁰ the Panel questions if Islanders have seen any great benefits in the way they interact with the Government of Jersey, past a handful of individual projects such as online tax return. It appears that the majority of investment has been improvement of ‘back end’ systems, for which benefit has proven hard to evidence.

The Panel is also concerned over potential “double spend”. An example of this is in areas such as Digital Identification, for which the Government of Jersey has used a paid for service from YOTI to allow Islanders to access their online Government account, however, development of a new and separate “Jersey Me” has been progressed at additional cost. When questioning this the Panel has informed:⁵¹

Head of Technology, Modernisation and Digital: *So, Yoti is used more broadly by younger members of the community and people who are digitally very able and engaged. It was found that we needed another solution to support that, and Jersey Me is that solution. So, individuals will be able to go to the post office and ask to put their registration through that and that will allow them then to engage with digital services but without having the need for a smartphone.*

Deputy S.M. Ahier:

So why are both systems necessary and will they be running alongside each other?

Head of Technology, Modernisation and Digital:

They will be running alongside each other and they both perform a service which does lead to many of the same back-end services. It is also considered that having something which has a backup is helpful and supportive for the people of Jersey.

⁴⁶ [Transcript - Corporate Services Government Plan 22-25 Review - Chief Minister - 5 November 2021, page 4](#)

⁴⁷ [Transcript - Performance Management / COVID response – Chief Operating Officer – 1 November 2021, page 33](#)

⁴⁸ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 9](#)

⁴⁹ [Transcript - Corporate Services Government Plan 22-25 Review - Chief Minister - 22 October 2021, page 47](#)

⁵⁰ [Transcript - Corporate Services Government Plan 22-25 Review - Chief Minister - 22 October 2021, page 5](#)

⁵¹ [Transcript - Corporate Services Government Plan 22-25 Review - Chief Minister - 22 October 2021, page 36](#)

Although, the Panel is understanding of the need to allow access in a way that suits Islanders, this again should not be at any cost, for example younger members of the public may be willing to access systems via “Jersey Me” saving the cost of double spend.

The Panel holds concern that the Government of Jersey risks repeating mistakes of the past if it does not implement appropriate structures to properly oversee and control of Information Technology related spend. For example PAC identified in 2017:⁵²

- In the absence of a clear eGov strategy and objectives, the funding of individual foreground projects was undertaken on an ad hoc basis. There do not appear to be clear criteria for approval, and reporting of measurable outcomes has been haphazard and difficult to assess
- At this stage of eGov implementation, there is an urgent need for greater clarity, focus and proper accountability.



FINDING 15

The budget of Modernisation and Digital requires greater oversight by the Assembly. As seen with previous Government spending on technology projects there is a clear risk of costs of programmes and projects escalating or being duplicated if spending discipline is not enabled.



RECOMMENDATION 14

The Chief Minister should review use of funds within the Chief Operating Office, including the Modernisation and Digital Department and provide the Assembly, by May 2022, a breakdown of and reason for spends within that Department, with particular prominence of any divergence of previously stated budgets.



RECOMMENDATION 15

Before the end of this political term, the Chief Minister must deliver outcome-based accountability of Digital and IT investment across Government. This should include quantifiable baselines and public communications on how this expenditure is making a tangible benefit to the operation and deliverance of public services to avoid any double spend for the incoming Council of Ministers to understand what has been achieved.

⁵² [Report – PAC Review of eGov – 28 June 2017, page 8](#)

Efficiencies and Rebalancing

The Assembly are asked in the Proposition to endorse the efficiencies and other re-balancing measures for 2022 contained in the Government Plan as set out in Appendix 2 Summary Table 6 and reflected within each gross head of expenditure in Appendix 2 – Summary Table 5(i).

Minister	Department	Title	Recurring/ One off	Budget Impact	2022 (£000)
Assistant Chief Minister	COO	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	415
Assistant Chief Minister	OCE	General staffing productivity increase	Recurring	Spend reduction: Staff	75
Chief Minister	COO	General staffing productivity increase	Recurring	Spend reduction: Staff	258
Chief Minister	OCE	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	87
Chief Minister	SPPP	General reductions in non-staff budget	One off	Spend reduction: Non-Staff	20
Chief Minister	SPPP	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	188
Chief Minister	SPPP	General staffing productivity increase	Recurring	Spend reduction: Staff	39
Minister for Children and Education	CYPES	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	56
Minister for Children and Education	CYPES	General staffing productivity increase	Recurring	Spend reduction: Staff	440
Minister for EDTSC	ECON	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	100
Minister for EDTSC	ECON	General staffing productivity increase	Recurring	Spend reduction: Staff	84
Minister for External Relations and Financial Services	ECON	General reductions in non-staff budget	One off	Spend reduction: Non-Staff	52
Minister for External Relations and Financial Services	OCE	General staffing productivity increase	One off	Spend reduction: Staff	57
Minister for External Relations and Financial Services	OCE	General staffing productivity increase	Recurring	Spend reduction: Staff	42
Minister for Health and Social Services	HCS	Fees and charges	Recurring	Income	700
Minister for Health and Social Services	HCS	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	3,750
Minister for Health and Social Services	HCS	General staffing productivity increase	Recurring	Spend reduction: Staff	1,800
Minister for Home Affairs	JHA	Fees and charges	Recurring	Income	184
Minister for Home Affairs	JHA	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	406
Minister for Home Affairs	JHA	General staffing productivity increase	Recurring	Spend reduction: Staff	315
Minister for Home Affairs	JHA: SoJP	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	459
Minister for Home Affairs	JHA: SoJP	General staffing productivity increase	Recurring	Spend reduction: Staff	377
Minister for Infrastructure	IHE	FM centralisation	Recurring	Spend reduction: Non-Staff	200
Minister for Infrastructure	IHE	Property Maintenance	Recurring	Spend reduction: Non-Staff	300
Minister for Social Security	CLS	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	371
Minister for Social Security	CLS	General staffing productivity increase	Recurring	Spend reduction: Staff	204
Minister for Treasury and Resources	COO	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	125
Minister for Treasury and Resources	T&E	Fees and charges	Recurring	Income	14
Minister for Treasury and Resources	T&E	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	31
Minister for Treasury and Resources	T&E	General staffing productivity increase	Recurring	Spend reduction: Staff	386
Non-Mins	Non-Mins	Fees and charges	Recurring	Income	266
Non-Mins	Non-Mins	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	230
Non-Mins	SA	General reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	4
Departments total					12,035
Council of Ministers	Central	Non-pay inflation budget	Recurring	Spend reduction: Non-Staff	5,343
Minister for Treasury and Resources	T&E: Revenue Jersey	Domestic tax compliance	Recurring	Income	4,300
Grand Total					21,678

Summary Table 6 – Efficiencies and Rebalancing Measures 2022 – Summary Proposals

The Government Plan maintains a target of £120m ‘rebalancing’ relative to 2019 to be reached by 2024. The categories of rebalancing that the Government plan states are:

- A reduction in spend, delivering better quality services for less
- A reduction in current spend through Zero Based Budgeting and service reviews
- More efficient collection of existing income and better debt management
- Increasing the Government’s revenue through further recovery of existing costs, moving towards full cost recovery of services where appropriate
- The extension and increase of existing charges or the introduction of new charges as revenue-raising measures.

The Fiscal Policy Panel’s report recommends that detailed, realistic and time-bound targets for all years should be built into the four-year Government Plan and that this planning of medium-term rebalancing may help identify opportunities to ‘invest-to-save’ and allow for departments to plan how they will achieve efficiencies.

The Panel adviser’s report also concludes “that the continuing efficiency and value for money issues in Jersey’s public sector should be addressed, by active benchmarking, comparison between the public service and private sector and exploration of different means of delivering a service, use of information about unit costs, as well as the results of the zero -based budget approach. To the extent that zero based budgeting techniques are used, these should be assessed for their efficacy and scale of financial savings they yield. The protracted programme of rebalancing and efficiency savings should be expedited to make savings sooner.”



FINDING 16

Detailed, realistic and time bound efficiency targets for all years should be built into the four-year Government Plan to support departments to plan how they will achieve efficiencies.



FINDING 17

Information about unit costs and exploration of different means of service should be explored further for efficiencies to aid in transparency.



RECOMMENDATION 16

The Council of Ministers should provide, in the next Government Plan, information about unit costs of public services and exploration of different means of service to the public, this may include active benchmarking, comparison between the public service and private sector, to aid in transparency.

Future Income Raising Measures

The Panel notes a number of potential future income raising measures briefly outlined in the Government Plan 2022-25, however, expresses disappointment that the Government of Jersey has not proposed more to be implemented in 2022 or over the course of this plan's timeframe.

As highlighted earlier in this section the Fiscal Policy Panel has indicated that the Government must identify how it intends to meet revenue demands in the medium term.⁵³ A number of reviews and areas will be impacted by this:

Frozen 2019 “Prior Year Basis” tax liability – payment options.

The transfer of all taxpayers to paying their liability on a “Current Year Basis” is have impacted tax payments amounting to around £325 million. The Government Plan outlines that Ministers believe this revenue be used to strengthen reserves, for example to continue to grow the Strategic Reserve, offsetting some of the costs of borrowing for Our Hospital.

Long-term climate action

The States Assembly has agreed that the Island should aim to become carbon neutral by 2030. It has been highlighted to the Panel that there will be impacts upon taxation revenues:

*“As petrol-fuelled cars become redundant, there will be an impact on the taxation revenues currently raised through duties. Road user charging is a rational fiscal instrument to replace these revenues. This ensures the continued funding the “external costs” of car ownership and usage including, for example, road congestion; maintenance of roads; the provision of “street furniture”; and meeting the costs of road-traffic incidents.”*⁵⁴

The Panel was informed that action is under way and has noted the increase in V.E.D. (vehicle emissions duty) and fuel duties.⁵⁵

International Tax Reform

The OECD is progressing work to establish a new global tax framework which aims to introduce new profit allocation rules for the world's largest Multi-National Enterprises (MNEs) and a new framework of taxation whereby companies that are in scope (those with global revenues of at least €750m) would pay a Minimum Effective Rate of taxation (MER). The Panel understands that work is underway to engage with the OECD in this matter, however, notes that changes may have significant impact on the Island's financial sector and economy.

Review of Partnerships

Consideration of extension of establishing economic substance for partnerships is underway.

Accurate Tax Filing (Reporting Bank Interest to Revenue Jersey)

In the Government Plan 2021-2024, the Minister proposed to lodge Regulations to allow Jersey banks to provide similar information to Revenue Jersey in respect of local residents.

⁵³ [Fiscal Policy Panel 2021 Annual Report](#)

⁵⁴ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

⁵⁵ [Transcript - Corporate Services Government Plan 22-25 Review - Minister for Treasury and Resources - 12 October 2021, page 41](#)

This was deferred at the request of the Banks to allow more time to prepare systems. The Minister proposes to lodge draft Regulations shortly.⁵⁶

Business Interest Rules

A review is underway to consider problems of obtaining tax relief for interest arising on business loans and other borrowings and developing long-term proposals for a new regime.

Tax Residency

This review is considering the options for modernising the income tax law that governs the tax residence of individuals in Jersey.

Taxation of Medicinal Cannabis Industry

Review of Taxation of Medicinal Cannabis Industry has been underway by the Government of Jersey and scrutiny has been undertaken by the Economic and International Affairs into the Regulations for the licensing, production and export of Medicinal Cannabis in Jersey.⁵⁷ The Assembly has adopted a tax rate of 20% for specified activities in this area,⁵⁸ and it is highlighted in the Government Plan that the taxation of the medicinal cannabis industry is one of the measures proposed to generate additional revenues from 2024.

Taxation of vaping products

It is noted that Ministers continue to review the case or need to tax and dis-incentivise the use of vaping products, in particular those containing nicotine. The Panel is disappointed to note that work in this area has again been delayed.

⁵⁶ [Government Pan 2022-25, page 154](#)

⁵⁷ [Regulations for the licensing, production and export of Medicinal Cannabis in Jersey Review](#)

⁵⁸ www.jerseylaw.je/laws/enacted/Pages/RO-144-2021

6 Departmental Budgets

Departmental Budgets

The Corporate Services Scrutiny Panel scrutinises the work of the Chief Minister and the Minister for Treasury and Resources. Therefore, the project policy work contained in the programmes and capital projects assigned to the Panel predominantly sit under:



Chief Minister, Senator John Le Fondré



Minister for Treasury and Resources, Deputy Susie Pinel

Departmental Heads of Expenditure

In the Government Plan 2022 - 2025, the States Assembly has been asked to approve the proposed amount to be appropriated from the Consolidated Fund for 2022, for each head of expenditure. The tables below provide a summary of the proposed “Heads of Expenditure” allocated to the Departments for 2022 and estimates produced for 2023 - 2025:

Table 13 Heads of Expenditure 2022-25⁵⁹				
	2022 Allocation (£000)	2023 Estimate (£000)	2024 Estimate (£000)	2025 Estimate (£000)
Chief Operating Office	37,894	42,850	44,265	44,865
Office of the Chief Executive	8,487	8,487	8,486	8,486
Strategic Policy, Planning and Performance	10,888	11,028	11,026	11,026
Treasury and Exchequer	68,598	69,786	153,016	156,528

Summary Table 5(i) 2022 Revenue Heads of Expenditure⁶⁰			
	Income (£000)	Expenditure Allocation (£000)	Head of Expenditure (£000)
Chief Operating Office	1,475	39,369	37,894
Office of the Chief Executive	145	8,632	8,487
Strategic Policy, Planning and Performance	588	11,476	10,888
Treasury and Exchequer	2,912	71,510	68,598

A further breakdown of these figures was provided from page 20 of the Annex to the Government Plan 2022-24:⁶¹

⁵⁹ [Government Plan 2022 – 2025 Table 13 p.126](#)

⁶⁰ [P.90/2021 Summary Table 5\(i\) p.19](#)

⁶¹ [Annex to the Government Plan 2022-25, p.20](#)

Chief Operating Office 2022						
Service Area	Income (£000)	DEL (£000)	Net Revenue Expenditure (£000)	Non Cash Net Revenue Expenditure (£000)	Total Net Revenue Expenditure (£000)	FTE
COO Directorate	0	572	572	0	572	5
Commercial Services	(175)	4,443	4,268	0	4,268	50
Modernisation and Digital	(1,300)	23,405	22,105	3,502	25,607	186.7
People and Corporate Services	0	10,950	10,950	0	10,950	123
Net Revenue Expenditure	(1,475)	39,369	37,894	3,502	41,396	364.7

Office of the Chief Executive 2022				
Service Area	Income (£000)	DEL (£000)	Net Revenue Expenditure (£000)	FTE
Chief of Staff	0	3,226	3,226	32
Communications	0	2,343	2,343	35
External Relations	(145)	3,063	2,918	14
Net Revenue Expenditure	(145)	8,632	8,487	81

Strategic Policy, Planning and Performance 2022						
Service Area	Income (£000)	DEL (£000)	Net Revenue Expenditure (£000)	Non Cash Net Revenue Expenditure (£000)	Total Net Revenue Expenditure (£000)	FTE
Public Policy	(113)	2,613	2,500	0	2,500	25
Public Health	0	1,928	1,928	0	1,928	7.8

Strategy and Innovation	0	1,692	1,692	0	1,692	15
Statistics and Analytics	(150)	1,863	1,713	0	1,713	16.9
Arm's Length Functions	(325)	2,902	2,577	0	2,577	26
Executive and Governance	0	478	478	37	515	4.5
Net Revenue Expenditure	(588)	11,476	10,888	37	10,925	95.2

Treasury and Exchequer 2022						
Service Area	Income (£000)	DEL (£000)	Net Revenue Expenditure (£000)	Non Cash Net Revenue Expenditure (£000)	Total Net Revenue Expenditure (£000)	FTE
Finance Business Partners, Analytics and Management Information	(7)	4,329	4,322	0	4,322	58
Finance Hub	(1,840)	13,680	11,840	0	11,840	58.5
Revenue Jersey	(157)	9,026	8,869	1,218	10,087	136.5
Risk, Audit & Reporting	(107)	9,716	9,609	0	9,609	19
Strategic Finance	(67)	1,731	1,664	0	1,664	26
Treasury and Investment Management	(734)	1,226	492	0	492	13
Grants to Funds	0	31,802	31,802	0	31,802	0
Net Revenue Expenditure	(2,912)	71,510	68,598	1,218	69,816	311

The 2022 resources allocated to the Ministers which fall under the Panel's remit are as follows:

Resources mapped to Ministerial portfolios ⁶²	
Minister	2022 Allocation (£000)
Chief Minister	50,641
Minister for Treasury and Resources	73,893

Changes to the Departmental Budget ⁶³ Chief Operating Office	
	(£000)
2021 allocation	36,638
Inflation and legislative decisions	0
Revised Investments	(1,608)
New Investments	0
Pay Awards	232
Service Transfer Budgets	3,430
Rebalancing	(798)
Other Variations	0
2022 Estimate	37,894
Net Difference 2021-2022	1,256

Changes to the Departmental Budget ⁶⁴ Office of the Chief Executive	
	(£000)
2021 allocation	8,505
Inflation and legislative decisions	0
Revised Investments	0
New Investments	0
Pay Awards	91
Service Transfer Budgets	152
Rebalancing	(261)
Other Variations	0

⁶² [Government Plan 2022 – 2025 Table 14 p.127](#)

⁶³ Government Plan 2022 – 2025 Annex Table 8 p.14

⁶⁴ Government Plan 2022 – 2025 Annex Table 8 p.14

2022 Estimate	8,487
Net Difference 2021-2022	(18)

Changes to the Departmental Budget⁶⁵ Strategic Policy, Planning and Performance	
	(£000)
2021 allocation	9,997
Inflation and legislative decisions	0
Revised Investments	776
New Investments	228
Pay Awards	125
Service Transfer Budgets	0
Rebalancing	(88)
Other Variations	(150)
2022 Estimate	10,888
Net Difference 2021-2022	891

Changes to the Departmental Budget⁶⁶ Treasury and Exchequer	
	(£000)
2021 allocation	67,155
Inflation and legislative decisions	1,772
Revised Investments	(4,184)
New Investments	2,223
Pay Awards	213
Service Transfer Budgets	1,500
Rebalancing	(431)
Other Variations	350
2022 Estimate	68,598
Net Difference 2021-2022	1,443

⁶⁵ Government Plan 2022 – 2025 Annex Table 8 p.14

⁶⁶ Government Plan 2022 – 2025 Annex Table 8 p.14

7 Efficiencies

The Government Plan 2020-2023 set out the ambition to achieve £100 million of efficiencies, with the first £40 million to be achieved in 2020. The plan for £40 million in 2020 was published in October 2019 and a performance update was included in the Government 6-month report, published in August 2020. The Government Plan 2021 – 2024 set out the 2021 plan to deliver £20 million of efficiencies and other rebalancing measures.

Rebalancing and Efficiencies

The Government Plan proposes £21 million of rebalancing measures in 2022, with the intent that a further £40 million of savings will be delivered across 2023 and 2024. The table below shows the efficiencies and rebalancing totals for each Minister under the Panel's remit:

Table 1 Efficiencies and Rebalancing Measures 2022 – allocation by Minister ⁶⁷	
	2022 (£000)
Council of Ministers	5,343
Chief Minister	592
Assistant Chief Minister	490
Minister for Treasury and Resources	4,856

The summary description of proposals reviewed by the Panel for each Minister are set out in the table below:

Efficiencies and rebalancing summary descriptions ⁶⁸					
Minister	Department	Summary description	Recurring or One-Off	Budget Impact	2021 Value (£000)
Assistant Chief Minister	COO	Modernisation & Digital: Integration of CYPES, HCS and SoJP platforms into the existing GoJ technology environment	Recurring	Spend reduction: Non-Staff	415
Assistant Chief Minister	OCE	Communications: Internal and Change recruitment freeze and associated reduction in staff due to a restructure of the wider team (40). Communications: Press	Recurring	Spend reduction: Staff	75

⁶⁷ [Government Plan 2022 – 2025 Table 1 p.84](#)

⁶⁸ [Government Plan 2022 – 2025, Annex, page 135](#)

		Office recruitment freeze and associated reduction in staff due to a restructure of the wider team (35)			
Chief Minister	COO	Restructure of the leadership team within People and Corporate Services (171). People and Corporate Services: Reorganisation of Team Jersey to be undertaken within the Organisational Development function (87)	Recurring	Spend reduction: Staff	258
Chief Minister	OCE	Chief of Staff: Reduction in the funding available for the Provision of Pilot Schemes	Recurring	Spend reduction: Non-Staff	87
Chief Minister	SPPP	Public Health: Reduced spend on the nutrition strategy due to delayed spend in schools	One off	Spend reduction: Non-Staff	20
Chief Minister	SPPP	Executive and Governance: Reduction in non-staff administrative spend (5). Public Policy: Non-staff budget reductions for professional services, agency staff, recruitment advertising and computing (109). Strategy and Innovation: Reduction in provision of grants for Home Energy Audits which is to be replaced by a revised domestic energy efficiency scheme (74)	Recurring	Spend reduction: Non-Staff	188
Chief Minister	SPPP	Statistics and Analytics: Staff budget reduction for the Central Analytics Team which will be set up to support the Analytics Transformation Programme and publication of GoJ service performance measures	Recurring	Spend reduction: Staff	39
Minister for Treasury and Resources	COO	Commercial Services efficiency savings	Recurring	Spend reduction: Non-Staff	125

Minister for Treasury and Resources	T&E	Increase income from new charges, and increased cost recovery of existing charged services, based on the initial implementation of a fees and charges framework	Recurring	Income	14
Minister for Treasury and Resources	T&E	Continue the best practice of reviewing and securing recurring reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	31
Minister for Treasury and Resources	T&E	General staffing productivity increase can be achieved through a number of different levers within each department including TRR, ZBB, vacancy management etc	Recurring	Spend reduction: Staff	386
Minister for Treasury and Resources	T&E: Revenue Jersey	Increase tax revenues through the continued enhancement of domestic tax compliance	Recurring	Income	4,300
Council of Ministers	Central	Continue to manage inflationary pressures across government by retaining the budget for non-pay inflation and seeking best commercial outcomes to contract management.	Recurring	Spend reduction: Non-Staff	5,343
Total for 2022	-	-	-	-	11,281

To aid in comparison the following tables split these by Minister or group.

Council of Ministers

Council of Ministers	Central	Continue to manage inflationary pressures across government by retaining the budget for non-pay inflation and seeking best commercial outcomes to contract management.	Recurring	Spend reduction: Non-Staff	5,343
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Chief Minister

Chief Minister	COO	Restructure of the leadership team within People and Corporate Services (171). People and Corporate Services: Reorganisation of Team Jersey to be undertaken within the Organisational Development function (87)	Recurring	Spend reduction: Staff	258
Chief Minister	OCE	Chief of Staff: Reduction in the funding available for the Provision of Pilot Schemes	Recurring	Spend reduction: Non-Staff	87
Chief Minister	SPPP	Public Health: Reduced spend on the nutrition strategy due to delayed spend in schools	One off	Spend reduction: Non-Staff	20
Chief Minister	SPPP	Executive and Governance: Reduction in non-staff administrative spend (5). Public Policy: Non-staff budget reductions for professional services, agency staff, recruitment advertising and computing (109). Strategy and Innovation: Reduction in provision of grants for Home Energy Audits which is to be replaced by a revised domestic energy efficiency scheme (74)	Recurring	Spend reduction: Non-Staff	188
Chief Minister	SPPP	Statistics and Analytics: Staff budget reduction for the Central Analytics Team which will be set up to support the Analytics Transformation Programme and publication of GoJ service performance measures	Recurring	Spend reduction: Staff	39

Assistant Chief Minister

Assistant Chief Minister	COO	Modernisation & Digital: Integration of CYPES, HCS and SoJP platforms into the existing GoJ technology environment	Recurring	Spend reduction: Non-Staff	415
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Assistant Chief Minister	OCE	Communications: Internal and Change recruitment freeze and associated reduction in staff due to a restructure of the wider team (40). Communications: Press Office recruitment freeze and associated reduction in staff due to a restructure of the wider team (35)	Recurring	Spend reduction: Staff	75
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Minister for Treasury and Resources

Minister for Treasury and Resources	COO	Commercial Services efficiency savings	Recurring	Spend reduction: Non-Staff	125
Minister for Treasury and Resources	T&E	Increase income from new charges, and increased cost recovery of existing charged services, based on the initial implementation of a fees and charges framework	Recurring	Income	14
Minister for Treasury and Resources	T&E	Continue the best practice of reviewing and securing recurring reductions in non-staff budget	Recurring	Spend reduction: Non-Staff	31
Minister for Treasury and Resources	T&E	General staffing productivity increase can be achieved through a number of different levers within each department including TRR, ZBB, vacancy management etc	Recurring	Spend reduction: Staff	386
Minister for Treasury and Resources	T&E: Revenue Jersey	Increase tax revenues through the continued enhancement of domestic tax compliance	Recurring	Income	4,300

8 Summary tables of Scrutiny ‘RAG’ ratings





The Panel has undertaken review of the various programmes and capital projects that were assigned to it by the Government Plan Review Panel, and passed comments where necessary. Following its review’s Terms of Reference, the Panel carried out scrutiny of projects based upon the following guideline criteria:



















- Where funding over £500,000 has been allocated
- Where funding has been withdrawn or decreased significantly from the previous year
- Where funding has been increased significantly from the previous year
- Projects which the Panel consider are of most concern (as a result of, for instance, delays, deferrals, overspends or because they are not in keeping with Common Strategic Priorities)
- Projects which have been identified as of concern by stakeholders
- Projects which are contentious and/or in the public eye.
- Projects where insufficient information has been provided and more information is sought
- Concern is held on the project’s alignment with Common Strategic Priorities, social impact and impact upon children.








This section provides a summarised overview of the Panel’s RAG ratings assigned to both previously reviewed programmes (GP 2020-23 / GP 2021-24) and new ones which have been identified in the Government Plan 2022-25.

Previously reviewed programmes and capital projects (GP 2020-23 / GP 2021-24)









The tables immediately below identify the programmes included in previous iterations of the Government Plan, which will continue to be invested in in 2022, and indicates whether the projects are ‘Complete’, ‘On Track’, ‘Reduced’, ‘Delayed’, ‘Deferred’ or subject to ‘Partial Deferral’.

Programmes (Continuing from previous Government Plans)						
Programme	CSP reference	Page number	Scrutiny RAG Status	Mid-year review Status	2022 Allocation (£000) (previous)	2022 Allocation (£000) (revised)
Tax Policy and International team investment	GP20-CSP3-1-08	61		On track	1,650	1,650
Migration Policy	GP20-CSP3-2-09	62		On track	75	75
Migration Policy Implementation	GP21-CSP3-4-02	63		On track	108	108
C&AG additional funding	GP20-OI-Non-01	64		On track	25	25

Judicial Greffe additional funding	GP20-OI-Non-03	65		On track / Delayed	158	158
States Assembly additional funding	GP20-OI-Non-04	66		Complete / Delayed	1,019	1,019
Viscount's department additional funding	GP20-OI-Non-05	67		On track / Delayed	325	325
Legal Aid Office	GP20-OI-Non-06	68		On track	400	400
States Greffe extended services	GP20-OI2-01	69		On track	729	729
Commercial services - enhanced capabilities	GP20-OI3-02	70		Not given	1,500	1,500
Commercial services - restructure	GP21-OI3-15	71		Partial deferral	2,310	2,310
Domestic compliance (Spend to raise)	GP20-OI3-03	72		On track	1,505	1,505
Enabling policy excellence	GP20-OI3-04	73		On track	60	60
Government of Jersey bank charges	GP20-OI3-05	74		Not given	300	300
GST de-minimis charges	GP20-OI3-06	75		On track	200	200
Increased audit fees	GP20-OI3-08	76		Not given	75	75
Modernisation and Digital - enhanced capabilities	GP20-OI3-09	77		On track	4,900	5,200
People and Corporate Services - enhanced capabilities	GP20-OI3-10	79		On track	7,500	7,200
Supply Jersey	GP20-OI3-12	80		Complete	133	133
Technology Transformation Programme	GP20-OI3-14	81		On track	14,637	4,791
Delivering effective financial management	GP20-OI4-01	83		On track	2,300	2,300
Electoral registration	GP20-OI5-01	85		Delayed	6	6









Re-organisation Ministerial Support Unit	GP21-OI3-17	85		On track	1,390	1,390
Re-organisation Communication	GP21-OI3-18	86		On track	623	623
Office Modernisation	GP21-OI3-21	87		On track	-	-
COVID-19 Revolving Credit Facility	GP21-OI4-C-1	88		Not given	7,136	7,136
Insurance Premium	GP21-OI4-02	89		Not given	2,612	2,612
CAG inflation	GP21-OI-Non-08	90		On track	31	31
Bailiff's Office - additional Crown appointment pension	GP21-OI-Non-10	91		On track	80	80



Capital Projects (Continuing from previous Government Plans)

Programme	CSP reference	Page number	Scrutiny RAG Status	Mid-year review Status	2022 Allocation (£000) (previous)	2022 Allocation (£000) (revised)
MS Foundation (major project)	GP20-IT-02-Y	93		On track	1,100	5,546
One Gov Office	GP21-OI3-CAPITAL	94		On track	460	460
Reserve for Central Risk and Inflation Funding	n/a	95		Not given	1,800	1,800
Integrated Tech Solution (Major Project)	OI3	96		On track	11,400	19,730
Electronic document management solution	OI3	97		Deferred	1,000	2,200
Cyber (Major Project)	OI3	98		On track	1,200	4,370
COO Replacement assets		99		On track	5,000	3,000
Our Hospital (Major Project)	GP22-MP-010	100		On track	-	85,000

New programmes requiring additional revenue expenditure (GP 2022-25)





The table below identifies the programmes that will receive first-time investment in 2022 and were therefore not included in previous iterations of the Government Plan.

New Additional Revenue Expenditure Programmes: Government Plan 2022 - 2025				
Programme	CSP reference	Page number	Scrutiny RAG Status	2022 Allocation (£000)
Income & Expenditure Survey	CSP4-3-03	102		178
Revenue Jersey Resources	OI3-26	103		722
Import GST Resource Requirement	OI4 -03	104		365
Import GST resources	OI4-04	105		-
Insurance Premiums Increase and Inflation	OI4-05	105		997
Knowledge Management & Cyber Security Staffing	OI-Non-16	107		56
Legal Aid Scheme	OI-Non-17	107		1,500
Magistrates Remuneration	OI-Non-19	108		29
Public Registry Staffing Resources	OI-Non-20	108		46
Staff Renumeration	OI-Non-21	109		270
Additional Staff	OI-Non-22	109		244
Pensions	OI-Non-23	110	N/A	90
Web development	OI-Non-24	111		200
Elections 2022	OI-Non-27	111		100
Crown Officer Remuneration	OI-Non-29	112		75

Additional senior leadership team support	OI-Non-30	112		145
Hospital financing costs	OI4-06	113		21,000

New capital expenditure (GP 2022-25)




The table below identifies new capital projects that will receive first-time investment in 2022 and were therefore not included in previous iterations of the Government Plan.

New Capital Expenditure: Government Plan 2022 - 2025				
Capital Project	CSP reference	Page number	Scrutiny RAG Status	2022 Allocation (£000)
ITS Release 3 & 4	OI3	114		4,200
ITS Release 3 Additional	GP22-MP-005	114		1,264
Revenue Transformation programme (Phase 3)	GP22-IT-004	115		3,385
Non-Ministerial IT		116		1,413

9 Previously reviewed programmes and capital projects: update reports

This section provides an update on the Programmes and Capital Projects that were previously reviewed by the Panel that it has carried out further scrutiny of in concordance with this review's Terms of Reference.

Programmes

GP20-CSP3-1-08 --- Tax Policy and International team investment			
CSP		Minister(s)	
Vibrant Economy		Minister for Treasury & Resources	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel analysis

The Panel has not carried out in depth review of this programme as its funding has not altered since it was scrutinised as part of last year's review. The Panel did request an update to the progress of the Panel and has been informed that elements concerning consolidation of increased staffing complement has been achieved, although it has been acknowledged that people retention remains a key challenge.⁶⁹ The Panel would highlight that people retention is a common risk across the Government of Jersey, it has therefore not identified any areas of concern in this programme and allocated a green rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
1,427	1,753	1,813	1,854




Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
1,753	1,650	1,650	1,650

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
1,650	1,650	1,650	1,650

⁶⁹ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

GP20-CSP3-2-09 --- Migration Policy			
CSP		Minister(s)	
Vibrant Economy		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

This programme relates to the cost of internal staff providing support to the Migration Policy Development Board (MPDB), development and implementation of the policy recommendations that emerge, as well as an ongoing policy resource to maintain and further develop the revised statutory migration controls ([R.91/2019 page 63](#)).

The Panel notes that the Migration and Population Review Panel continues to undertake scrutiny of the area of the Government's work. The Panel has therefore not carried out any depth review of the project, however, the Chief Minister has confirmed that the migration control project remains on budget.⁷⁰

Noting the continued scrutiny by the Migration and Population Review Panel, the Panel has retained an amber rating allocation for this project.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
78	186	78	78



Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
183	75	78	78

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
75	78	78	78

⁷⁰ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 4](#)

GP21-CSP3-4-02 --- Migration Policy Implementation			
CSP		Minister(s)	
Vibrant Economy		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			N/A

Panel Analysis

The business case for the project highlights that funding is requested to support a possible future expansion of the operational team required to maintain the revised controls following recommendations by the Migration Policy Development Board and proposed amendment of the control of Housing and Work (Jersey) Law 2012.⁷¹ The business case also mentions the capital allocation of £1 million to meet the costs of IT development to support a set of more responsive migration controls, the Panel notes that no further funding for this project has been requested and has been informed that ongoing costs will be incorporated into the Customer and Local Services departmental budget.⁷²

The Panel notes that the Migration and Population Review Panel continues to undertake scrutiny of this area of the Government's work. The Panel has therefore not carried out any in depth review of the project, however, the Chief Minister has confirmed that the migration control project remains on budget.⁷³

Noting the continued scrutiny by the Migration and Population Review Panel, the Panel has retained an amber rating allocation for this project.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
0	108	108	108




Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
108	108	108	108

⁷¹ [P.137/2020 Migration Control Policy](#)

⁷² [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

⁷³ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 4](#)

GP20-OI-Non-01 --- C&AG additional funding			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

This request for funding was included due to a discrepancy in office-holder's pay within the Judicial Greffe, as well as an increase in demand of Tribunal Services.⁷⁴ The Panel has received no evidence that raises concern nor has there been any alteration in funding, as such it has given a green status rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
25	25	25	25




Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
25	25	25	25

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
25	25	25	25

⁷⁴ [R.91/2019, p.119](#)

GP20-OI-Non-03 --- Judicial Greffe additional funding			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track / Delayed			

Panel Analysis

This programme requested additional funding for an increase to Office-holders pay (Office Holders Pay Review (ii)) and additional funding for the Tribunal Service following growth in the number of Tribunals held. Although the Office Holders Pay Review was reported as delayed in the mid-year review, allocation requests have not changed, and the Panel has not received any information that warrants concern.⁷⁵ This programme has therefore been given a green status.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
158	158	158	158




Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
158	158	158	158

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
158	158	158	158

⁷⁵ [R.91/2019, p.117](#)

GP20-OI-Non-04 --- States Assembly additional funding			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Complete / Delayed			

Panel Analysis

The three areas of additional investment through this programme relate to Scrutiny, Members' remuneration and the budget of the Legislative Drafting Office.⁷⁶

Although Scrutiny elements and Members' remuneration has been completed, recruitment is still underway to fill one more post in the Legislative Drafting Office.⁷⁷

The Panel notes that, although recruitment is ongoing, no difference in funding bid for the programme has been made and it has therefore allocated a green rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
1,035	1,001	1,034	904

Funding allocation approved in Government Plan 2021-2024 (£000):




2021	2022	2023	2024
994	1,019	881	881

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
1,019	881	881	881

⁷⁶ [R.91/2019, p.120](#)

⁷⁷ [2021 Mid-year review](#)

GP20-OI-Non-05 --- Viscount's department additional funding			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track / Delayed			

Panel Analysis

This request for funding allowed for of a number of staff, software maintenance, knowledge management and Officeholders Pay Review.⁷⁸ The Panel notes that the Officeholders Pay Review was reported as delayed in the mid-year review.⁷⁹

The Panel has not received any further information that causes concern and has therefore issued a green status.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
325	325	325	325

Funding allocation approved in Government Plan 2021-2024 (£000):


2021	2022	2023	2024
325	325	325	325

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
325	325	325	325

⁷⁸ [R.91/2019, p.121](#)

⁷⁹ [2021 Mid-year review](#)

GP20-OI-Non-06 --- Legal Aid Office			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track		N/A	N/A

Panel Analysis

The Panel did not make specific comment on this programme previously and it will fall under the Scrutiny of the Legal Aid Review Panel.⁸⁰ The Panel notes that additional funding has been bid for by the Judicial Greffe for the Programme “Legal Aid Scheme” [GP22-OI-Non-17], which will add to funding for the Legal Aid Office. Discussion can be found on [page 105](#) of this document.

The Panel has not been altered from previous years; it has therefore allocated a Green rating. The Panel however notes that scrutiny is being conducted by the Legal Aid Review Panel and therefore its further revenue bid “Legal Aid Scheme” [GP22-OI-Non-17] has therefore been allocated an amber rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
400	412	424	437




Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
400	400	400	400

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
400	400	400	400

⁸⁰ [Legal Aid Review Panel web page](#)

GP20-OI2-01 --- States Greffe extended services			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

Although this programme faced partial deferral due to some recruitment issues arising from the pandemic, the Panel is pleased that it is now on track. The Panel has not had any reason for concern and has therefore allocated a green status.

Funding allocations approved in Government Plan 2020-2023 (£000):




2020	2021	2022	2023
539	534	729	504

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
534	729	504	504

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
729	504	504	504

GP20-OI3-02 --- Commercial services - enhanced capabilities			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Not Given			

Panel Analysis

The Panel has previously found that the business case for this programme lacked clarity.⁸¹ It broadly outlines the delivery of the Commercial Services' Target Operating Model, alongside enhancing compliance, developing and improving processes, broadening Strategic Category Management capabilities, and supporting the roll out of Cyber-Security and General Data Protection Regulations across the Government of Jersey's supply chain.

The Chief Minister has confirmed that the budget outlined for the programme will be the ongoing cost and that the first phase has been implemented, however, there are ongoing issues in recruiting the procurement and commercial skills required.⁸²

The Panel has again rated this programme as amber due to the ongoing concern on recruiting to meet the ambitions of the programme.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
1,000	1,450	1,500	1,550

Funding allocation approved in Government Plan 2021-2024 (£000):



2021	2022	2023	2024
1,450	1,500	1,550	1,550

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
1,500	1,550	1,550	1,550

⁸¹ [R.91/2019 p.95](#)

⁸² [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 5](#)

GP21-OI3-15 --- Commercial services - restructure			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Partial deferral			N/A

Panel Analysis

The business case outlines that the creation of the Commercial Services Department to enable a modern and effective public sector, however, “the resources did not match that of the full aspirations of the services”.⁸³ As such funding allocation to the department was agreed in the Government Plan 2020-23 (under OI3-02),⁸⁴ with a further one-off allocation granted by the Chief Minister in 2020 through Ministerial Decision.⁸⁵

The additional request in the Government Plan 21-24 aimed to drive:

- Re-imagined and rationalised processes and guidance
- Implementation of a new Social Value Framework
- Consistency across Government of cross Government planning
- Increased commercial and procurement capability
- Supply chain development
- Enhanced commercial and procurement assurance
- Improved supplier and scenario risk management
- Optimise Government funding commitments

The business case goes on to highlight an envisaged saving of £5.4 million per annum by 2024 if the programme is fully implemented.

The Panel, last year, expressed surprise at the programme following the allocation to “OI3-02 Commercial Services Enhanced Capabilities” of £1,450,000 in 2021, together the two programmes would equate to an allocation of £3,950,000 in that year, this now stands at £3,810,000 for 2022.

As highlighted above the two programmes are reported as on track, bar issues with recruiting staff with specialist skills. This will continue to be monitored and has therefore been allocated an amber status.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
2,500	2,310	1,680	1,535




⁸³ [Government Plan 2021-24 Annex p.80](#)

⁸⁴ [R.91/2019 p.95](#)

⁸⁵ [MD-TR-2020-0084](#)

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
2,310	1,680	1,535	1,535

GP20-OI3-03 --- Domestic compliance (Spend to raise)			
CSP		Minister(s)	
Modernising Government		Minister for Treasury & Resources	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

The business case for this programme highlighted that it was feasible that “£7 million in 2020”, and “£13 million in 2023 and beyond”, of additional Revenue could be raised.⁸⁶ The Panel has previously held concern on evidence of this and estimates have dropped from those originally outlined.⁸⁷

The Panel has questioned the return on investment of this project,⁸⁸ indeed revenue raised has varied across the years with some £10 million being raised in 2020 versus the predicted £7 million, Although positive, this makes it hard to identify true value of the programme. The Panel has ascertained that the additional tax revenues attributed to compliance work are reported separately by Revenue Jersey to the Treasury and forecasts of future revenues are separately considered by the Income Forecasting Group.⁸⁹

The programme’s funding for 2022 and 2023 had dropped from a request of £1,562,000 in the Government Plan 2020-23 to £1,505,000 in the Government Plan 2021-24. The Panel questioned this and was informed that this reflected a number of known retirements of higher-graded staff where recruitment was likely to be prolonged.⁹⁰ The Panel has also been advised that the figure of £1,505,000 will likely be a recurring cost for some years and this has remained unchanged in this year’s plan.

Although the additional revenue raised in 2020 has higher than anticipated the Panel will continue to review this programme in the coming year, and as such has allocated an amber rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
1,562	1,562	1,562	1,562

⁸⁶ [R.91/2019 p.96](#)

⁸⁷ [Transcript – Chief Minister - 13th October 2020 p.8](#)

⁸⁸ [CIPFA p.25](#)

⁸⁹ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)




⁹⁰ [Letter - Minister for Treasury and Resources re Government Plan 2021- 24th November 2020](#)

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
1,562	1,505	1,505	1,505

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
1,505	1,505	1,505	1,505

GP20-OI3-04 --- Enabling policy excellence			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

The Panel did not receive any concerning evidence during its review of the programme's business case, and has been informed that the budget allocation will be an ongoing amount, with a new set of policy standards for each grade of policy staff, a new policy graduate scheme for Islanders commencing in Quarter 2 2022, and new training opportunities being implemented.⁹¹

As such the Panel has allocated a green rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
81	80	87	71




Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
20	60	80	80

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
60	80	80	80

⁹¹ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 6](#)

GP20-OI3-05 --- Government of Jersey bank charges			
CSP		Minister(s)	
Modernising Government		Minister for Treasury & Resources	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Not given			

Panel Analysis

The Panel was previously informed that the project has established that merchant charges remain competitive and that the Government continues to get value for money for card fees and that the project has therefore been reduced to monitoring and tactical changes.⁹² The Panel has questioned if there had been a change in charges following a move to more digital payment systems and has been informed that whilst the move to cashless payments in sports facilities has resulted in an increase in bank charges this has enabled efficiency savings to be realised in staff time for cash ups and banking.⁹³

The Panel has not received any further evidence that causes it concern and has therefore assigned a green rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
300	300	300	300

Funding allocation approved in Government Plan 2021-2024 (£000):



2021	2022	2023	2024
300	300	300	300

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
300	300	300	300

⁹² [Letter - Minister for Treasury and Resources re Government Plan 2021- 24th November 2020](#)

⁹³ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

GP20-OI3-06 --- GST de-minimis charges			
CSP		Minister(s)	
Modernising Government		Minister for Treasury & Resources	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			N/A

Panel Analysis

A reduction in Goods and Services Tax de-minimis threshold from £240 to £135 was agreed by the States Assembly through the Government Plan 2020-23. An estimate of £200,000 was highlighted in the business case to allow for increase of staff to meet additional processing of declarations and responding to enquiries.⁹⁴

The Government Plan 2022-25 includes bids for additional funding following further changes of GST on imported goods, further details can be found on [page 102](#) and [103](#). Upon inquiry the Panel has been informed that increased funding is needed due to further reduction of De-minimis and improve the customer portal in CEASER.⁹⁵

A subpanel of the Panel has been undertaking specific review of the proposed GST changes, with a report due to be lodged imminently.⁹⁶

As there has been no change in allocation to this programme the Panel has allocated it a green rating, however, as its subpanel work is ongoing it has allocated amber ratings to the new revenue bids “Import GST Resource Requirement [OI4 -03]” and “Import GST resources [OI4-04]”.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
150	200	200	200

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
200	200	200	200




Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
200	200	200	200

⁹⁴ [R.19/2019 p.100](#)

⁹⁵ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

⁹⁶ [Report - GST Personal Importation Report: Phase 1 - 15 November 2021](#)

GP20-OI3-08 --- Increased audit fees			
CSP		Minister(s)	
Modernising Government		Minister for Treasury & Resources	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Not given			

Panel Analysis

This programme was established to drive higher quality audit and quicker production of the States of Jersey accounts.⁹⁷ The Panel was informed last year that as this area improves, there will be opportunities to improve the efficiency of external audit which could reduce costs.⁹⁸ The Panel has ascertained that this programme introduces new financial systems which are scheduled to go live in 2022.

The Panel has not received any evidence that causes it concern for this programme or its business case and has therefore rated it green.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
75	75	75	75

Funding allocation approved in Government Plan 2021-2024 (£000):




2021	2022	2023	2024
75	75	75	75

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
75	75	75	75

⁹⁷ [R91/2019 p.103](#)

⁹⁸ [Letter - Minister for Treasury and Resources re Government Plan 2021- 24th November 2020](#)

GP20-OI3-09 --- Modernisation and Digital - enhanced capabilities			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

This business case covers the creation of a Target Operating Model to “enhance the capabilities”⁹⁹ of the Modernisation and Digital function within the Government, and support and improve the One Government’s integrated IT delivery, the Corporate Portfolio Management Office (CPMO), a cross-Government Business and Technical Architecture function. This funding will also cover the resourcing and implementation of these areas, following a joint development with Ernst & Young, and forms one of the key deliverables of the Modernisation and Digital Transformation Programme (MDTP).

The business case explains that two external reviews have been undertaken to reinforce the need to move towards a new Target Operating Model, both of which rate the Government as having a low level of maturity in the area.¹⁰⁰

The business case further notes that this will address “a number of risks” on the Corporate Risk Register, and allows the CPMO to ensure that the Government has the “standards, techniques and management reporting capability” to monitor and report against programmes and projects, whilst ensuring that requirements are correctly identified, in order to allow the Government to successfully implement change and realise its benefits¹⁰¹.

Alongside this, the business case divides the information capacity provided in this business case into four areas: Cyber Security, Record Management, Data Management, and Technology Operations.

The business case states that the amounts required are estimates and that further work is needed to complete the new Target Operating Model. It goes on to say that the initial estimates provided by one of the external advisors (EY) has been discounted from £6 million to £5 million,¹⁰² but no explanation has been provided of the reason or methodology for this.

The Panel has previously been informed by the Chief Minister that the £6 million funding represents the business as usual, ongoing, costs to maintain a functional Modernisation and Digital Directorate and has highlighted that, as technology becomes an even more important part of the Government’s delivery of services, this figure will likely increase.¹⁰³

Partial deferral in 2020 took place due to the difficulty of recruitment and it was envisaged that this would largely be completed by the end of that year.¹⁰⁴ However the Panel has been

⁹⁹ [R.91/2019 p.104](#)

¹⁰⁰ [R.91/2019, page 104](#)

¹⁰¹ [R.91/2019, page 104](#)

¹⁰² [Corporate Services Scrutiny Panel and Economic & International Affairs Joint Public Hearing with the Assistant Chief Minister, 17th September 2019, page 37](#)

¹⁰³ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Government Plan projects - 19th November 2020](#)

¹⁰⁴ [Government Plan 2020-23 6-month progress review, page 82](#)

informed that the programme is predicted to reach its full business as usual cost of £6m in 2025 rather than the originally assumed 2024 based on the recruitment plan, increment and grades, indicating that the Target Operating Model will not be met until then, with a need expressed to add additional roles as gaps and shortages are identified.¹⁰⁵

The Panel finds this concerning, having been provided with evidence from the Directorate that in 2020, and forecasted in 2021, there has been an underspend on staff costs of £4.4 million as shown below:

£000 Modernisation and Digital	Full Year 2020		
	Budget	Actual	Variance
Expenditure	18,100	18,730	(630)
Non-Pay	8,291	11,618	(3,327)
Staff Costs	9,809	7,112	2,697
Income	(519)	(1,125)	606
Grand Total	17,581	17,605	(24)

£000 Modernisation and Digital	Full Year 2021		
	Budget	Forecast	Variance
Expenditure	23,395	23,133	262
Non-Pay	11,533	13,051	(1,518)
Staff Costs	11,862	10,082	1,780
Income	(1,300)	(1,460)	160
Grand Total	22,095	21,673	422

The Panel notes that staff expenditure in this area has not been lowered to meet match the underspend and it holds concern that this underspend is being used to bolster overspend for other areas of IT investment, lacking full transparency in what is a large area of Government Expenditure.¹⁰⁶

Indeed the Panel has been informed that the Modernisation and Digital - enhanced capabilities (GP20-OI3-09) has underspent by £625,000 in 2020, with little indication of where this funding, within the Chief Operating Office Head of Expenditure, has been used.

Following the Panel's review, we have decided to allocate this programme a red status.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
3,750	5,000	4,950	5,050

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
5,000	4,900	5,100	6,000

¹⁰⁵ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 6](#)

¹⁰⁶ [Transcript - Corporate Services Government Plan 22-25 Review - Chief Minister - 5 November 2021, page 19](#)

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
5,200	5,400	5,400	6,000



FINDING 18

The Target Operating Model of the Modernisation and Digital Directorate may not be fully met until 2025, with a need expressed to add additional roles as gaps and shortages are identified.



FINDING 19

It is forecast that the Staff Costs of the Modernisation and Digital Directorate will have underspent by £4.4 million over 2020 to 2021, however it is still anticipated that staff budget will remain the same. The Panel holds concern that this bolsters the Chief Operating Office Head of Expenditure unnecessarily.

GP20-OI3-10 --- People and Corporate Services - enhanced capabilities			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track	⚠	⚠	⚠

Panel Analysis

As highlighted in last year’s report this programme is separated into three approaches, Stabilise, Respond and People Strategy.

The first, **stabilise**, aims to address historical and structural deficits within the Government of Jersey and establish what it describes as “basic standards and functions”.¹⁰⁷ The business case explains that there had not been a historic base budget for People & Corporate Services, and this had instead been supported by funding from Public Sector Reform and regular contingency funding. The business case further notes the conclusions of the Comptroller and Auditor General and the Public Accounts Committee regarding the under-resourcing of the Government’s HR functions.

This approach’s funding, which has been renamed as “**sustain**”, is permanent base-funding replacing short-term and project funding:

- **2021: £2,800,000**
- 2022: £2,900,000
- 2023: £3,000,000
- 2024: £3,100,000

¹⁰⁷ [R.91/2019, p.106](#)

- Total sustain: £11,800,000

The second approach, **respond**, states that it is designed to address a “deficit” within the Government’s ability to “anticipate and support the need for change in directorates”.¹⁰⁸ The approach within the business case therefore notes a need for a short-term investment to deliver cross-Government products, including workforce planning, core training offers, induction, basic management training, and modernising processes.¹⁰⁹

The third approach, **People Strategy**, noted in the business case that a strategy was in development for adoption in Q4 of 2019.¹¹⁰ Funding was requested in order to “address systematically productivity, efficiency, and adoption of new ways of working and promoting opportunities for people from the Island” through “a new approach to talent management”.

During 2021 the Panel has conducted depth scrutiny of this area as part of its People and Culture Review, its findings and recommendations are included in [S.R.12/2021](#). However it wishes to highlight that there remain a number of concern in this area, including implementation of the people strategy and practical operation of the people and corporate services function. As such it has attributed an amber rating, as in previous years.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
5,400	7,900	7,600	7,300

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
7,700	7,500	7,200	7,400

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
7,200	6,700	6,700	6,700

GP20-OI3-12 --- Supply Jersey			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Complete			

Panel Analysis

¹⁰⁸ [R.91/2019, p.107](#)

¹⁰⁹ [R.91/2019, p.107](#)

¹¹⁰ [R.91/2019, p.107](#)

The business case for this programme highlighted the need for allocation of funding for operation of Supply Jersey.¹¹¹

Supply Jersey is to be replaced as part of the Integrated Technology Solution during 2022, however funding is allocated in 2023 to allow for the older system to be run in parallel with newer one to minimise funding risks, it has been confirmed that this is on track.¹¹²

Following this reassurance, the Panel has rated the programme green.

Funding allocations approved in Government Plan 2020-2023 (£000):




2020	2021	2022	2023
100	103	106	109

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
133	133	133	0

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
133	133	0	0

GP20-OI3-14 --- Technology Transformation Programme			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

This business case outlines the Government’s plan for improving the services within the Government of Jersey, whilst achieving “sustainable savings in operating costs”. The case goes on to describe the Government as set to be “critically dependent on technology” to achieve a modernised public sector but notes that there has been a “historical lack of investment” in this area.¹¹³

The business case further outlines the following investment area that this project will focus on:

¹¹¹ [R.91/2019, page 111](#)

¹¹² [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

¹¹³ [R.91/2019, p.113](#)

- Government wide capabilities;
- Front office capabilities;
- Enabling functions; and
- Security capabilities.

The business case also outlines ten projects, which includes MS Foundation, Cyber Security, the Tax System, Customer Relationship Management, and the Integrated Technology Solution. Although impacted by COVID the Chief Minister has reported that key dates for initiatives within the programme have been kept to.¹¹⁴

The Panel has expressed concern over this programme since review of the Government Plan 2020-23, highlighting lower than stated operational and monetary benefit. However was surprised to see a funding drop of circa £10 million pounds in 2022.

Upon questioning, the Chief Minister has informed the Panel that £8.5 million funding previously allocated to the programme has been redistributed to IT projects in the plan, with £1.25 million reduction also relating to a smaller cost following Customer Relationship Management.¹¹⁵ The Chief Minister has specified that the £12.3 million budget from 2024 relates to:

- MS Foundations (£2.3 million)
- Cyber (£2.2 million)
- Health (£4.43 million)
- Service Digitalisation (£0.75 million)
- Integrated Technology Solution (£1.92 million)
- Electronic Document Management System (£0.7 million)

As discussed further in this report, on [page 91](#), there is also an additional £7.37 million requirement for funding during the course of this Government Plan for MS foundations which cannot be met within the Technology Transformation Programme funding.¹¹⁶ As shown in the table below:

Proposed Gov Plan 2022-2025	2020	2021	2022	2023	2024	2025	Total	Total GP 2022-25
MS Foundations	1.06	3.30	-	4.87	5.84	5.84	25.37	16.56
Shortfall MS Foundation	0.00	(0.05)	-	(1.14)	(3.54)	(2.69)	(4.90)	(7.37)
Total MS Foundation	1.06	3.25	-	3.73	2.30	3.15	20.47	9.19
Cyber Security	-	0.50	-	1.60	2.22	2.22	7.71	6.04
CRM	-	-	-	-	-	-	-	-
Health (EPR)	-	0.82	3.80	4.55	4.43	4.03	17.63	16.81
Benefits Administration & Payments System	-	-	-	-	-	-	-	-
Service Digitisation	-	-	-	0.75	0.75	0.75	3.00	2.25
Integrated Technology Solution	-	-	-	-	1.92	1.47	6.99	3.39
Electronic Document & Record Management	-	-	-	-	0.70	0.70	2.80	1.40
Contingency	-	-	0.99	-	-	-	-	0.99
Total	1.06	4.57	4.79	10.63	12.32	12.32	58.60	40.07

The Panel is significantly concerned that budget from revenue growth programmes is being transferred to capital projects, which makes it difficult to track the accountability and value for money of both projects and programmes.

¹¹⁴ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Quarterly Hearing - 16 July 2020](#)

¹¹⁵ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

¹¹⁶ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

The Panel has requested confirmation from the Chief Minister as to when the monetary benefits of the programme will be realised and how these would be reflected in the Government Plan. The Chief Minister has not indicated if this information will be provided.¹¹⁷

Due to the large budget involved in this programme, as well as the variance between the Government Plans and indication of additional budgetary needs, the Panel has significant concerns and will continue to review this matter, as such we have again assigned a red status.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
3,000	5,000	17,000	17,000

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
4,567	14,637	14,637	13,570

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
4,791	10,627	12,320	12,320

FINDING 20



There has been a significant movement of circa £10 million from proposed allocation to the revenue programme “Technology Transformation Programme” to capital projects. By 2024 the Project’s funding bid will rise to a similar level of that prior to the transfer of this funding, and additional funding bids can be expected.

FINDING 21



The Chief Minister has not committed to providing evidence of monetary benefit of the Technology Transformation Programme, it is therefore difficult to ascertain value for money.




RECOMMENDATION 17



The Chief Minister and Minister for Treasury and Resources must ensure, in future, that the transfer of revenue expenditure to capital project budgets is clearly and transparently outlined.

GP20-OI4-01 --- Delivering effective financial management	
CSP	Minister(s)

¹¹⁷ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

Modernising Government		Minister for Treasury & Resources	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel Analysis

This programme aims to improve financial management within the Government of Jersey, noting that recommendations have been made over the previous years by the Comptroller & Auditor General and the Public Accounts Committee, with the report stating that it is “necessary to invest in this area”¹¹⁸. The business case further notes the significance of technology investment, and that continuing this programme will help to ensure that the “benefits are realised”.¹¹⁹ The Panel found last year that the business case and supporting information for the “Delivering Effective Financial Management” programme, lacked the level of detail it would expect for a request for additional revenue of almost £10 million.

In response to the Panel’s review of the Government Plan 2021-24, the Minister for Treasury and Resources indicated that evidence measurement techniques would be included in the Business Plan for 2021, service measures have been highlighted as:¹²⁰

- % of financial monitoring reports delivered on time – departmental reports and corporate report (Executive Leadership Team and Council of Ministers)
- % of reports/ papers assessed as high quality
- Average hours taken to produce month end report templates from ledger close
- % of departmental forecasts with underpinning data models
- % budget holders accessing standardised reporting packs

Although it is reassuring to receive confirmation of the service measures, the Panel will continue to review this programme, as it has concerns about the benefits of elements such as the zero-based budget, which will require £265,000 of funding in 2022. As such it has allocated an amber rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
2,350	2,800	2,300	2,300

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
2,725	2,300	1,271	1,271




Funding allocation requests in Government Plan 2022-2025 (£000):

¹¹⁸ [R.91/2019, p.115](#)

¹¹⁹ [R.91/2019, p.115](#)

¹²⁰ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

2022	2023	2024	2025
2,300	2,300	2,300	2,300

GP20-OI5-01 --- Electoral registration			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Delayed			

Panel Analysis

This programme seeks to identify a more accurate and comprehensive electoral registration system.¹²¹

The Panel had not received any evidence of concern in previous years, however, has become aware of a number of project management issues, that resulted in the programme not achieving its initial aims.¹²² Although the Panel has not conducted an in-depth review, due to time constraints, it is somewhat surprised to see that £6,000 is attributed to the programme, and has therefore assigned this project an amber status.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
60	34	6	0

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
34	6	0	0



Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
6	0	0	0

GP21-OI3-17 --- Re-organisation Ministerial Support Unit	
CSP	Minister(s)
Modernising Government	Chief Minister

¹²¹ [R.91/2019, page 116](#)

¹²² [Transcript – Performance Management / COVID response \(PAC\) – Chief Operating Office – 1 November 2021, page 43](#)

2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			N/A

Panel Analysis

The business case identifies that the Ministerial Support Unit (MSU) was established to consolidate management of Government business and political engagement.¹²³ This is achieved through responsibility of strategic coordination and oversight of Ministerial business and supporting departmental governance arrangements. Furthermore, the MSU ensures that the Council of Ministers can meet the objectives of the Common Strategic Policy, and maintains relationships and arrangements between Ministers, Director Generals, senior leadership teams and other department officials.

In 2020, the Panel highlighted concerns that, although it understood the importance of supporting Ministers undertake their work, at a time that the Government was (as it still is) actively planning to borrow whilst running a budget deficit there was an additional request to increase Head of Expenditure for the Office of the Chief Executive.

However, the Panel has not received any evidence to cause concern in 2021, and is pleased to see that no further allocation has been requested. It would, however, still wish to highlight the need for evidence of the benefits of spending in this area, to justify value for money. As such it has allocated an amber rating.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
1,390	1,390	1,390	1,390

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
1,390	1,390	1,390	1,390

GP21-OI3-18 --- Re-organisation Communication			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status

¹²³ [Government Plan 2021-24 Annex p.83](#)

On track			N/A
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Panel Analysis

The business case for this project outlines that a review of Government spending on marketing and creative agencies, undertaken in 2018, identified that it would be more cost effective to establish an internal design team.¹²⁴ It is stated that the benefits of the internal Marketing, Digital and Design team is now evident.

It is highlighted that the design team has been funded through “recharging” projects that required their services, and would have otherwise used external agencies, which is administratively burdensome. To avoid cost inflation, new projects will not be allocated communications budgets unless the Director of Communications has confirmed that the need cannot be met internally. It has been confirmed that the Directorate is looking to expand this recharging and commercial model.¹²⁵

The Panel understands the importance of the work of the Communications Directorate, however, it believes the Chief Minister must provide tangible evidence about the benefits of the programme. The Communications Directorate must run as efficiently as possible. As highlighted previously by the Panel, actions such as more stringent charging of departments that require communication activity may help to meet the additional cost of the Marketing, Digital and Design team, and this should be transparently documented with any rejected communication requests also transparently shared.

The Panel notes that no additional funding is requested, however it will continue to review the work of the Communications Directorate and as such has allocated an amber status to the programme.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
623	623	623	623


Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
623	623	623	623

GP21-OI3-21 --- Office Modernisation			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year	2022 Scrutiny	2021 Scrutiny	2020 Scrutiny

¹²⁴ [Government Plan 2021-24 Annex p.85](#)

¹²⁵ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

review status	RAG status	RAG status	RAG status
On track			N/A

Panel Analysis

No business case was provided for this programme, with the Panel ascertaining that the £5 million is an initial estimate of rent payable in the event the option to purchase the Government's new office is not exercised on practical completion. The Chief Minister has highlighted that this is a worst-case scenario and that the Council of Ministers is still considering options that include purchasing the building on practical completion.¹²⁶

The Panel questioned the Chief Minister as to the reason for reduction in the 2024 requested allocation and has been informed that the completion date of the new building was delayed until Summer 2024, hence a reduced cost attributed to that year.¹²⁷



The Government's strategy concerning the One Gov Office will require further review, therefore the Panel continues to rate this programme with an amber status.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
0	0	0	5,000

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
0	0	3,750	5,000

GP21-OI4-C-1 --- COVID-19 Revolving Credit Facility			
CSP		Minister(s)	
Modernising Government		Chief Minister	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Not given			N/A

Panel Analysis

As outlined in the business case, the financial strategy set out in this Government Plan seeks to borrow to manage the delivery of policy caused by the COVID-19 pandemic, and further support any capital expenditure, investments, public services or economic policy of the

¹²⁶ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Government Plan projects - 19th November 2020](#)

¹²⁷ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

Government over the life of the Government Plan.¹²⁸ Borrowing costs relate primarily to the Revolving Credit Facility (RCF) that was agreed with locally based banks in May 2020. This is initially available for a period of two years, further evolution of the Government’s debt strategy is ongoing.

The Panel has noted that use of the RCF was greatly lower than first anticipated, and that it could be expected that related costs would be reduced. The Minister for Treasury and Resources has however, retained these figures as a prudent approach to estimating both interest and other costs.¹²⁹



The Panel has noted that the Government is operating in uncertain times and notes that allowing flexibility can be beneficial in such a situation. However, the programme costs will require further scrutiny and it has therefore allocated an amber rating.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
3,746	7,136	8,730	7,803

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
7,136	8,730	7,803	7,803

GP21-OI4-02 --- Insurance Premium			
CSP		Minister(s)	
Modernising Government		Minister for Treasury & Resources	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Not given			N/A

Panel Analysis

¹²⁸ [Government Plan 2021-24 Annex p.89](#)

¹²⁹ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

As outlined in the business case the Government is required to maintain insurance cover to manage the many risks it faces, this includes policies for a number of the States Owned Entities, Arm’s Length Organisations and a range of other related bodies.¹³⁰

The Panel has previously identified that the business case outlines that the allocation request is also in place to fund the results of the insurance strategy chosen solution, and it is unclear why that would incur further costs, when it is stated that the strategy will aim to provide optimal value for money.

It was confirmed that if there are further unexpected increases, departments will be expected to do their best to manage costs internally and, if this proves impossible, the General Reserve will be used. However, the Panel noted an additional revenue bid, the Insurance Premiums Increase and Inflation (OI4-05), of circa £1 million from 2022 in this year’s Government Plan. The Panel has questioned this and ascertained that the original funding was not sufficient to cover additional price increases of insurance, following hardening of the insurance market and following substantial claims resulting from the pandemic.¹³¹



As an additional growth bid has been required the Panel has rated this programme with an amber status.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
2,194	2,612	2,612	2,612

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
2,612	2,612	2,612	2,612

GP21-OI-Non-08 --- CAG inflation			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			N/A

Panel Analysis

The business case outlines that the funding request by the Comptroller and Auditor General (C&AG), ensures that funding is increased in line with commitments under index-linked

¹³⁰ [Government Plan 2021-24 Annex p.90](#)

¹³¹ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

contracts, over the term of the Government Plan.¹³² The business case notes that the work of the C&AG helps ensure that services are delivered in an economic, efficient and effective manner, supporting all Islanders and all the principles of the delivery of the Common Strategic Policy and, as such, supporting the Sustainable Wellbeing of all Islanders.


The Panel has not received any evidence that causes concern about this programme and as such has assigned a green status.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
13	31	53	75

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
31	53	75	75

GP21-OI-Non-10 --- Bailiff's Office - additional Crown appointment pension			
CSP		Minister(s)	
Modernising Government		Non- Ministerial	
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			N/A

Panel Analysis

This funding relates to meeting an increase to pension payments for all Crown Appointments, approved by the States Employment Board in 2019.¹³³

No submissions or evidence has been received by the Panel that causes concern around this programme, it has therefore been assigned a green status.

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
80	80	80	80




Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
80	80	80	80

¹³² [Government Plan 2021-24 Annex p.94](#)

¹³³ [Government Plan 2021-24 Annex p.96](#)

Capital Projects

MS Foundation (major project)			
Minister(s)			
Chief Minister			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel analysis

This project aims to deliver common software, productivity and information sharing tools, including upgrading systems to Windows 10 and Office 365.¹³⁴

With the increase in home working in 2020, this project was accelerated in areas to allow for an increase in cloud computing and use of Office 365, necessitating a revision to the original planned deployment.¹³⁵ The Panel noted in its previous review that funding for the project had been reduced and extended into 2022.

The Panel indeed noted that there was a significant rise of £4.4 million in the funding request for 2022 in this year's Government Plan and has been informed that this is being met through a transfer of funds from the revenue programme "Technology Transformation Programme" ([GP20-OI3-14](#)). These revenue costs relate to covering Microsoft licensing for the period of the Government Plan.¹³⁶

The Chief Minister has identified to the Panel that the project will require an additional revenue expenditure bid for funding over the course of this, and the next Government Plan, to meet a £7.9 million shortfall in funding.¹³⁷

The Panel expresses concern that revenue expenditure should be transferred to the Capital Programme without transparent explanation, and that further revenue expenditure has been indicated to be needed in subsequent Government Plans. As such the Panel has allocated this project a red status.

Funding allocation approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
3,330	5,670	0	0

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
2,570	1,100	0	0

¹³⁴ [R.91/2019, p.174](#)

¹³⁵ [Government Plan 2020-23 6-month progress review, p.84](#)

¹³⁶ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 12](#)

¹³⁷ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021, page 9](#)

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
5,546	0	0	0

**FINDING 22**

It is proposed the Capital Project MS foundations receive a transfer of £4.4 million from the “Technology Transformation Programme” (GP20-OI3-14) and that further funding will be required for ongoing revenue costs which will require resubmission in subsequent plans.

OneGov Office			
Minister(s)			
Chief Minister			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			N/A

Panel analysis

The business case for this project outlines that funding is requested to continue to progress the Office Modernisation programme as outlined in the Strategic Outline Case approved by the Council of Ministers in September 2019.¹³⁸

The Panel has previously questioned the various programmes and projects making up the Office Strategy, ascertaining that the costs outlined for this capital project include legal, procurement and project management costs of over the 3-year period up until practical completion and staff move costs to the new building.¹³⁹

The Panel has been informed that completion date of the building has now been delayed to 2024, from 2023, which has resulted in additional costs related to appointment of the Development Partner of the project. The Panel notes that this relates to the removal of [R.4/2021](#) (and associated Ministerial Decision), re-issue of [R.19/2021](#) as it did not originally contain enough information to inform the Assembly of the Land Transactions Under Standing Order 168(3) – Office Accommodation Project, Union Street), these resulted in a delay of over 1 month to completion of the notice period proposition Under Standing Order 168(3). The Panel acknowledges that a proposition [P.18/2021](#), lodged by the Scrutiny Liaison Committee to allow additional time to scrutinise the project before completion, did also add 11 additional working days to this delay. The Panel is therefore pleased to see the costs of delay, stated by the Council of Minister as approximately £1 million per month, were not realised.¹⁴⁰

This project is ongoing and incurring relatively large costs, as such it has been assigned an amber status and the Panel will continue to review.

¹³⁸ [Government Plan 2021-24 Annex p.107](#)

¹³⁹ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Government Plan projects - 19th November 2020](#)




¹⁴⁰ [P.18/2021 Com.\(re-issue\)](#)

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
650	460	2,340	0

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
460	460	2,353	0

Reserve for Central Risk and Inflation Funding			
Minister(s)			
Minister for Treasury and Resources			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Not given			

Panel analysis

No business case for this project is provided, however [page 135](#) of the Government Plan details that projects do not in general include inflation, and that the reserve also hold amounts in case of any risk ensuring a coverage of approximately 2% of the overall projects included in the capital programme.

The Panel still holds some concern of this funding due to the uncertainty of inflation and ongoing risks in coming years, as such the project is again rated as amber.

Funding allocations approved in Government Plan 2020-2023 (£000):




2020	2021	2022	2023
1,000	1,500	1,800	2,000

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
1,500	1,800	2,000	2,000

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
1,800	2,000	2,000	2,000

Integrated Tech Solution (Major Project)			
Minister(s)			
Minister for Treasury and Resources			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel analysis

This project, as outlined in its business case,¹⁴¹ aims to introduce technology capabilities across Government, providing support for finance, HR and procurement activities that replaces the current JD Edwards, People link, Talent link and Supply Jersey systems.

The project links to the Technology Transformation Programme, commented on above ([page 79](#)). The Panel has also commented up the overall IT spending ([page 31](#))

The Panel noted that this project has increased in funding requirement, with an additional £8.3 million in 2022, and £6.3 million in 2023, with a removal of funding in 2024 following redistribution of funding after the creation of a Full Business Case. There are also two further new capital project heads of expenditure included in this Government Plan following the creation of further phases of the main project [[ITS Release 3 & 4](#) and [ITS Release 3 Additional](#)]. It has been confirmed that the project is now estimated to cost £63 million rising from a previously stated £29.4 million.¹⁴²

The Panel acknowledges that cost of a project may alter slightly following the production of a Full Business Case, but suggests that the rise in budget is unacceptable and greater oversight of the project is needed.

As concerns have been raised over the Government's additional spending on this project, and time to completion, the Panel has allocated a red rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
7,400	9,200	11,400	0

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
9,200	11,400	1,400	2,000

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
19,730	7,770	0	0

¹⁴¹ [R.91/2019, p.175](#)

¹⁴² [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)



FINDING 23

The Integrated Tech Solution is now estimated to cost £63 million compared to £29.4 million agreed through the Government Plan 2021-24.



RECOMMENDATION 18

Ministers must ensure that figures included in the Government Plan are accurate, and provide the assembly with the option to deny funding should a bid need to be updated following agreement of that Government Plan.

Electronic document management solution			
Minister(s)			
Chief Minister			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
Deferred			

Panel analysis

The business case for the project outlines the need to provide electronic documents that can be used and shared across departments, and, where appropriate, between Islanders and the Government. This will replace physical record stores that are being held across the Island. The business case also states that this will assist departments in adhering to “respective retention schedules and adherence to Data Protection, Health and Safety and Public Records legislation”.¹⁴³

The Panel requested explanation of the increase in the funding allocation to this project, and has been informed that this represents a reprofile of spending and a transfer from the Technology Transformation Programme, this includes a deferment of the 2021 allocation to 2022.¹⁴⁴

Due to the additional rise in budget following transfer from a revenue programme, this project has been allocated an amber rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
0	500	1,000	1,000

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
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¹⁴³ [R.91/2020, p.184](#)

¹⁴⁴ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

500	1,000	1,000	0
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Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
2,200	1,700	0	0

**FINDING 24**

The Capital Project Electronic Document Management Solution Additional will receive a transfer of £1.2 million from revenue expenditure in 2021.

Cyber (Major Project)			
Minister(s)			
Chief Minister			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track		N/A	N/A

Panel analysis

The business case for the cyber major project outlines that cyber security is the highest priority risk on the Corporate and Community Risk Registers of the Government of Jersey, identifying that the organisation had an overall low level of maturity in its practice. The project aims to introduce technology initiatives to detect and protect and the Government of Jersey from malicious activities.¹⁴⁵

The Panel has been informed that there has been a £2 million deferral of funding from 2020 to 2021 and a £1.1 million transfer from the Technology Transformation Programme (TTP) in 2022. The Panel has been informed that it is predicted that the project will be completed in 2023, compared to the initially forecasted 2021, and that additional capital costs are predicted in 2023. Following the transfer from the TTP, overall budget currently stands at £14.97 million.

The Panel is concerned at the increased cost and delay in this project. It acknowledges Cyber Security to be of key importance to the organisation but stresses the importance of transparent accountability and open discussion of costs when such large sums of money are being invested.

Due to the Panel's concerns it has allocated a red rating.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
6,100	7,700	0	0

¹⁴⁵ [Government Plan 2020–2023, Annex, Page 185](#)

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
6,500	1,200	0	0

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
4,370	0	0	0

**FINDING 25**

The completion of the Cyber capital project is predicted to be delayed to 2023, costing a stated £14.97 million. It is anticipated that additional funding in 2023 will be required.

COO Replacement assets			
Minister(s)			
Chief Minister			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track	(!)	(!)	(!)

Panel analysis

The business case for this project stated only that the funding request was only for “Replacement costs of various IT infrastructure assets”.¹⁴⁶ Again, no information has been provided in the Government Plan detailing why replacement assets are needed, however the 2020 six monthly report details asset replacement has been re-prioritised during the pandemic to support remote working through firewalls and direct access servers, and on improving system reliability and stability within the data centres. It goes onto state that the project would then refocus on desktop solution for Health and Community Services, back-up solution and updating hardware asset support.¹⁴⁷ It has been stated more recently by the Chief Minister that the asset replacement budget has been used to replace end-of-life hardware assets including datacentre and end-user requirements.¹⁴⁸

The requested yearly funding has dropped from £5 million to £3 million however the Panel still has concerns that the figure lacks the necessary provision of information to be transparent, and the project has therefore again received an amber rating as the Panel will continue to review.

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
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¹⁴⁶ [R.91/2019, p.176](#)

¹⁴⁷ [Government Plan 2020-23 6-month progress review, p.85](#)

¹⁴⁸ [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

5,000	5,000	5,000	5,000
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Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
5,000	5,000	5,000	2,500

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
3,000	3,000	2,500	2,500

Our Hospital (Major Project)			
Minister(s)			
Chief Minister			
2021 Mid-year review status	2022 Scrutiny RAG status	2021 Scrutiny RAG status	2020 Scrutiny RAG status
On track			

Panel analysis

The Health and Social Security Scrutiny Panel (2019) conducted scrutiny of the Hospital Project in 2019,¹⁴⁹ and 2020.¹⁵⁰ Ongoing scrutiny has been undertaken by the [Future Hospital Review Panel](#). The final budget for the Our Hospital Project was approved by the Assembly through [P.80/2021](#).

The Panel has not conducted depth review of this project, noting the work of the review Panel. It has allocated an amber rating due to the ongoing scrutiny of the Project, as well as its size and borrowing commitment, costs of which are included as revenue expenditure ([O14-06](#)).

Funding allocations approved in Government Plan 2020-2023 (£000):

2020	2021	2022	2023
5,000	1,600	0	0

Funding allocation approved in Government Plan 2021-2024 (£000):

2021	2022	2023	2024
20,000	0	0	0

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
85,000	181,700	287,400	169,600

¹⁴⁹ [Report - Government Plan 2020 - 2023 - Government Plan Review Panel - 11 November 2019, page 332](#)


¹⁵⁰ [Report - Health and Social Security - Government Plan 2021-2024 - 27 November 2020, page 75](#)

10 New programmes and capital projects in GP 2022-25: reports

See chapter 8 for summary table of ‘RAG’ ratings assigned by the Panel.

Programmes

The following section provides the Panel’s analysis of each new additional revenue expenditure programme:

CSP4-3-03 --- Income & Expenditure Survey		
CSP	Minister(s)	Scrutiny RAG Status
Reducing inequality	Chief Minister	

Business Case: Overview

The summary business case highlights that, following relaxation of COVID-19 restrictions Statistics Jersey will restart the Living Cost and Household Income Survey from September 2021. The Survey will measure household income and expenditure enabling progress in reducing inequality to be assessed, it will also allow the ‘basket of goods’ for the Retail Price Index to be updated.

The business case states: “This project is a one-off requirement spanning the years 2021, 2022, and 2023. Beyond that there is no ongoing requirement until the Government of Jersey decides that it wishes to repeat the survey in future years.”¹⁵¹

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
178	13	0	0


Panel analysis

Funding was made available in 2021 to meet Amendment 17 to the Government Plan 2021-24 [P.130/2020 Amd.(17)] which required that research into measuring poverty levels in Jersey be undertaken. The Chief Minister has informed the Panel that £120,000 was allocated to SPPP for the Living Costs and Household Income Survey (aka Income and Expenditure Survey) in 2021.¹⁵² As indicated by [finding 2](#) of this report the cost of living and household survey, a key indicator of inequality, has not been published since 2015 and as such data is needed to help inform Government policy and action.

The Panel has not received any reason for depth review of this new revenue programme, and is broadly supportive of its aim to gain data on household income and expenditure. It has therefore allocated a green rating.

¹⁵¹ [Government Plan Annex 2022 to 2025, page 78](#)

¹⁵² [Letter - Chief Minister to Corporate Services Scrutiny Panel re Follow Up Questions - 24 November 2021](#)

OI3-26 --- Revenue Jersey Resources		
CSP	Minister(s)	Scrutiny RAG Status
Modernising Government	Minister for Treasury and Resources	

Business Case: Overview

The summary business case highlights that there has been a significant increase in the workload of Revenue Jersey’s customer facing services during 2020 and 2021. It is suggested that further investment is required in 2022 to support recovery in customer service standards and address outstanding cases.¹⁵³

The summary business case further identifies that introduction of independent taxation will give rise to a further surge in customer enquiries in 2022 and 2023.

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
722	722	161	0

Panel analysis

Upon questioning the Minister for Treasury and Resources on the reason for the additional funding application the Panel has been informed it is required to help Revenue Jersey eliminate backlogs arising from its own transformation work and from the pandemic lockdown.¹⁵⁴ The Panel has indeed highlighted the need for additional resources for Revenue Jersey, for example in the transition to independent taxation with the Panel recommending that the Minister for Treasury and Resources review the department’s resources to ensure that it is able to sustain the additional work.¹⁵⁵

The Panel has been informed that the initial (unforeseen) set-up costs for the implementation of the Prior Year Basis tax reforms of circa £200k (funded from the Revenue Jersey Programme) in 2020 are recouped through this business case, to be available for their original purposes. A sum of £350k was budgeted to reimburse the Building Revenue Jersey Programme of which circa £200k was allocated for the costs of Prior Year Basis taxation reform and an additional circa £150k for programme team costs diverted from programme work.¹⁵⁶

The Panel is generally supportive of the funding to meet backlogs from transformational work and the pandemic, which it expects will aid in increasing service levels to the public. This is a further area for continued scrutiny and as such the Panel has allocated an amber rating

¹⁵³ [Government Plan Annex 2022 to 2025, page 93](#)

¹⁵⁴ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

¹⁵⁵ [P.78/2021 Comments](#)

¹⁵⁶ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

**FINDING 26**

Additional funding has been proposed for Revenue Jersey to meet backlogs for transformational work and the pandemic.

O14-03 --- Import GST Resource Requirement		
CSP	Minister(s)	Scrutiny RAG Status
Modernising Government	Minister for Treasury and Resources	

Business Case: Overview

The summary business case is joint with O14-04 Import GST Resources. It has been confirmed that two programmes have been included in the Government Plan as it is a joint project between Revenue Jersey and Jersey Customs & Immigration Service, however there is separate department expenditure.¹⁵⁷

The project will allow for the further reduction of the import GST de minimis level to £60 from 1 January 2023. It is anticipated that there will be a rise in consignments detained by the Jersey Customs & Immigration Service (JCIS) pending formal customs clearance and a significant rise in enquiries. Therefore, JCIS will require additional staff to administer the revised de-minimis. Premises for storage of the detained consignments is also required.

It is further highlighted that resources and enhanced digital provision to the goods control system (CAESAR) are required to enable the frictionless movement of goods through the border where the GST has been pre-paid.

It is anticipated that reduction of De-minimus, and this project, will enable a more level playing field in terms of GST between goods sold on the high street in Jersey and those imported via online sources, which will support jobs in the local economy.¹⁵⁸

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
365	330	330	330

Panel analysis

The change is expected to raise c.£1.3 million in additional GST receipts,¹⁵⁹ the Minister has acknowledged that these estimates are prudent and may be larger. It is anticipated that...

“extension of GST Registration to large offshore retailers is deemed cost-negligible for Revenue Jersey but increases the operating costs of Jersey Customs & Immigration Service. Those costs relate to an additional need for officers to manage a reduced de-minimis level; and also to make improvements to the customer portal in the CAESAR

¹⁵⁷ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re Government Plan Hearing Follow-Up - 28 October 2021](#)

¹⁵⁸ [Government Plan Annex 2022 to 2025, page 87](#)

¹⁵⁹ [Government Plan Annex 2022 to 2025, page 87](#)

system. That Business Case is made by the Agent of the Impôts and is included in the Plan”¹⁶⁰

A subpanel of the Panel has been undertaking specific review of the proposed GST changes, with a report due to be lodged imminently.¹⁶¹ The Panel has therefore attributed an amber status.

O14-04 --- Import GST Resources		
CSP	Minister(s)	Scrutiny RAG Status
Modernising Government	Minister for Treasury and Resources	

Business Case: Overview


The summary business case is joint with O14-03 Import GST Resource Requirement. It has been confirmed that two programmes have been included in the Government Plan as it is a joint project between Revenue Jersey and Jersey Customs & Immigration Service, however there is separate department expenditure.¹⁶²

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
0	20	20	20

Panel analysis

A subpanel of the Panel has been undertaking specific review of the proposed GST changes, with a report due to be lodged imminently.¹⁶³ The Panel has therefore attributed an amber status.

O14-05 --- Insurance Premiums Increase and Inflation		
CSP	Minister(s)	Scrutiny RAG Status
Modernising Government	Minister for Treasury and Resources	

Business Case: Overview

The summary business case outlines that the insurance market has entered a particularly challenging period for the first time in decades. As such, the existing insurance budget had to

¹⁶⁰ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re Government Plan Hearing Follow-Up - 28 October 2021](#)

¹⁶¹ [GST Personal Importation Review](#)

¹⁶² [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re Government Plan Hearing Follow-Up - 28 October 2021](#)

¹⁶³ [GST Personal Importation Review](#)

be increased on a number of occasions during 2019 and 2020 due to unforeseen pressures impacting the Government’s general and medical malpractice insurance programmes.¹⁶⁴

It is highlighted that the Government’s insurance brokers survey the market on a quarterly basis and it is indicated that premiums have increased 57% between 2018 and 2020, with further increases in 2021 predicted and built into the bid. It is stated that, although the Government of Jersey previously received lower premiums due to a good claims history, a major claim arising as a result of Covid-19 during 2020 has eliminated this rebate and is forecast to adversely impact future premium renewals.

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
997	1,036	1,077	1,121

Panel analysis

The Panel has questioned the additional revenue growth bid, of circa £1 million when an existing allocation to meet insurance premiums was put in place last year ([GP21-OI4-02](#)). The Panel has been informed by the Minister for Treasury and Resources that the insurance market was in a significant cycle of hardening prior to Covid-19 and that the global pandemic has compounded this. It has been highlighted to the Panel that in previous years during a “soft cycle” in the insurance market, it was much easier to insure risks and predict rate increases to premiums, and that the decades of a softer market led to relative lighter touch from insurers in securing accurate renewal information.

The Panel has been informed by the Minister for Treasury and Resources that data is now recognised as much more valuable to insurers and that this is reflected in the questions asked of clients during renewals, with the Government having to produce answers to over 100 pages of questions from our brokerage and insurers in 2021. The data provided by the Government to the insurers has also been subject to additional challenge in 2022.¹⁶⁵ The Minister, in her letter of 28 October 2021, identifies that programmes such as the ITS will help to support good practice, however this is not likely to be fully realised until 2023-24.

The Minister further outlines that a major claim highlighted in the business case relates to business interruption and that it is unlikely that a similar claim would arise again, due to changes in exclusions from insurance regarding infectious diseases.

The Panel was informed last year that if there were further unexpected increases in insurance requirement, departments would be expected to do their best to manage costs internally and, if this proved impossible, the General Reserve would be used. The Minister has confirmed that this is still the case wherever practical.

As there has been a continued and significant rise in the cost of insurance premiums the Panel has allocated an amber rating.




FINDING 27

Additional funding has been required to meet further increase of insurance costs, as new growth included in the Government Plan 2021-24 did not match

¹⁶⁴ [Government Plan Annex 2022 to 2025, page 88](#)

¹⁶⁵ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

requirements following more hardening of the insurance market and a claim made during the pandemic.

OI-Non-16 --- Knowledge Management & Cyber Security Staffing		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview


The summary business case highlights that the Judicial Greffe faces an increasing number of governance obligations and that it had become essential to implement processes for the efficient and effective management of information held electronically. The allocation bid will provide an additional member of staff to support information management and cyber security within the Judicial Greffe.

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
56	74	74	74

Panel analysis

The Panel has not received any evidence that causes it concern on this allocation to the Judicial Greffe, it has therefore allocated a green rating.

OI-Non-17 --- Legal Aid Scheme		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview

The summary business case outlined the States Assembly approval of the Access to Justice Law and appointed day act which is expected to bring the legislation into effect during the last quarter of 2021. The new legal aid system has been identified to cost more than the existing system, of which there is legal obligation to fund:


Article 5 of the Access to Justice (Jersey) Law 2019, which states that: “The States shall ensure that the Judicial Greffier is provided with sufficient resources for the purpose of meeting payments under the Legal Aid Scheme.”

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
1,500	1,500	1,500	1,500

Panel analysis

The Panel has not conducted any depth review of this programme, noting that scrutiny is being undertaken by the [Legal Aid Review Panel](#). Noting this ongoing work the Panel has allocated an amber rating.

OI-Non-19 --- Magistrates Remuneration		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview


The summary business case highlights two Magistrates (the Magistrate and the Assistant Magistrate) are appointed in accordance with the Loi (1864) Concernant La Charge De Juge D’Instruction. Although appointments under the Law are made by the Bailiff, the salary costs fall within the Judicial Greffe’s budget.¹⁶⁶

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
29	29	29	29

Panel analysis

The Panel notes that a review of the remuneration of the Magistrates has been taking place for several years and negotiations about the level of remuneration remain ongoing and that a further investment may be required after 2022. It has however received no evidence of concern and has therefore allocated a green rating.

OI-Non-20 --- Public Registry Staffing Resources		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview

The summary business case outlines that the Public Registry, a department of the Judicial Greffe, oversees and manages the collection of Stamp Duty in accordance with the Stamp Duties and Fees (Jersey) Law 1998. It is highlighted that due to increased workload and continued growth in the property market there is the need to provide an additional member of staff to ensure customer service standards can be maintained, and protect government revenues.¹⁶⁷

¹⁶⁶ [Government Plan Annex 2022 to 2025, page 98](#)


¹⁶⁷ [Government Plan Annex 2022 to 2025, page 99](#)

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
46	61	61	61

Panel analysis

The Panel has not received any evidence that causes it concern on this allocation to the Judicial Greffe, it has therefore allocated a green rating.

OI-Non-21 --- Staff Renumeration		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview


The summary business case indicates that funding for incremental salary increases, given if a postholder displays satisfactory performance over time, had previously been managed within the Law Officers' Department through assumptions around role turnover and the prevalence of vacancies whilst recruitment is pending. It is indicated that this approach is no longer sustainable and that the bid will ensure that the Department's staff spending remains on budget throughout the Government Plan 2022-25.¹⁶⁸

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
270	349	387	414

Panel analysis

The Panel has not received any evidence that causes it concern on this allocation to the Judicial Greffe, it has therefore allocated a green rating.

OI-Non-22 --- Additional Staff		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview

The summary business case highlights that the States Greffe underwent a significant reorganisation with effect from 1 January 2020 and that following review in Autumn 2020

¹⁶⁸ [Government Plan Annex 2022 to 2025, page 105](#)

further particular workload pressures have been identified. To respond to these pressures a bid has been included to fund: ¹⁶⁹

- A Senior Secretariat Officer
- An assistant secretariat role
- A Team Leader post in the administration team
- A Research and Project Officer
- Conversion of two Research and Project Officer roles in the Digital and Public Engagement section to more specialist roles
- Increase the remuneration of a number of posts that were upgraded in response to challenges to the outcome of the original reorganisation

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
244	296	306	317

Panel analysis

The Panel has not received any evidence that causes it concern on this allocation to the States Greffe, it has therefore allocated a green rating.

OI-Non-23 --- Pensions		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	N/A

Business Case: Overview

The summary business case outlines that during the establishment of Members' Pension Scheme in 2020 it was anticipated that not all members would join the scheme, however it successfully attracted more participants than expected. As a consequence, it is now anticipated that budgets for 2022 and beyond may not be sufficient to meet future pension costs and that the available budget should be increased so that it is sufficient to accommodate any of the 49 members that are eligible for the Scheme.¹⁷⁰

Funding allocation requests in Government Plan 2022-2025 (£000):


2022	2023	2024	2025
90	90	90	90

Panel analysis

The Panel notes this States Greffe funding bid relates to pensions of States Members, it has therefore not passed comment or rating.

¹⁶⁹ [Government Plan Annex 2022 to 2025, page 107](#)

¹⁷⁰ [Government Plan Annex 2022 to 2025, page 109](#)

OI-Non-24 --- Web development		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview

The summary business case outlines that the Privileges and Procedures Committee's has adopted a new Digital and Public Engagement Strategy and that investment will support the re-design and implementation of a new website in 2022 and provide for the on-going maintenance and development costs of this.¹⁷¹

It is anticipated that this will allow islanders to engage with the States Assembly by enhancing the website's role as the Assembly's 'front door' and acting as an information repository. Modern systems are predicted to allow:


- grouping of information by topic;
- catering specifically to the needs of different audiences (teachers, students, newcomers to the Island, those who haven't voted before; businesses, etc);
- including a subscribe function for users to receive updates on the topics they're interested in;
- embedding social media into the pages of the website to avoid duplication of effort and to serve those who don't have social media accounts;
- providing interactive educational tools;
- including a ticketing system for public tours of the Chamber

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
200	50	50	50

Panel analysis

The Panel has not received any evidence that causes it concern on this allocation to the States Greffe, it has therefore allocated a green rating.

OI-Non-27 --- Elections 2022		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview

¹⁷¹ [Government Plan Annex 2022 to 2025, page 110](#)

The summary business case outlines that during election periods the Judicial Greffe typically incurs costs in addition to its base budget on office accommodation, temporary staff, IT and publications costs.¹⁷²


Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
100	0	0	0

Panel analysis

The Panel notes that this growth bid updates the business case of GP21-OI-NON-09, however the funding request remains the same.

The Panel has not received any evidence that causes it concern on this allocation to the States Greffe, it has therefore allocated a green rating.

OI-Non-29 --- Crown Officer Remuneration		
CSP	Minister(s)	Scrutiny RAG Status
N/A	Non-Ministerial	

Business Case: Overview

The summary business case outlines that following approval by the States Employment Board's approval of the alignment of Crown Officers' (Bailiff & Deputy Bailiff) salaries and benefits with UK standards, funding had been achieved from one-off funding sources while the associated pension payments were subject to additional funding in Government Plan 2021-24. It is indicated that funding is now required to properly resource the Crown Officers' remuneration over the life of the Government Plan 2022-25.¹⁷³

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
75	75	75	75

Panel analysis

The Panel has not received any evidence that causes it concern on this allocation, and it has therefore allocated a green rating.

OI-Non-30 --- Additional senior leadership team support		
CSP	Minister(s)	Scrutiny RAG Status

¹⁷² [Government Plan Annex 2022 to 2025, page 94](#)

¹⁷³ [Government Plan Annex 2022 to 2025, page 116](#)

N/A	Non-Ministerial	
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Business Case: Overview


The summary business case indicates that one-off funding of a temporary, senior appointment to the States Greffe leadership team in 2021-22 is required to review and develop various policies within the department.

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
145	0	0	0

Panel analysis

The Panel has not received any evidence that causes it concern on this allocation to the States Greffe, it has therefore allocated a green rating.

OI4-06 --- Hospital financing costs		
CSP	Minister(s)	Scrutiny RAG Status
Modernising Government	Minister for Treasury and Resources	

Business Case: Overview

The summary business case outlines that the Government's financing strategy includes the intention to issue debt in order to fund the construction of Our Hospital following adoption of Our Hospital – Budget, Financing and Land Assembly [[P.80/2021](#)], with this bid providing investment for cost of issuance and subsequent interest payments.¹⁷⁴

Funding allocation requests in Government Plan 2022-2025 (£000):

2022	2023	2024	2025
21,000	19,000	19,000	19,000

Panel analysis


Ongoing scrutiny of the Our Hospital Project has been undertaken by the [Future Hospital Review Panel](#) and as such the Panel has not conducted review of this project, it does however note the cost of associated borrowing and that these costs will be met by the Strategic Reserve, as agreed in P.80/2021.

It has allocated an Amber rating due to the ongoing scrutiny of the Project, as well as its size and borrowing commitment, costs of which are included as revenue expenditure ([OI4-06](#)).

¹⁷⁴ [Government Plan Annex 2022 to 2025, page 86](#)

Capital projects

The following section provides the Panel's analysis of each new capital project:

ITS Release 3 & 4	
Minister(s)	Scrutiny RAG Status
Chief Minister	

Business Case: Overview

No summary business case was provided for this project, the Panel notes that it was provided with a confidential draft version of the Full Business Case earlier in 2021.

Funding allocation requests in Government Plan 2022-2025 (£000):


2021	2022	2023	2024
4,200	2,300	0	0

Panel analysis

The Panel is concerned that no business case for additional funding relating to ITS Release 3 & 4 is given within the Government Plan, expecting that an updated version would be included for this new capital project. It is understood by the Panel that this funding related to additional costs following higher than anticipated procurement charges identified after the Outline Business Case was established.

The Panel agrees that investment was needed in the Governments IT infrastructure, but this cannot be at any cost. It has been confirmed that the cost of the project is now £62.521 million, this had stood at £29.4 million in last year's Government Plan.

Due to the Panel's concern this project has been allocated a red rating.

ITS Release 3 Additional	
Minister(s)	Scrutiny RAG Status
Chief Minister	

Business Case: Overview

The business case outlines that following the preliminary phases of investigation for the Integrated technology Solution, two further modules have been identified that would expand the ITS Project by delivering modern IT systems to officers in the area of Health and Safety and Asset Management. The first will deliver a Health and Safety module capable of improving the reporting and recording of incidents across the organisation. The second module will enable the full use of the asset management component already identified in Release 3 and bring to an end the use of existing ageing systems.


Funding allocation requests in Government Plan 2022-2025 (£000):

2021	2022	2023	2024
1,264	17	0	0

Panel analysis

The Panel is somewhat surprised to see a further funding request for the ITS, as its budget has already been increased, as previously outlined, when discussing [Integrated Tech Solution \(Major Project\)](#) the overall project costs have risen from £29 million to £62.521 million.

The Panel has therefore allocated a red rating.

Revenue Transformation programme (Phase 3)	
Minister(s)	Scrutiny RAG Status
Minister for Treasury and Resources	

Business Case: Overview

The business case for this project identifies that from 2016 to 2020, the Revenue Management System (RMS) project and development of Revenue Jersey has steered the Island's tax and that, going forward, further developments will be required.¹⁷⁵ These will include additional investment concerning:

- Independent Taxation
- Prior Year Basis (PYB) 2019 Debt & Collection
- Economic Substance Rules (compliance with OECD transparency to combat international tax base erosion and profit shifting)
- RMS Online
- Risk & Compliance Model

Funding allocation requests in Government Plan 2022-2025 (£000):

2021	2022	2023	2024
3,385	2,738	1,986	1,316

Panel analysis

The Panel noted that the Government Plan 2022-25 has removed allocation of funding to the previous programme "Building Revenue Jersey Team" (GP20-OI3-01) and has been informed by the Minister for Treasury and Resources that this has been reclassified to 'Revenue Transformation Programme (Phase 3)' and therefore the £1.5m allocation remains but under a separate programme title.¹⁷⁶ The Panel finds it somewhat concerning to identify another case of moving revenue expenditure into Capital Projects.

¹⁷⁵ [Government Plan 2022-25, Annex, page 129](#)

¹⁷⁶ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel Re GP Hearing Follow-Up - 28 October 2021](#)

The Panel will continue to review this project, holding concern on the resources available and used by Revenue Jersey, it has therefore allocated an amber rating.



FINDING 28

Funding to the previous revenue programme “Building Revenue Jersey Team” (GP20-OI3-01) been reclassified to the capital project ‘Revenue Transformation Programme (Phase 3)’.



RECOMMENDATION 19

The Minister for Treasury and Resources should, within her response to this report, provide greater reasoning for the removal of the revenue programme “Building Revenue Jersey Team” (GP20-OI3-01) and justify why its funding now forms part of a capital project, namely the Revenue Transformation programme (Phase 3).

Non-Ministerial IT	
Minister(s)	Scrutiny RAG Status
Non- Ministerial	

Business Case: Overview

No business case was provided for this project, the Panel has noted that the project combines three separate projects concerning Pride Software, Phoenix Software and Court digitisation.

Funding allocation requests in Government Plan 2022-2025 (£000):

2021	2022	2023	2024
1,413	1,131	644	-

Panel analysis

The Panel has not received any evidence or submission that causes it concern on this project, it has therefore allocated a green rating.

11 Conclusion

The Government Plan 2022-25 was lodged on 21 September 2021 and notwithstanding a short and challenging timeframe, over the last 12 weeks, the Panel has endeavoured to undertake a thorough analysis of all the programmes allocated to it by the Government Plan Review Panel. Our review has focussed primarily on whether the funding sought is sufficient or excessive, as well as how the funding proposes to ensure value for money. In addition, we have also scrutinised the progress and spend to date for programmes agreed in previous Government Plans.




Overall, the Panel is unsatisfied with the majority of programmes and the rationale for the 2022 funding bids, with seven having been assigned a red 'RAG' rating. These projects relate to investment and expenditure on Information Technology across the Government of Jersey, for which the Panel holds concern of continued increases and alterations of budgets. The Panel has made a number of findings and recommendations to enable the Council of Ministers to demonstrate the benefit of these projects and programmes in a tangible way.













As highlighted by the Panels advisor, many areas of the Government's work require further information to be publicly communicated and the Panel believes this will aid in transparency, accountability and enabling an efficient public service. The Panel has recommended that outcome-based accountability be introduced, and this should take place across the organisation.















The Panel has also identified that the Government Plan will set the Island on a course in which taxes will inevitably have to rise. There is greater need for action to meet this demand in a timely manner, whilst keeping taxes broad, low, simple and fair. Indeed the Panel has lodged amendments following concerns regarding the Fiscal Stimulus Fund, the Technology Fund and tax duties.



A further 24 programmes and projects have been assigned an amber rating as continued review is required, with a further 25 having been assigned a green rating.

In closing, we have provided a summary of the various programmes where the Panel's main concerns lie:

Program / Capital Project	Reason	Scrutiny RAG Status
GP20-CSP3-2-09 --- Migration Policy	The Panel has maintained its amber RAG rating as review of migration policy by the Migration and Population Review Panel is ongoing.	
GP21-CSP3-4-02 --- Migration Policy Implementation	The Panel has maintained its amber RAG rating as review of migration policy by the Migration and Population Review Panel is ongoing.	
GP20-OI3-02 --- Commercial services - enhanced capabilities	The Panel has maintained its amber RAG rating due to the ongoing concern on recruiting to meet the ambitions of the programme.	

GP21-OI3-15 --- Commercial services - restructure	The Panel has maintained its amber RAG rating due to the ongoing concern on recruiting to meet the ambitions of the programme.	
GP20-OI3-03 --- Domestic compliance (Spend to raise)	The Panel has maintained its amber RAG rating as it will continue to monitor and review the programme in the coming year.	
GP20-OI3-09 --- Modernisation and Digital - enhanced capabilities	The Panel has maintained its amber RAG rating as it will continue to monitor and review the programme in the coming year following anticipated delay to meeting its full objectives and indication that these may alter if gaps and shortages are identified.	
GP20-OI3-10 --- People and Corporate Services - enhanced capabilities	The Panel has maintained its amber RAG rating as holds a number of continuing concerns including implementation of the people strategy and practical operation of the people and corporate services function.	
GP20-OI3-14 --- Technology Transformation Programme	The Panel has allocated a red RAG rating as it has serious concerns on the budget accountability of this programme, noting large transfers to IT related Capital Projects.	
GP20-OI4-01 --- Delivering effective financial management	The Panel has allocated an amber RAG rating as, although service measures have been identified, it holds concern on the benefit of elements such as zero-based budget and will continue to review.	
GP20-OI5-01 --- Electoral registration	The Panel has allocated an amber RAG rating noting that issues in project management took place resulting in the programme not achieving its initial aims.	
GP21-OI3-17 --- Re-organisation Ministerial Support Unit	The Panel has allocated an amber RAG rating as although there has been no additional growth request it will continue to review value for money of the programme.	
GP21-OI3-18 --- Re-organisation Communication	The Panel has allocated an amber RAG rating as it will continue to review the work of the Communications Directorate.	
GP21-OI3-21 --- Office Modernisation	The Panel has maintained its amber RAG rating as the Government's strategy regarding the One Gov Office will require further review.	
GP21-OI4-C-1 --- COVID-19 Revolving Credit Facility	The Panel has maintained its amber RAG rating as the Revolving Credit Facility and associated costs will require further scrutiny.	
GP21-OI4-02 --- Insurance Premium	The Panel has maintained its amber RAG rating noting that an additional growth bid has been proposed regarding insurance, and that that market remains uncertain.	

OI3-26 --- Revenue Jersey Resources	The Panel has allocated an amber RAG rating as, although pleased to see funding to meet backlogs, the Panel will continue to scrutinise this area.	
OI4-03 --- Import GST Resource Requirement	The Panel has allocated an amber RAG rating as a sub Panel is undertaking specific review of the proposed GST changes, with a report due to be lodged imminently.	
OI4-04 --- Import GST Resources	The Panel has allocated an amber RAG rating as a sub Panel is undertaking specific review of the proposed GST changes, with a report due to be lodged imminently.	
OI4-05 --- Insurance Premiums Increase and Inflation	The Panel has allocated an amber RAG rating as there has been a continued and significant rise in the cost of insurance premiums and further review may be needed.	
OI-Non-17 --- Legal Aid Scheme	The Panel has allocated an amber RAG rating noting that scrutiny is being undertaken by the Legal Aid Review Panel.	
MS Foundation (major project)	The Panel has allocated a red RAG rating as it holds concern that revenue expenditure has been transferred to the Capital Programme without transparent explanation, and that further revenue expenditure has been indicated to be needed in subsequent Government Plans.	
OneGov Office	The Panel has maintained its amber RAG rating as the project is ongoing and incurring relatively large costs, therefore further review following identification of the Government's strategy in this area may be needed.	
Reserve for Central Risk and Inflation Funding	The Panel has maintained its amber RAG rating due to due to the uncertainty of inflation and ongoing risks in coming years.	
Integrated Tech Solution (Major Project)	The Panel has allocated a red RAG rating as it holds severe concern at the additional funding required by this project, and additional sub projects included in this year's Government Plan.	
Electronic document management solution	The Panel has maintained its amber RAG rating due to the additional rise in budget following transfer from a revenue programme.	
Cyber (Major Project)	The Panel has allocated a red RAG rating as it holds concern at the increased cost and delay in this project, as well as transfer from a revenue programme.	
COO Replacement assets	The Panel has maintained its amber RAG rating as the project still lacks the necessary provision of information to be publicly transparent.	
Our Hospital (Major Project)	The Panel has allocated an amber RAG rating noting that ongoing review is being undertaken by the Future Hospital Review Panel.	
ITS Release 3 & 4	The Panel has allocated a red RAG rating as it holds severe concern at the additional funding	

	required by this project, and additional sub projects included in this year’s Government Plan.	
ITS Release 3 Additional	The Panel has allocated a red RAG rating as it holds severe concern at the additional funding required by this project, and additional sub projects included in this year’s Government Plan.	
Revenue Transformation programme (Phase 3)	The Panel has allocated an amber RAG rating as it holds concern to the transfer of revenue expenditure to the Capital Project.	

12 Witnesses and Evidence Gathered

Public hearings were held with the following Ministers:

- The Chief Minister, on the 22 October and 5 November 2021
- The Minister for Treasury and Resources, on the 12 October and 12 November 2021

Responses to written questions were received from the following Ministers:

- The Chief Minister
- The Minister for Treasury and Resources

Requests for written submissions were sent to 23 stakeholders and responses were received from the following:

- Unite the Union
- JCSA Prospect
- Jersey Hospitality Association
- CITIMA
- Jersey Estate Agents’ Association

To view all the submissions, responses to written questions and public hearing transcripts, please visit the [review page](#) on the States Assembly website.

Appendix 1

Terms of Reference

Government Plan 2022 - 2025 Terms of Reference

1. To undertake a review of the sections/projects of the Government Plan 2022- 2025 which are most relevant to the remit of the Corporate Services Scrutiny Panel, using the following criteria as a guide:
 - Where funding over £500,000 has been allocated
 - Where funding has been withdrawn or decreased significantly from the previous year
 - Where funding has been increased significantly from the previous year
 - Projects which the Panels consider are of most concern (as a result of, for instance, delays, deferrals, overspends or because they are not in keeping with Common Strategic Priorities)
 - Projects which have been identified as of concern by stakeholders
 - Projects which are contentious and/or in the public eye.
 - Projects where insufficient information has been provided and more information is sought
 - Concern is held on the project's alignment with Common Strategic Priorities, social impact and impact upon children.
2. To determine whether those projects align with Ongoing Initiatives, Common Themes and, ultimately, Common Strategic Priorities.
3. To consider whether the resources allocated to the projects is sufficient or excessive.
4. To review of the success or otherwise of projects agreed in the previous Government Plan for 2021.
5. To assess the expected impact on the ongoing delivery of public services, by Minister, through rebalancing of Government finances.

Budget

- To examine income raising proposals
- To explore how spending will be funded
- To clarify how States expenditure has materially evolved
- To ascertain individual departmental budgets and their feasibility based on future spending
- To examine the deliverability of capital projects
- To consider rebalancing and borrowing plans being sufficient or excessive to meet stated aims.

Financial, economic and growth forecasts

- To examine the levels of income against expenditure
- To examine the assumptions made for the economic forecasts
- To explore the impact of the financial and economic forecasts in Government Plan 2022 on the Stabilisation Fund

Panel membership

The Panel comprised of the following States Members:



Senator Kristina
Moore (Chair)



Deputy Steve Ahier
(Vice-Chair)



Senator Steve Pallett



Senator Tracey
Valois

Panel Adviser

The Panel engaged Warwick Lightfoot (Economist) to provide expert advice on the financial and economic modelling of the Government Plan. The Adviser's report is appended below.

Government of Jersey's Budget and Proposed Government Plan 2022-25

A budget and government strategy plan should offer a policy vision, supported by an analytical policy rationale with numbers that show where a government policy is coming from historically and where it is going. It should be lucidly written; its tables and charts should offer people using it an easy purchase on what is being proposed and why. Budget decisions on spending, taxation, borrowing and the accumulation of physical and financial capital are not simply accounting transactions. They have economic implications for an economy's structure of incentives, and they involve choices and opportunity costs. A budget is not just an accounting exercise but one that involves economic consequences and political and moral choices that are either made expressly or by implication. The Jersey Budget and Government Plan 2022-25 should be assessed in this context.

Jersey a distinct society enjoying separate constitutional sovereignty and fiscal autonomy

Jersey enjoys a distinct and separate constitutional sovereignty that is out-with the United Kingdom in its relationship to the crown. This gives it complete autonomy and flexibility over fiscal policy: the level of public spending; the structure of taxation; the use of borrowing and debt; and the accumulation of investment balances and funds to smooth public expenditure and taxation in the event of an adverse economic shock. This fiscal autonomy gives the Government of Jersey a discretion over public policy that is completely different to the position of an English local authority that is limited in its tax raising powers, obliged to operate balanced budgets, is subject to detailed policy guidance on the range and extent of public services that it is obliged to provide and is subject to significant regulation and rules about the use of receipts from the disposal of asset. Jersey's fiscal autonomy is much greater than the that enjoyed by the administrations in the UK's devolved territories Scotland, Wales, and Northern Ireland. It enjoys complete autonomy over domestic taxation, full borrowing powers and has total discretion over the range of domestic public sector functions it chooses to provide.

The practical constraints that should inform the exercise of fiscal autonomy

This autonomy and discretion, however, comes with constraints. The principal constraint arises from Jersey using sterling as its currency and not having a central bank of its own. It does not have the instruments and tools of monetary policy. It does not therefore enjoy the privilege of possessing a currency that could take on the attributes of a reserve currency. Jersey's public sector balance sheet has in practice a hard budget constraint which is the maximum taxable capacity of its own local economy. In this regard it is in a position like that of an American state or a Canadian province.

Cautionary lessons for Jersey in financial prudence from other jurisdictions

The limits that these states face mean that historically they have been very cautious about borrowing and accumulating significant stocks of public debt. Many American states – all, but Vermont - in practice - have balanced budget rules. When these state governments have exceeded the taxable capacity of their economies they have defaulted on their debt. The last time a US state defaulted on its debt was when Arkansas in 1934 failed to make debt payments on its highways borrowing programme during the Great Depression. As a result, its reputation for financial probity was badly tainted and it made little use of public debt for more than half a generation. The difficulties that Arkansas encountered resulted in many US states establishing balanced budget in the 20th century.

In 1936 the Canadian province of Alberta defaulted on its bonds and only moved out of insolvency with assistance from the Government of the Dominion of Canada. The federal Canadian government historically has assisted several states in fiscal difficulty. From the start of confederation, it has used this form of help to get provinces to join and to accept the leadership of the federal government. Prince Edward Island for example joined the confederation on the basis that colony's railway debt would be paid off by Canada.

The fiscal experience of Newfoundland offers a cautionary example. Before becoming a Canadian province, Newfoundland had a long history as a self-governing colony and dominion within the British Empire. After a series of adverse events in the 1890s its fiscal position became vulnerable, with a high ratio of debt service charges within public expenditure. In 1932 in the Great Depression the Dominion was about default on its bonds. Great Britain and Canada took steps that avoided this but extracted a price imposing a Royal Commission on Newfoundland to run its affairs. The Amulree Commission in 1933, ended Newfoundland's century old parliament and imposed a government managed by six appointees – three of whom would not be from Newfoundland. The Commission administered Newfoundland and Labrador until it became the tenth Canadian province in 1949 following a plebiscite. During its administration, the Commission gave priority to debt reduction and when it became part of the Canadian Dominion, the new Province was debt free.

Jersey's position is also analogous to the economies that now make up the euro-zone, where state borrowers do not enjoy same degree of discretion as economies in possession of their own exchange rate and central bank. Moreover, where transfer payments are made within the European monetary union, an element of conditionality is applied, such as requiring structural economic reform and requirements about constitutional practice and legal norms.

The practical conclusion from this is that Jersey enjoys a high degree of beneficial discretion, but its fiscal discretion is more constrained than that of an economy with its own central bank and currency. If, moreover, Jersey was to find itself needing assistance with restructuring its financial obligations, it may well find that some of the present discretion that it enjoys may have to be sacrificed to receive financial assistance provided by an external financial party.

Jersey has astutely used its fiscal autonomy to create a high-income society based on value added created by financial services

The Government of Jersey has used its fiscal discretion astutely to develop a high value-added advanced economy significantly based on economic activity associated with financial services. The financial sector accounts for two-fifths of GVA – the national accounts measure used to quantify Jersey's economy. This has resulted in a tax base that relies heavily on revenue from income and corporation taxes that reflects the high value added generated by the financial sector that has been developed over the last fifty years.

A culture of transparency, institutional good practice, and prudence

The Government of Jersey has established a culture that aims to match international best practice in terms of policy formation, openness and transparency and institutional practice, building on Jersey's long tradition of applying the rule of law. It has placed financial prudence and good stewardship of resources at the centre of its budget and strategic planning process. This includes drawing on the expertise of an independent Fiscal Policy Panel to assess spending, taxation and borrowing decisions and with a focus on their economic and financial sustainability. The Government of Jersey has drawn on this advice to develop a framework of fiscal rules to ensure that its spending is not pro-cyclical and not based on over optimistic revenue forecasts, only borrows for capital investment in normal circumstances and ensures that it holds significant cash balances and investment funds to deal with any adverse shocks to revenue that could impede its capacity to finance its debts or to maintain public services.

Jersey has an economy and public sector enjoys an enviable financial position

In terms of the usual sorts of international benchmarks used to assess an economy Jersey is in an enviable position. Its ratio of public spending to national income, Gross Value Added, GVA is around 23 pct. Its basic social security or social insurance old age pension scheme is significantly funded with over £2 billion of assets. It has fewer unfunded intergenerational liabilities than most advanced economies. By any measure this places the public finances of Jersey in a very strong position. The strength of this financial position is reflected in an S&P credit rating of AA-.

Providing practical local services for an island community of 100,000 people.

The heart of the work of the Government of Jersey is providing public services for the residents of its island community. These include all the principal services associated with a local authority such as child safeguarding services, schools, adult social care, as well as wider services such a police fire and ambulance and health services, as well as having responsibility for transfer payments such as pensions, and public enterprises operating in the market sector such as utilities. The provision of these services in a distinct island community, with a high cost of living and high housing costs reflects the inevitable costs of its geography and a housing and property market that illustrates the appeal of Jersey as a place to live and the effects of the financial sector on the wider economy.

An administrative and policy culture drawing on UK public sector expertise and practice.

Over many years the Government of Jersey has benefitted from recruiting public sector administrators and policy practitioners from across the UK public sector, from both local and central government. This array of expertise has brought a hinterland of experience that has drawn on the way UK and English public policy has developed over that last thirty years. This is reflected in the role of process, the emphasis on an evidence-based policy making, the framing and presentation of public policy, particularly, in relation to public spending and the application of innovations in policy making and institutions that have emerged from the consensus around general public sector policy and best practice in the UK.

The criteria that should be used to assess a set of budget and strategic plans.

There are a series of criteria that are helpful to apply in assessing budget plans and policy strategies. These include robust evidence of efficiency, effectiveness and economy, value for money, information about unit costs, the prudence and realism of spending and revenue forecasts, the incentives and constraints that shape financial planning decisions and the culture that informs them; the public's perception of the quality of the service they receive; and how well the policy rhetoric of objectives and goals matches the identified policy laid out in the measures outlined in the programme and how well policy and measures are marshalled so that the public can obtain a lucid purchase of the central purpose of policy and how it should be judged.

A cogent account of the objective and purposes of policy

A central question that should be looked at in any assessment of the documents and plans involved is the extent to which they cogently explain the rationale and purpose of the Government's plans and financial budgeting. How much do the papers provide a lucid account of the purpose of the government, its objectives and how these will be achieved, in a manner that is accessible avoids being elliptical and inviting the reader into a game of hunt the policy thimble. To what extent and how easily can an interested reader get a purchase on what is being proposed?

Value for money

A further and closely aligned question is do the plans demonstrate efficiency, effectiveness, and economy - value for money and reassurance that every pound spent by the public service in Jersey is fully sweated. No public organisation, if it is carefully considering its position, would assert that it is 'efficient.' Inevitably political and bureaucratic decision-making processes involve losses of X-efficiency. Losses of X-efficiency occur where more inputs of resources are used to produce a given level of output than is necessary. The capacity to tax, especially if part of the tax revenue is collected from a source of receipts that are buoyant and convenient such as a royalty on an extracted commodity or on a flow of high valued added economic activities, results in a softening of hard budget constraints. An important test is whether economy and efficiency in financial planning decisions has been allowed to drift. That may not result in ineffective services, but it could invite scrutiny of the economy, efficiency and value for money involved in delivering the service.

Realism and prudence in constructing forecasts and spending plans

When constructing budgets and financial plans policy makers need to be both realistic and prudent. Realistic forecasts need to be made about the economy, demand led services, tax and other receipts and estimates of the cost of spending programmes and initiatives. There is potentially a tension between the two imperatives of realism and prudence. A prudent budget may involve consistent overestimates of programme spending that result in planned programme forecasts being higher than realistic cost and regular underspending. Prudent estimates of revenue lead to pessimistic forecasts of tax receipts that are less than a realistic estimate of the revenue out turn.

The incentives that shape the behaviour of financial planners – the Alice through the looking glass distortion of English local authority practice – can travel a long way

How policy practitioners navigate this genuine tension will reflect the framework of rules, incentives, and constraints that they operate within. In an environment where a public sector organisation has limited tax resources and an overall falling medium term income, with rules that constrain both deficits and surpluses and the use of one of receipts from the sales of assets there will be an incentive to generate underspending to accumulate cash reserves and investments that could not be as a deliberate act of policy. In many respects that is the institutional imperative framed by the regime of local authority finance rules that guide or more realistically direct English local authorities. It is often the hall mark of a well-run English council. Yet it is a clumsy way of accomplishing sensible financial objectives that would not be possible to achieve through direct expressly explained policy. It also accommodates a practice of over estimating or gilding spending programmes and can result in spending exhibiting greater cost than that needed to accomplish a function or task. The deliberate construction of a budget based around structural underspends and over performance of revenue collection should not be undertaken when a fiscal authority has full autonomy and is not incumbered with perverse rules.

Choices in spending, opportunity costs and unit costs

There are opportunity costs in all public expenditure decisions. In making spending decisions at the margin policy makers need a sense of the magnitude of the choice in cash terms. How much would an extra £100,000 or £1 million buy the public in terms of school services, children's safe-guarding or elderly social care or improved local amenities such as better parks or cleaner beaches. These costs may well be higher in Jersey than in other jurisdictions but that does not prevent them from being interrogated for cost effectiveness and value for money. This requires an estimate of unit costs. This helps policy makers to have a sense of the choices they are making and can help to identify areas of spending with excess cost that warrant investigation.

The public perception of public services in a locality

Any provider of what are local authority services such as schools and social care should be interested in public perceptions and judgements on the services. It is helpful to track this over time. Assessment of the quality of services by the public have the potential to reassure policy makers about satisfaction with services and to expose not just dissatisfaction with them but areas where conventional policy assessment would imply good services, yet the

public perception of the services implies that public provision does not meet public expectations. Learning what is not working is as important in having reassurance about what is working.

The clarity and information laid out in the plan

The strategy and plans laid out in the Government's principal document set out clearly expressed policy priorities. The main priority is the welfare and future of Jersey's young people. Yet it is not clear from the detail laid out in the plan budget documents that this can be reconciled with the detailed measures laid out in spending plans and the island's capital programme.

The principal policy, that in its scale dwarfs all other policy ambitions is the decision to build a new hospital. The hospital is a major project and is being financed outside the regular capital programme through public debt issues and expected investment returns made by the Government's strategic reserve. The Chief Minister's foreword recognises the project remains controversial and that 'certain commentators may wish to delay matters even further for a number of reasons.' The foreword touches on the process and need for a new clinical facility but does not explore the character of the chosen investment project or its merits over alternative approaches to modernising Jersey's acute hospital care. In a document of 202 pages with an annex of 150 pages it is interesting that an undertaking that has such profound implications for Jersey public finances and borrowing should receive such a limited discussion. The Annex on page 130 GP22-MP-010 Project: Our Hospital has a link to a document on the hospital's business case, but their commentary in the Government Plan is limited.

Information that is necessary for the reader to understand the role of the public sector in Jersey, the services that it provides the residents of the island, its future direction and the stability of its public finances are absent from the plan. Officials and officers in exchanges with the scrutiny panel of elected members have helpfully explained that much of this information is available and presented in other documents published elsewhere. Having this information disbursed across a range of documents and not marshalled in a coherent manner in the plan makes it difficult for elected members, the public or anyone interested in the work of the Government of Jersey to get a purchase on its policy, plans how they should be assessed.

Given that most of the work of the Government of Jersey relates to the type of functions and services performed by a local authority, there should be digestible information about the range and scale of public services. This should include information showing how many schools the island has, how many primary school and secondary school students there are, the range of social care settings managed or paid for by the public service in Jersey and the scale of service and number of places purchased by Jersey's public service, the amount of domiciliary care provided and purchased, some illustration of how care assessments are

made, and resources are rationed by need. It would also be helpful to have the public sector's full scale and role laid out in a comprehensive manner, so that the role or absence of state enterprise in, for example, utilities is clear.

Information should be presented illustrating the scale of resources that the Government of Jersey is able to deploy on behalf of its residents in delivering these services and their relative costs. This should include an estimate of the total capital stock the public sector uses both in its present use cost and with an estimate of the open market value of the capital employed, which is important when buildings and property are used in an economy where land is scarce and expensive.

There should be information about unit costs illustrating the relative costs of different services and the character of spending decisions involved in adjusting priorities at the margin. There should also be information on the public's perception of the range and quality of the services. This information is missing. Given that much of it is likely to be held by officials and their departments future and budget documents should include this information in the future. Where the information is either incomplete, significantly imperfect or no attempt has been made to obtain it steps should be taken to remedy such lacuna.

Where information is presented in the plan and in its tables, it is too often incomplete and obscure to the reader attempting to interrogate it. The purpose of policy is often presented in an elliptical manner identified by implication that obscures its objective, costs, benefits, and challenges. Too often the objective of policy appears to be presented as process rather than concentrating on its outcome or goal.

Stewardship of public money, value for money, efficiency, and economy

Jersey appears to have a problem in achieving value for money in its public services. All public sector bodies face a challenge in satisfying themselves that they are sensibly sweating every pound or dollar spent. In all organisations where somebody decides to spend another person's money there are inefficiencies. These inefficiencies are not confined to the public sector they are present in public corporations, private firms and are present in charities, voluntary organisation, and private trusts. The original formulation of the concept of losses of X-efficiency was to explore why corporations were not always as efficient and profit maximising as might be expected. Yet the public service has a greater challenge than private organisation because of the ability to tax and borrow in a manner that is not available to the private sector and in practice enjoying a much softer budget constraint than a private organisation.

The Government of Jersey, as a fully autonomous fiscal institution that is not in receipt of any external grant or transfer and having full responsibility for raising the revenue for its spending decisions, has much better aligned incentives to be efficient than many administrative institutions in local government, devolved or federal regimes. The importance of having responsibility for raising the money that a political organisation is going to spend has been recognised for more than a century in the debates about the political economy of home rule, devolution, and the financing of local government. The

Layfield Report on *Local Government Finance* in Great Britain expressed the matter succinctly in 1976: ‘whoever is responsible for spending money should be responsible for raising it so that the amount of expenditure is subject to democratic control’. Jersey’s fiscal arrangements exactly conform to this injunction.

The Government of Jersey, its independent advisers appear to recognise that there are issues of efficiency and economy in Jersey’s public sector. The Chief Minister’s foreword to the Plan appears to acknowledge this writing that ‘We also know that the culture in some parts of the public service has long needed addressing.’ This is a necessary and helpful starting point for any public body managing its affairs. There have been a series of top-down initiatives over the last five years to improve the efficiency of spending within the Government of Jersey, both in the overall management of the government and in examining individual spending programmes and the balance between them. Yet the results are no clear and the process of achieving value for money and economy in spending is incomplete.

The importance of making the savings in terms of the Government Plan is clear. A central feature of a budget and policy plan is the reliance on efficiency savings to fund future capital expenditure. The capital budget – apart from the new hospital project – is dependent on rebalancing.

It is equally clear that progress in achieving value for money has been difficult. A striking feature of the drafting of the Government Plan is the incomplete use of the triptych efficiency, economy, and effectiveness the three Es. Economy is absent from the plan.

The plan refers to the use of zero-based budgeting approaches to ensure efficient spending, but it does not exemplify the extent to which the approach was comprehensively applied, the extent to which it either yielded savings or the need to raise expenditure to achieve an objective, or how useful the approach is in the end. Officials in exchanges with elected members were not able to exemplify results from the zero-based approaches but did suggest that the work informed other work processes and contributed to the journey the Government is on. An interesting feature of the exchanges was the focus on process by officials rather than offering outcomes that could be intelligibly exemplified.

The Fiscal Policy Panel in its Annual Report in November commented in ‘2020 and 2021, the Government has committed to the implementation of zero-based budgeting where Budget Managers start from a clean sheet and all activities conducted are justified on their contribution to outcomes. This has seen significant delays which may lead to difficulties in achieving rebalancing targets. Given there are no current targets for 2025 and less detail on rebalancing measures beyond 2022, this work will be important in delivering change. The Government Plan 2022-25 notes that there have been meaningful insight and lessons although no specifics have been given to the outcomes of the project itself. The Government Plan sets out an aim to roll out Zero-Based Budgeting across all departments by mid-2022. The outputs from this including any new identified efficiencies should be detailed in next year’s plan.’

For the Government to demonstrate a greater weight on value for money and economy in spending it should identify and present comprehensive information about its unit costs.

Officers explain that getting a purchase on unit costs is a complex and difficult task, which it is, yet it is a task that should not be avoided. Given the need for efficiency savings to meet the financial plan embodied in the budget the Government should embark on identifying practical benchmarks against which costs can be scored and at its simplest the costs of employees and purchases should be compared to costs of similar work done or purchases made in the private sector as a starting point for interrogating costs.

Ministers and elected members may find it salutary to explore some of these costs directly themselves, both in relation to current or revenue spending and capital projects. Double checking the cost by approaching private sector employment agencies, where an expensive item of capital such as a lift is being purchased – phone a lift company and ask how much it would cost, check the cost of a full time cook with an employment agency specialising in the hospitality sector, check the cost of a funeral service provided by a social services department with a reputable local funeral directors to ensure that the public authority is not being taken for a ride.

This requires an exercise of political will power and does not involve clever techniques of financial management. On many occasions an elected member will satisfy themselves that a proposal is roughly right. Where, however, a comparable purchase - such as solar panels is running at an estimated cost 20 per cent higher than another organisation carrying out a roughly comparable project it should invite further interrogation. As well as enhancing spending scrutiny in a manner that helps officers, direct practical member double checking of costs and estimates serves to ensure that officers and officials can expect detailed and informed interrogation on the economy and realism of what they are doing in a practical manner. This is not a process and a role, when undertaken by elected members that officers are likely to be comfortable with or to welcome. Yet it is a direct, practical approach that can yield benefits in cost control and more importantly change the culture of the public sector's approach to spending and value for money, by exposing officers to direct scrutiny and challenge.

The balance between current revenue spending and capital spending

Historically there has been a perception in many jurisdictions that capital spending has been neglected and that the public sector's capital stock has not been properly maintained and its quality and effectiveness was easily allowed to erode through depreciation. In many jurisdictions in periods of fiscal crisis and during protracted squeezes on public spending capital programmes were cut to protect current spending programmes and maintenance of the capital stock was neglected.

The budget and Plan lay out an ambitious capital programme that focuses on the building of a new hospital. The independent Fiscal Policy Panel advises that borrowing should only be used to pay for capital spending and not for current spending and advises that the net stock of public assets should be maintained.

One of the most difficult tasks in planning public spending is ensuring an appropriate balance between current revenue expenditure and capital spending. Capital spending that results in new capital assets will not yield the benefits expected if it cannot be matched with

appropriate revenue expenditure to pay to use and deploy them. The classic examples are the new school laboratory without a physics teacher, or hospital operating theatre without the specialist clinical practitioners needed to use it safely. This problem is further amplified given that the public and politicians can easily identify with and champion a service embodied in a building such as a school, hospital, or headquarters building. This can result in the substantive services that are central to performance being overlooked and allowed to discretely atrophy. This is particularly the case in relation to social care and health and hospital services, where domiciliary, health visitor, speech therapy, pathology and histology services are essential, yet often overlooked in scoring priorities. A good illustration of the tension between capital spending and revenue spending was an exchange between the Chief Minister and an elected member in relation to a proposed ambulance and fire service headquarters. Concern was expressed that while there were delays in the capital spending, at the same time revenue spending was not sufficient to maintain training and standards in the delivery of the present service.

The proposed new hospital is a large and ambitious project. In many ways it swamps the Government of Jersey's revenue spending, capital spending and borrowing plans. It absorbs the lion's share of the borrowing capacity of the Government, dominates the capital programme, and has an immediate impact on current spending given that nonhospital capital spending is planned to be financed out of efficiency savings within revenue spending rather than through borrowing. The provision and full implications of the current revenue spending to support the scale of hospital proposed is not clearly set out in the plan.

It would be useful to assess in the future whether the balance between capital spending and current spending is optimal, to develop a set of criteria to make that assessment and to consider whether too great an emphasis is placed on buildings rather than the services that flow from them both in terms of revenue spending and capital spending.

Inflation and forecasts set out in the Government Plan

There is an expectation that spending departments will absorb inflation within their baseline for revenue or current spending. There is no inflation expectation included in capital spending projects and higher price pressure on capital projects are accommodated by a central reserve of around 2 per cent of overall projects included in the capital programme. The Fiscal Policy Panel forecast that inflation measured by the RPI will be 3 per cent in 2021, 3.6 per cent in 2022 and will then return to its long-term trend of around 2.6 per cent in 2023. This looks optimistic given that in October the UK CPI was 4.2 per cent and the RPI was 6 per cent. While in the EU the CPI was 4.4 per in the euro-zone 4.1 per cent and in the US the CPI was 6.2 per cent. Higher than expected inflation may expose both current revenue spending plans and the plans for capital projects to either upward revision that must be accommodate from reserves or the need to adjust spending plans to new and more difficult circumstances where there are greater cost pressures. Between 2022 and 2025 Total Government Net Expenditure is planned to rise in cash terms by around 6.5 per cent from £1,171 million. This equates to a cash increase of around £75 million. An RPI of 7 per cent is equivalent of £82 million on the 2022 figure for net expenditure. This figure on the Total Government Net Expenditure measure of spending that includes the reserves,

including the inflation reserve – which is set at £41.4 million in 2022 – exaggerates the headline impact, but it illustrates how awkward unexpected increases in the price level can be.

Revenue forecasts

Last year reservations were expressed about the projected tax receipts in the plan and there was a suggestion of optimism bias. If anything, the revenue forecasts were not optimistic enough and revenue has recovered better than expected. This has reflected the character of the economic activity that was principally disrupted. Financial services activity was less disrupted and recovered better than for example hospitality. Financial services are a source of economic activity that exhibits high levels of value added and is a rich and buoyant source of revenue. The revenue forecasts are independently determined and use a local economic model to forecast tax receipts.

Projected tax revenue laid out in Appendix 2 Summary Tables, Summary Table 1-States Income in the Proposed Government Plan 2022-23 (page 17) shows a steady recovery in tax revenue where receipts rise by 4.41 per cent, 6.27 per cent, 5.05 per cent and 4.51 per cent in the respective years covered between 2022 and 2025. This is led by an increase in revenue from companies of over 30 per cent over the period from £99 million to £130 million.

Historically revenue receipts have been scored in the budget planning documents in a cautious and prudent manner and have tended to turnout higher than estimated. In the years covered by the plan higher interest rates are likely to increase bank margins and to contribute revenue buoyancy. The independent Fiscal Policy Panel has noted that Jersey is likely to benefit from a tax system soon that yields additional revenue in the event of higher interest rates.

The prudent construction of revenue forecasts that lead to better-than-expected receipts would appear to be part of a wider financial culture where financial plans are constructed on a basis that emphasises caution, prudence and scope for financially pleasant surprises that makes financial management easier in the near term.

Given the role that financial services have in Jersey's economy where it accounts for over 38 per cent of value added in GVA, it would have been helpful to have some guidance on the makeup of Jersey's financial sector: how it is taxed and how changes in the sector such as increases in interest rates benefit revenue yield and what external events could significantly put this important source of revenue at risk in either the short or long-term.

Economic forecasts that inform the budget plans and estimates of fiscal sustainability

The foreword to the plan by the Minister for Treasury and Resources draws on the IMF's forecast for world economic growth in its World Economic Outlook forward published in October, yet the discussion of the Government finances in part five does not include an

extensive discussion of the economic background in terms of the detail of the forecast and the implications that that trend rate of growth has for an assessment of the budget revenue forecasts and the wider context of the sustainability of Jersey's public finances. It does present the Fiscal Policy Panel's chart illustrating a gradual recovery of output after the sharp covid related contraction, but the Plan offers no exploration of Jersey's trend rate of growth. It would be helpful to have the economic forecast set out in the Fiscal Policy Panel in the budget documents and plan and an assessment of what it may imply for Jersey's future spending, taxation and borrowing.

The Panel comments in its annual report that its 'most recent forecast is from August 2021 and is for the economy to see above trend-growth throughout the forecast period, as the economy recovers from the significant contraction in 2020'. The most significant feature of the forecast for GVA is the low trend rate of growth of 0.6 per cent. In the immediate years ahead, growth will average around 2.5 per cent over the four-year period 2021 to 2024 but will then fall back to a trend rate of growth of 0.6 per cent. And the Fiscal Policy Panel see little scope to realistically expect that to increase. The size of the Jersey economy peaked in 2000 at £5,266 million two decades later in 2019 before the impact of covid it was £5,076 million, 3.6 per cent lower in constant price terms. The Jersey economy has exhibited limited growth in productivity and static levels of output for twenty years.

Borrowing, fiscal rules, liquidity, balance, and investment funds.

Jersey has a set of carefully considered fiscal rules that would meet most criterion of international good practice. They are like various iterations of fiscal rules deployed in the UK by HM Treasury. At their heart is an emphasis on only borrowing for capital and not for funding current or revenue spending, while accepting that borrowing for current spending is acceptable in exceptional circumstances. Their purpose is to try to constrain pro-cyclical growth in public spending over the economic cycle.

Fiscal rules that focus on borrowing are open to the criticism that they are directed at only one source of potential financial instability, namely government borrowing, and offer no direct constraint on government spending overall. This was an observation made about the UK's fiscal rules in the years before 2007 by the IMF. Rules that allow borrowing for capital can accommodate increases in spending that results in the accumulation of capital assets that result in future direct liabilities and invite discretionary increases in revenue spending to make full use of the capital asset that has been acquired. This concomitant revenue spending requires taxes in future years to rise. An economy, moreover, without an independent monetary sector and the monetary tools provided by possession of its own currency and central bank, such as Jersey may need fiscal rules that are tighter and more constraining of expenditure than the fiscal authorities in an economy such as the UK which possesses such monetary tools.

Moreover, the rules do not emphasise the control of the costs of debt service charges. The big issue is not how much debt is on the public sector balance sheet or but the cost of servicing it. This should be reviewed to explore whether the fiscal rules should include a test rating to the cost of debt service charges, as rising debt service charges that become a

problem also become a public expenditure problem. The hospital project complies with the fiscal rules yet raises significant questions about the future of the revenue expenditure that will be needed to service it. The panel of fiscal advisers suggests that even in the context, in the near term, of strong revenue receipts that taxes will have to rise.

The Fiscal Policy Panel emphasises the benefits of maintaining Jersey's net public sector wealth. It is not clear whether this is maintaining and improving the stock of capital assets for use by the public service or whether it is broader in terms of considering the merit of Jersey holding more investment asset in the longer-term. If it is the former what the optimum capital stock is and how it should be evaluated would be questions that should be explored.

Jersey maintains a liquid credit facility to ensure that it has immediate access to any cash it needs and maintains long-term balances and investment reserves. These are planned to be between 30 and 60 per cent of GVA. Its strategic reserve is expected to be below the 30 per cent minimum level. The Fiscal Policy Panel suggest that consideration should be given to a higher reserve. The panel advises that, in the long-term, Jersey should consider increasing its investments. That would be a prudent course of action given the island economy's disproportionate reliance on financial services both in terms of economic activity and revenue receipts.

The growth of Jersey's financial services sector over the last fifty years has been a huge financial benefit for the island. Yet it makes its economy and its public finances very dependent on one sector. Finance accounts for over 38 percent of Jersey's GVA. It would be prudent to prepare for an event or a protracted period when financial services may not be able to pay the role they currently have in the economic and political life of Jersey. Over the last two decades GVA – leaving aside the distortions of the Covid public health emergency – in constant prices has declined because of weak productivity in financial services. The continuing consequences of the financial crises between 2007 and 2009 are apparent in the weak recovery in the sector in the decade that followed.

Using debt to fund pension liabilities

The Government of Jersey is proposing a major change in the financial arrangements for the funding of its employee pension liabilities. There are currently two pension liabilities. One is in the Public Employees Contributory Scheme and the other is in the Jersey Teachers Superannuation Fund. They were respectively valued at £328 million and £128 million in 2020. The Government Plan has a proposal to refinance these liabilities through borrowing, in order to save future public expenditure in meeting them.

Given that interest rates are currently still very low in historic terms, borrowing to take out long-term liabilities and to refinance debt more cheaply is a sensible course of action for any public authority to explore. Fortunately, despite the expectation in the markets that interest rates will rise, long term bond yields remain low.

From the proposal presented in the Plan it is difficult to make a final judgement about it because the details of the actuarial liability and assets are not fully laid out. Jersey, for

example, has scope to use its credit rating to borrow cheaply and invest in long-term risk assets with a higher return than the costs of the borrowing. There are however risks with investment strategies based on leverage. An investment portfolio created by debt funding runs the risk of a miss match of liabilities and assets where the investments are worth less than the debt used to fund it. Alternatively, it could be possible to borrow to match the liability. To assess this properly would require a full actuarial assessment that is beyond the scope of this assessment on the Budget and Government Plan. Whether a public authority should engage in a form of financial engineering as ambitious as the Plan's proposal merits rigorous scrutiny. Moreover, the precise steps and risk involved in the proposed financial strategy should be fully exposed and exemplified in a manner that is lucid to the satisfaction of elected members of the public body involved. Given the scale the transactions involved in relation to the Government of Jersey's annual public spending the proposal should be further clarified and reviewed.

Do the fiscal rules create an asymmetric bias in favour of higher spending and taxation?

Jersey's fiscal rules do not offer a direct brake on public expenditure they only address one aspect of financing it debt. The principal issue in public finance is how much is spent. How it is financed is a second order issues unless, the costs of servicing debt become a public spending issue in themselves with debt service charges rising faster than taxable capacity of the economy to finance this. Public spending involves a real resource cost. That cost is greater than the cash cost because of the deadweight costs that arise from spending and the distortion of tax collection. Spending to provide public goods, address market failures and purchase merit goods enhance the functioning of market economies. The difficult question to work out is the point at which the costs of public spending – the full costs including deadweight costs - exceed the returns and benefits. This is a central challenge for all modern advanced OECD economies.

Most public sector capital accumulation does not result in assets that yield a financial return. Some public sector capital investment can improve the performance of private markets and the wider economy. Although it is difficult to estimate this, much public sector investment exhibits optimism bias about its costs, benefits and returns. The UK Treasury for example makes no attempt to assess the economic returns on its capital and infrastructure programme. Moreover, there are diminishing returns to spending at the margin.

Spreading the cost of long-life capital assets over time is sensible and prudent. Yet allowing an ambitious spending programme on capital that is not in the first instance supported by a realistic assessment of the current or revenue expenditure that will be needed, implies future increases in spending and taxation to fund it. The Fiscal Policy Panel have offered clear advice about the benefits of the use of borrowing and by implication and direct advice suggested that taxes should rise. As well as rising to pay for future debt service charges they would have to rise finance an accumulation of public sector financial assets to ensure that Jersey can always finance its debts. The Government Plan takes the view that no new taxes should be agreed until the programme of financial and efficiency savings is completed as part of the programme of rebalancing expenditure, but by implication there does appear to be a clear direction of travel towards higher taxes.

Prudent temporary use of the public sector balance sheet during an adverse shock

The Government of Jersey was right to manage the economic consequences of the covid pandemic by borrowing to replace tax receipts that were temporarily lost and to finance the assistance it offered organisations and people and the fiscal stimulus package. The Fiscal Policy Panel offered clear support for this. It could have sold investment assets but in financial terms given the cheap cost of borrowing and the higher rate of return on its investment assets it was better to borrow than to dispose of assets. It was able to borrow because it has a very strong financial balance sheet: access to liquid cash, strong reserves and investments and intergenerational public sector pension liabilities that are significantly funded unlike in most other jurisdictions where they are unfunded on a pay as you go basis.

Does Jersey have a Magic Money Tree?

The use of debt to finance the Covid shock, the fiscal stimulus and to finance the new hospital has invited a discussion about whether Jersey has found a magic money tree. When asked about this the Chief Minister was clear, Jersey does not enjoy the benefit of a magic money tree. The strict technical answer in terms of modern monetary theory is also no. Modern monetary theory, is principally a radical and advanced iteration of Lord Keynes's contribution to economics and the doctrines of functional finance developed by Abba Lerner in the 1940s. In its modern form this argues that a state that has political control of its monetary policy and central bank can finance as much spending as it chooses through government borrowing secure in the knowledge that it can create cash to finance its debts through the central bank monetising them. The only constraint is the overall capacity of the economy to meet demand and the level of inflation that the political community involved chooses to tolerate. Jersey does not have a central bank or its own currency so this aspect of macro-economic and monetary theory has no bearing on the Government's policy choices and the advice and fiscal rules constructed by the Fiscal Policy Rules would prevent policy makers from pursuing the heterodox and recondite path that the contemporary literature of modern monetary theory explores. What policy makers in Jersey, however, should note is that borrowing, including prudent borrowing is a cost to taxpayers and strictly only changes the timing of taxation not the need for it. In the formal argot of economics borrowing represents an inter temporal preference about the timing of tax bills not a mechanism for avoiding them.

When should temporary support during an adverse shock be removed?

The Fiscal Policy Panel has advised that the Government should maintain fiscal support to ensure that demand and economic activity continue to recovery. In a context where the recovery internationally, in the UK and in Jersey appears to be stronger than expected it is reasonable to ask when support should be scaled back and for assurances that it is not taking on a pro-cyclical character potentially amplifying the local economic cycle. Having energetically engaged in a fiscal stimulus with the support of the Fiscal Policy Panel the Government should interrogate its success to inform the future management of the economy when there is adverse shock. To what extent did the stimulus meet the test of the three Ts Timely, Targeted and Temporary? What were the multipliers involved and to what

extent was the local stimulus partially vitiated by leakages of demand through spending outside Jersey and to what extent Jersey could pursue such a policy alone in addressing an adverse shock that was specific to the Jersey economy?

In addition, Jersey's old age basic pension that is supported by a fund with over £2 billion is expected to cover pension payments four times in sixty years' time. The social security fund will benefit from a full actuarial valuation next year. The Fiscal Policy Panel suggests that consideration should be given to raising the coverage ratio to five times.

The Government Plan 2022-25 represents a watershed in Jersey's borrowing and debt

The Fiscal Policy Panel has advised the Government of Jersey to make use of borrowing to finance capital expenditure that can improve public services and the productivity of the wider economy, or which creates assets that yield a financial return or income and to use borrowing to continue to support demand in the economy. Until the Covid crisis, Jersey's borrowing has been very limited principally to finance housing and was matched to a financial return. The decision to borrow for the new hospital, to use borrowing to buy out expensive pension liabilities and finance Covid will transform the borrowing position. The Fiscal Policy Panel note that 'total borrowing in 2022 is forecast to surpass £1.7bn, 34 per cent of GVA, and is projected to remain at that amount for the Government Plan period. This represents a £1.5bn growth in borrowing from the position in 2019 where borrowing made up 5 per cent of GVA. This compares to 103 per cent in 2021 for the U.K and 115 per cent for France.' So, by any measure this a substantive change that will use up much of the scope to deploy debt and the public sector balance sheet in the decisions made in this Government Plan. It is principally driven by the £750 million planned borrowing for the new hospital.

Jersey's Credit Rating and Borrowing programme

Jersey enjoys an AA- credit rating from S&P that reflects its exceptionally strong financial balance sheet. The AA- credit rating expressly takes account of the Government's access to liquidity and its reserves and investments. As the Government of Jersey starts to use its credit rating to borrow to pay for a significant capital project – the proposed new hospital – it may result in the AA- credit rating being down-graded. This is accepted by the Government by implication expressing the aim of maintaining at least a BBB investment grade credit rating. Bond market practitioners would regard this as an undemanding objective and would consider it an inappropriately easy objective to maintain given that to go from AA- to BBB would be a huge diminution in Jersey credit status. Jersey's current outstanding debt in public markets trades at around 50 to 60 basis points spread over the equivalent maturity gilt-edged stock. It is perceived to be illiquid. It tends to be bought and held to maturity by institutional investors and therefore rarely trades and is illiquid on secondary markets given that it is closely held.

Inequality

The plan identifies reductions in inequality as one of the Government's priorities. Yet it offers no metric suggesting how it measures dispersion of household and individual income

and wealth. It does not explain how present taxes, transfer payments and benefits in kind such as spending on education and health modify and reduce dispersion of market incomes. Nor does it identify specific measures that will accomplish this policy objective. Instead, the one budget item that is scored as spending to reduce in equality is scored to fall. This apparently is the effect of spending directed at helping households during the covid pandemic coming to an end. The Government of Jersey in assessing household poverty and how it has evolved over time is handicapped by the lack of regular statistical surveys that would give it the information need to make a judgement about it. It is planning to undertake a Living Cost and Household Income Survey and should consider making this an annual or at least a regularly and timely maintained survey. This would yield data on household incomes and spending if reducing inequality is a priority for it over the course of the plan. If it expects to be taken seriously on such a priority it should also exemplify the tax, spending and transfer payment measures. This policy objective is hindered by a lack of information. The Government Plan proposes to restart the Living Cost and Household Income Survey. The most recent survey results are for 2014-15.

A budget and financial planning approach that reflects English local authority practice

Jersey enjoys full fiscal autonomy does not receive any grant or transfer payment comparable to the grant regime in English local authority finance or the Barnett formula provision in relation to the UK's devolved territories. Its budget making practice and fiscal policies are not distorted by the complex rules that limit the running of surpluses, deficits and the accumulation of investment assets and the use of receipts from sales of assets. Yet it appears to exhibit the culture and budget-making reflexes of a well-run English local authority in its approach to financial planning. At the heart of this culture are very cautious spending estimates that overestimate the costs of spending and build in systematic underspends that generate spare cash at the end of the financial year that can be saved or squirreled away into reserves. In the process more inputs are used in providing a service than is often necessary. Reserves can be used to finance non recurrent capital spending and to smooth the consequences of future losses arising from changes in the grant regime. In Jersey this is taken a step further by scope to prudentially underestimate tax revenue. In the English context this is overall the benign and practical response to a set of awkward and perverse incentives that arise from a distinct set of local authority finance rules and controls. In Jersey given the fiscal autonomy the Government enjoys such ruses and stratagems are unnecessary. There is however a feature of approach that is not beneficial and should be avoided. If a budget is consistently set at a higher cash level than required, even if there is a determined effort to ensure that there will be underspends, it encourages a mentality where, although the money is in the budget it will not all be spent. There is therefore no problem with going ahead with the spending or opting for a more expensive approach than that which strictly necessary. This can result in the gilding of expenditure programmes where to borrow a motoring metaphor – buying a Bentley when a high performing Audi would more than do. This culture is part of the hinterland that Jersey appears to have imported because of engaging with the practices of the UK public sector. This has a direct bearing on Jersey's agenda to improve the efficiency of its spending. Over the budget planning period of the Plan further efficiency savings are planned to be made to

yield cash to finance future capital spending. If the function or programme can be done more efficiently and can result in a saving would the saving not be made sooner than left to be made later – why delay the expenditure saving?

Jersey's Identity

Jersey has used its distinct constitutional status and fiscal and other autonomy with imagination flair to build a successful financial sector.

The Government Plan refers to its intention 'through the Island Identity project' which intended to 'take advantage of our unique constitution, heritage and culture to foster a stronger sense of what it means to be 'Jersey,' both domestically and internationally.' Yet much of the approach of public policy and the approach to managing the public sector appears to replicate practice in the UK and England in particular. Jersey enjoys the scope to do many things differently given its fiscal autonomy and it does not appear to make full use of this discretion.

This is apparent in the approach to financial management and its approach to the presentation of financial and budget documents. The replication of a local authority style of presentation is reflected in its emphasis on reporting accounting transactions where the full economic implication of policy is not fully exposed or properly explored.

The principal policy in the Government Plan is the proposed new hospital. This will shape the borrowing and taxing decisions of the people of Jersey for potentially two generations. It proposes a large full-service hospital on the district general hospital model. The district general hospital is a specific feature of the UK National Health Service introduced as the preferred model of acute medical care in the early 1960s and is associated with the Minister of Health at the time, J Enoch Powell. It is a model that offers many advantages yet there are other ways of delivering acute hospital care that many clinical practitioners and health policy specialists economists would now regard with merit. Jersey could take a different approach to the district general hospital model but appears to have replicated normal UK NHS practice. This is not to suggest that the decision is defective but to draw attention to the scope for doing things differently that has not been taken.

Concluding Recommendations

Jersey should review its budget and the presentation of its strategic plans to provide greater clarity about the rationale and purpose of policy, its analytical context and their economic, and policy implications. It should be possible to see how spending, taxing, borrowing and asset accumulation has happened in the past where it will go in the future.

There should be an analysis and presentation of unit costs, how have changed in the past and how they are evolving, published with the budget documents.

There should be a practical description of the public services and functions that the Government of Jersey carries out, such the number of schools, school student, child safeguarding services, and hectares of public park managed.

The Government should undertake objective surveys about its public's perceptions of the quality and extent of the services it offers.

The continuing efficiency and value for money issues in Jersey's public sector should be addressed, by active benchmarking, comparison between the public service and private sector and exploration of different means of delivering a service, use of information about unit costs, as well as the results of the zero-based budget approach. To the extent that zero based budgeting techniques are used, these should be assessed for their efficacy and scale of financial savings they yield. The protracted programme of rebalancing and efficiency savings should be expedited to make savings sooner.

The extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending should be reviewed.

There should be rigorous analysis of the outlook for the Jersey economy and the implications of enjoying the benefits of such a significant financial sector within GVA, in the context of two decades of limited if any economic growth and the very modest trend rates of growth that the Fiscal Policy Panel expects.

The proposal in the Plan to crystallise pension fund liabilities and use debt to reduce their future cost are interesting and worth exploring. Given the scale of transactions being proposed in relation to Jersey's annual budget and their complexity they merit further scrutiny so that elected members can satisfy themselves that they have a clear understanding of the transactions involved and the risks that they may imply.

Consideration should be given to whether Jersey needs a stricter set of fiscal rules that take account of controlling spending and emphasise the accumulation of financial assets rather than principally focusing on the sustainability of debt and borrowing. This should include consideration of the construction of an investment portfolio that could yield a permanent income to defray the costs of future expenditure in event of an adverse change in the structure of the economy of Jersey.

Greater consideration should be given to the distinct character of Jersey and its constitutional position to ensure it uses the full autonomy that it possesses and is alert to the risks that attach to its unusual position.

The extent that the wider policy culture of the Government of Jersey and the fiscal rules accommodating borrowing for capital investment contribute to an asymmetric bias in favour of higher expenditure and taxation should be reviewed.

The Government of Jersey appears to be set on a course where taxes will need to rise even if the ambitions to make spending more efficient are realised. It would be appropriate for the Government to confront the direction of travel of the fiscal arithmetic that arises, from the spending, capital investment and borrowing plans laid out Jersey will face either a discretionary increase in taxes or a discretionary cut in spending – not just a cut in cash spending where services are carried out but with greater efficiency yielding a saving – but a cut in the service. These are expressly substantive policy choices that should be confronted

shortly to ensure that policy makers make decisions that are the result of deliberate policy choice rather than arising from policy drift over the course of a legislative cycle.

The decisions that the Government of Jersey and the States of Jersey have made in relation to the hospital project represent a watershed moment in Jersey's fiscal history. They will shape the level of expenditure, taxation and borrowing in a radical manner. Given the scale of the implications the project has both for borrowing and potential future expenditure, a further review of the project would be warranted.

Economist and Economic Journalist

Head of Economics and Social Policy at Policy Exchange, a professional economist with specialist interests in monetary policy, public finance - public expenditure, borrowing and taxation and labour markets. Former economics editor of the *European*. A regular contributor to the *Wall Street Journal* 1993-2003, has written for *City AM*, the *Financial Times*, the *Times*, *Sunday Times*, the *Daily Telegraph*, *Sunday Telegraph*, *Sunday Business* and the *Guardian*. His articles on economics and public policy have also been published in specialist journals that range from the *Times Literary Supplement* to *International Economy*, the *Investors Chronicle*, *Journal of Insolvency Practitioners* and *Financial World*.

Frequently asked to talk about economics and finance by the BBC Economics and Business Unit for the Radio 5 Live, Farming Today, Radio 4 Today Programme, PM, Analysis, World Service and BBC News 24 and Sky News.

Regularly asked to speak to business and professional audiences in London and Europe, such as the annual post – UK budget breakfast organised by the LSCA and the IOD, for tax practitioners, to consider the implications of the UK Budget. Addressed the annual conference of the Office of Manpower Economics that advises the UK public sector pay review bodies in January 2020.

Member of the National Association of Voluntary Organisations working party on tax 2018-19

National Association of Voluntary Organisations established a commission to explore the future of the charity sector and has set up an advisory group of tax specialists to advise it.

House of Lords Economic Affairs Committee inquiry into funding social care 2018

Gave evidence to the House of Lords Economic Affairs Committee in its inquiry into the funding of long-term social care, chaired by Lord Forsyth, which was used by the committee in its final report.

House of Lord Committee into Intergenerational Fairness 2018

Gave evidence to the House of Lords Committee inquiry into intergenerational fairness chaired by Lord True, which was extensively used in its report.

Member of the Brexit Advisory Commission for Public Services 2017

The Chartered Institute of Public Finance and Accountancy (CIPFA) established a commission to examine the fiscal and funding implications of Brexit for public services, the policy choices that it will expose; the capacity challenges and transition arrangements that will be involve. Addressed the CIPFA annual directors of finance autumn private conference on challenges in public sector finance arising from Brexit in 2017.

Specialist Adviser to the Joint Health and Communities and Local Government Select Committee on Funding Social Care 2018

Advised the joint select committee on framing choices in social care finance for community consultation.

Head of Economics and Social Policy Unit at Policy Exchange 2016

Headed Policy Exchange's Economics and Social Policy Unit since 2016. Policy Exchange is a think tank with a wide policy agenda that adjusts to changing public policy challenges. Its broad research programme ranges from the role of the judiciary, the future of British foreign policy to agriculture, education, energy housing, social care trade and the changing macro-economic policy challenges of finance ministries and central banks.

An Economic Portfolio Career 1999-2016

Between 1999 and 2016 pursued a portfolio of economic consulting, writing, and training activities. These included regular contributions to the Wall Street Journal on economics and public policy, consulting advice on monetary policy, taxation and public expenditure and training. Training for the Financial Services Authority, presenting a weeklong course on the global economy for their annual graduate training intake; a Euro-Money macro-economic seminar for African and Middle Eastern central bankers, financial regulators, and financial market practitioners; and seminars on monetary policy, bond markets and competition policy for institutions ranging from the Bank of China and Deutsche Bank and KPMG. In 2012 undertook a weeklong seminar on macro-economic and monetary policy following the Great Recession for the monetary policy and research divisions of the Nigerian Central Bank.

Elected Member of a London Borough Council

Councillor in Kensington and Chelsea between 1986 and 2018. Served as Cabinet Member for Finance and Strategy, Community Safety, Social Services and Health and chaired the authority's pension fund. Mayor of the Royal Borough of Kensington and Chelsea 2005-06; as mayor published *Local Government in London: its origins and functions*.

Economics Editor the European 1998

Appointed by Andrew Neil, as Economics Editor of *The European*. Covered the final stages of the preparations before the launch of the euro; the Asian and Russian financial crises and the mature phases of the US goldilocks expansion of the 1990s exhibiting high productivity growth and high equity price valuations as part of the dot.com bubble ahead of the 'tech-wreck' equity market fall.

Treasury Economist Royal Bank of Scotland 1992-97

Advised the Royal Bank of Scotland's Treasury Division on interest rates, foreign exchange markets and international bond markets. Had a ring-side seat in a trading room to observe the destruction of the ERM and the practical difficulties that the Bank of England had with its preferred method of operating in the money markets.

Special Adviser to the Chancellor of the Exchequer 1989-92

Appointed by Nigel Lawson and reappointed by John Major and Norman Lamont.

Advised the Chancellor on the annual autumn public expenditure survey, the annual budget statement, indirect and direct taxes, public expenditure, privatisation, and supply-side and supply performance issues. Worked on the replacement of the local authority rating system by the Community Charge and then by the Council Tax, and on the introduction of the Uniform Business Rate. Worked on the UK response to the Delors Report on European Economic and Monetary Union and the UK's proposed 'hard ecu'.

Special Adviser to the Secretary of State for Employment Rt Hon Norman Fowler MP

Worked on reforming government training programmes and the replacement of the Community Programme with Employment Training; the correction of the 1987 RPI error. Worked on trade union reform including the abolition of the closed shop and the abolition of the Dock Labour Scheme. Worked on the British Government's opposition to the European Social Charter and its accompanying Social Action Programme of directives in 1989, which eventually led to Britain opting out of the European Social Chapter.

Hill Samuel & Co 1983-87

Economist International Capital Markets: analysed economic developments in US, ERM and UK and produced the bank's regular economic publications.

Merrill Lynch International 1980-83

Worked in Merrill Lynch's central bank unit in London marketing bonds and money market instruments to the principal central banks in Europe and published a paper on using financial derivatives to hedge non-deliverable corporate bonds. Worked in Merrill Lynch's fixed Income Research Unit in New York after completing the Merrill Lynch Corporate Training Programme in Paris, London, and New York.

Publications

America's Exceptional Economic Problem

Searching Finance 2017

Margaret Thatcher the economics of creative destruction

Searching Finance 2014

Sorry, we have no money: Britain's economic problem

Searching Finance 2010

Local Government in London: its origins, evolution and functions RBKC 2006

Managing Financial Crises in Regulation of Financial Markets edited by Philip Booth and David Currie IEA 2003

Education

Buckland House School Shebbear Devon 1966-71

King Edward VI Comprehensive School Totnes Devon 1971-76

Exeter College Oxford University 1977-80

Philosophy, Politics and Economics Final Honour School 1980

President of the Oxford Union Hilary Term 1980