

STATES OF JERSEY



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

Presented to the States on 25th November 2024
by the Health and Social Security Scrutiny Panel

STATES GREFFE

COMMENTS

Introduction

The Proposed Budget (Government Plan) 2025-2028 [[P.51.2024](#)] (hereafter “the Budget”) was lodged au Greffe on 2nd August 2024 and is scheduled for States’ debate on 26th November 2024. The Proposed Budget (Government Plan) 2025-2028: Annex [[R.133/2024](#)] was also presented to the States Assembly on 13th August 2024. A notable difference to the lodging of previous Government Plans was that this year the Budget was not accompanied by the presentation of Ministerial Plans.

It was agreed by the Scrutiny Liaison Committee that each Scrutiny Panel would focus on aspects of the Budget specific to its remit, and that overarching themes would be led by the Corporate Services Panel. Accordingly, the Health and Social Security Panel (hereafter “the Panel”) agreed its review [Terms of Reference](#) and began the process of evidence gathering for the areas identified within its remit. Full business cases were provided for any new revenue growth and capital projects that fell under the responsibility of the Minister for Health and Social Services and the Minister for Social Security. A list of all programmes allocated to the Panel to scrutinise can be found on the Panel’s [review](#) page. The Panel has also considered the impact of the Budget proposals on the following funds:

- Health Insurance Fund
- Long-Term Care Fund
- Social Security Fund
- Social Security (Reserve) Fund

As part of the evidence gathering process, the Panel held public hearings with the Minister for Health and Social Services and Minister for Social Security and invited written submissions from targeted key stakeholders. Where further questions were generated from either the proposals contained within the Budget, or from the evidence gathered, the Panel posed these questions to Ministers either during the public quarterly hearings, or by letter as written questions. All the evidence considered by the Panel can be found online, with the exception of the full business cases which were provided to the Panel in confidence.

Main themes and key findings

The purpose of this report is not to provide an exhaustive commentary of all the evidence examined, but to instead consider the main themes, findings and concerns which have arisen from the review, and to make ‘SMART’¹ recommendations to Ministers outlining where the Panel feels improvements could be made.

Health Insurance Fund

The Health Insurance Fund (HIF) receives allocations from Social Security contributions from employers and working-age adults and supports the wellbeing of Islanders by subsidising GP visits, the cost of prescriptions and other primary care services.

¹ Specific, Measurable, Achievable, Realistic, Time-bound

In a letter dated 10th September 2024, the Panel asked the Minister for Social Security for a progress update in respect of any projects and/or workstreams that were agreed by the States Assembly as part of the Government Plan 2024-27 including where these:

- were continuing in 2025
- had been delayed and the rationale for this
- had been cancelled and the rationale for this.

The Minister responded in a letter dated 17th September 2024 detailing the following updates:

Amend 6: Provision of free dressings in the community - £1M annual budget (HIF)

This project is well underway. Free dressings are currently being provided through Family Nursing and local pharmacies, with a broader scheme in the final stages of development.

HIF funding is not affected by the Budget process and will be ongoing for future years.

Amend 18: GP visits for students £75K annual budget

This project is well underway and will be operational in the next few weeks. Whereas the GP24 identified the consolidated fund for this scheme, it will be provided using the HIF, in line with other contracts with general practice in respect of reductions in patient fees²

The Panel noted that an actuarial review of the HIF was completed in 2023, and financial projections indicated that the Fund would be exhausted during the late 2030s or early 2040s. With the additional cost of changes agreed since then, and currently planned, it is likely that without action, the Fund will now be exhausted during the early 2030s.

During a public quarterly hearing held on 8th October 2024 with the Minister for Social Security, the Panel questioned the Minister on the future financial sustainability of the HIF:

Deputy L.M.C. Doublet:

Given the Fiscal Policy Panel have projected that the Fund could be exhausted by 2030, what actions or reforms are you considering to ensure the sustainability of this fund?

The Minister for Social Security:

I do not think that there will be any action within this current term of office. We are very aware of the need to be undertaking action in future years around the sustainability of the fund. I think that needs to be done in conjunction with the Minister for Health and Social Services as well and the work that the Minister for Health and Social Services does around the whole environment around health. I think my role at this point in time is to work in conjunction with other Ministers that are working in that area of health to ensure that what we have got is a fit for purpose and well-funded health sector which includes primary care and the pharmacies that are currently supported by that H.I.F. fund but that needs to work in tandem as well with the bigger health structure.

² [Letter - Minister for Social Security to HSSP re Proposed Budget 2025-2028 Review - 17 September 2024.pdf](#)

Deputy L.M.C. Doublet:

So, it will not be addressed during this term?

The Minister for Social Security:

I have no plans at the moment to make any changes.³

The Fiscal Policy Panel (FPP) notes in its 2024 Annual Report that having considered the sustainability of health-related funds “no action has been taken and Jersey’s position has worsened.”⁴ The FPP observes that:

The Health Insurance Fund will be severely depleted by the end of the Budget period and is expected to be exhausted by early 2030’s. As the HIF is currently being used to fund some health costs, its exhaustion will create a funding gap and raises questions about the future of the HIF. The Panel recommends this is considered soon.⁵

Furthermore, the FPP considers that “greater consideration should be given to medium term economic growth and fiscal stability.”⁶

The Panel shares the FPP’s concerns regarding the sustainability of the HIF and makes the following recommendation:

Recommendation 1: The Minister for Social Security should work alongside the Minister for Health and Social Services and the Minister for Treasury and Resources to find an urgent solution to address the reduction of funds within the Health Insurance Fund, with publication of a plan to ensure sufficient funds within the HIF to service the future needs of Islanders, by the end of quarter two 2025.

Long-Term Care Fund

The Budget explains that the Long-Term Care (LTC) Fund provides universal and means-tested benefits to adults with long-term care needs, and is funded through a central grant from general revenues and income-related contributions from income taxpayers.

The Panel notes that an actuarial review of the Long-Term Care Fund was completed in 2023. It shows the LTC Fund balance growing and then decreasing gradually over the next 15 years as the number and proportion of older people with long term care needs is expected to increase. It is noted that £84m of Government finances in 2025 has been allocated to the LTC Fund and that the current contribution rate is to remain at 1.5%.

During a public quarterly hearing held with the Minister for Social Security, the Panel sought further information regarding what actions the Minister planned to take to ensure the LTC Fund’s balance increased. The Minister responded as follows:

The Minister for Social Security:

I think it does depend on what we get from actuarial reviews and the advice that we get in relation to the Fund. I am conscious that really how we raise funds

³ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

⁴ [Jersey Fiscal Policy Panel - Annual Report – September 2024, p.11](#)

⁵ [Jersey Fiscal Policy Panel - Annual Report – September 2024, p.50-51](#)

⁶ [Jersey Fiscal Policy Panel - Annual Report – September 2024, p.38](#)

for Long-Term Care Fund and also social security is linked. Because it is contributions linked is ultimately a decision for the Government and the States Assembly. The States Assembly during last year's Budget debate rejected an amendment to scrap the cap on social security contributions. That was something that I had supported but the Assembly has rejected, so for me, personally, I would like to see the ... I do not want the percentage going up for ordinary, everyday working people but ultimately that is a broader decision for the whole of Government and the Assembly. So, politically my party has taken action to try and resolve that. I think at the moment we need to look balanced given that Assembly decision not to do that. We need to look at other ways in which we can get more funding into the Fund that is ultimately going to be palatable to the community and the Assembly.

Deputy L.M.C. Doublet:

That was going to be my next question - whether you were considering proposing an increase in the contribution rate, but you are not considering that across the board, is that right?

The Minister for Social Security:

That is not being considered at the moment.

Deputy L.M.C. Doublet:

Okay, but in terms of ... Assembly decisions aside, I think that was, yes, this current term of office but different makeup of the Assembly. Raising the cap, is that something that you as Minister are considering bringing to Council of Ministers or to the Assembly?

The Minister for Social Security:

That would be something that I would consider bringing into the future.

Deputy J. Renouf:

You mean after the next election or before?

The Minister for Social Security:

It is not under current consideration. I think we need to see where we go following this Government Budget and then looking at where we are heading with Long-Term Care Fund, but it may well end up being something that is an election issue as to how that is done.

Deputy L.M.C. Doublet:

Would you say there is potential for it to be discussed by C.O.M. (Council of Ministers) in perhaps the final year of this term?

The Minister for Social Security:

I think there is always potential for ideas to be taken to the Council of Ministers.⁷

The Panel questioned the Minister for Social Security on whether the LTC Fund had been performing as required from a customer perspective, and if any concerns had arisen regarding rates, funding formulas and the overall management of the LTC Fund. The

⁷ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

Minister informed the Panel that plans were in place to provide a private briefing regarding a number of workstreams relating to domiciliary care. The Minister advised that work relating to domiciliary care⁸ markets was in the process of being finalised and has been the main focus, however, once this had been resolved there might be time to look into the residential care market.⁹

Additionally, the Panel discovered that work was being undertaken to improve communication with the public to determine how the LTC Fund was working for Islanders. However, further work was being carried out to see how communication with Islanders could improve and to foster enhanced knowledge of the purpose of the LTC Fund. The Minister also noted the need to better communicate the ability for Islanders to co-pay for care. The Minister stated:

“I am keen to get all of that clarified and of course continue to work with both the domiciliary care sector and the care homes as well to ensure that people are getting what they should be getting from the Fund and that it continues to work for people and it works better in fact.”¹⁰

The Panel discovered that a package had been generated for Islanders who are on a long-term care package in addition to being on income support, which recognises the additional costs associated with caring for someone at home. The Minister acknowledged that the project was a work in progress but was very pleased with what had been delivered to date (including the implementation of the ‘wound dressings scheme’) and was eager to address any gaps in provision.¹¹

Social Security Fund – Implementation of the Living Wage

The Budget proposes a reduction in the States Grant payment into the Social Security Fund in 2025 and 2026 to deliver one off funding to support the transition to a living wage, in line with the 2024 Common Strategic Policy. During the two years, the States Grant would be £10 million lower each year than the formula value. The £20 million would be allocated to provide business support packages to both employers and employees during the transition to the Living Wage.

On 16th September 2024, the Minister for Social Security lodged the Draft Social Security Law (Payments into Social Security Fund) (Jersey) Amendment Regulations 202- [\[P.62/2024\]](#). The report to the proposition explains that Article 9A of the Social Security (Jersey) Law 1974 provides the formula used to calculate the value of the States Grant from the Consolidated Fund into the Social Security Fund each year. Therefore, the Draft Regulations seek to adjust the calculation to reduce the value by £10 million in 2025 and £10 million in 2026, as per the proposal outlined in the Budget. Should P.62/2024 be adopted it will enable the temporary reduction in the States Grant for 2025 and 2026, with a return to the full formula payment in 2027.

The Panel questioned the Minister for Social Security on the proposed reduction of the States Grant to the Social Security Fund by £20 million over the next two years, and what the Minister’s assessment was of the effect this had on the Fund. The Minister responded that she was *“assured that the reduction in the States grant to the Fund will*

⁸ Domiciliary care is a range of care services put in place to support someone in their own home.

⁹ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

¹⁰ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

¹¹ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

not have a long-term effect on the security and sustainability of the Fund.” Furthermore, the Minister stated:

The Minister for Social Security:

... So, I think for me, the benefits that we’ll derive from being able to deliver a higher minimum wage and support businesses and support our economy in doing that so that we are transitioning to more of a living wage economy, that outweighs the not putting that amount of money into the Fund at this point in time. I think also I am quite careful as a Minister about how we use the Fund for other things and I have asked officials at Revenue Jersey, for example, how much might be owed in debt by unpaid contributions into the Fund as there are other things we also need to be doing to ensure that the Fund is receiving the money that it should be receiving. Likewise, I challenge the department on the administration costs attributed to the Fund from the department, so I am doing the best that I can to look after the Fund...¹²

The Panel aimed to ascertain whether the Minister for Social Security was satisfied with the use of the Fund for this purpose and what other options were available. The Panel discovered that the Minister, and wider Council of Ministers had discussed a number of options, however, ultimately the Minister for Social Security felt “*comfortable as Minister to be able to make this change... for the purpose that it is aligned to the purposes of the Fund.*” The Panel queried whether the Minister would be happy for further withdrawals from the Fund to be used to cover budget shortfalls and was advised that the Minister would not be content if the rationale did not align with the purposes of the Fund. The Panel questioned the Minister further on the rationale that the funding aligned with the purpose of the Fund:

Deputy J. Renouf:

Can you identify where in the remit of the Social Security Fund written in law what the benefits are for and how that would apply to this grant?

The Minister for Social Security:

Because the Social Security Fund is there for working-age benefits, pensioner benefits, to ensure that people are looked after financially. At the end of the day, people of working-age and future pensioners will be financially better off as a result of an increase in the minimum wage and us moving towards a living wage economy for the Island.¹³

The Panel probed further and asked the Minister if there was confidence that the intended outcomes would be achieved. The Minister noted that she was “*as confident as I can be that the intentions of what is being used for are correct.*”¹⁴ The Panel sought further clarification regarding the net loss and discovered that there would be a net loss within the 2-years to the Fund and that the Minister was willing to accommodate the loss with the view that future gains would be made for the community.

The Panel doubts whether the use of funds destined for the Social Security Fund for the purposes of supporting the introduction of the Living Wage by funding a business support package can fairly or accurately be described as being aligned to the purposes of the Fund given that no evidence has been produced to support this assertion.

¹² [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

¹³ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

¹⁴ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

The Panel also wrote to the Minister for Sustainable Economic Development on 21st October 2024 regarding the proposal and the business support package accompanying the implementation of the Living Wage:

How has the fiscal soundness of using £20 million (10m in 2025 and 10m in 2026) from a proposed reduction in the States Grant been assessed and please can you provide to the Panel any expert advice received in this respect?

Whilst this question should be addressed to the Minister for Social Security or Treasury, I am informed that the Social Security fund and Social Security reserve fund hold assets well in excess of £2 billion and a temporary reduction in income of £10 million a year for two years will have limited impact on the overall health of the funds. The budget report (page 85) shows a continuing increase in the overall balances within the funds between 2025 and 2028. These figures do not take account of the anticipated differential increase in contribution income due to a higher minimum wage. As the budget report explains, the increase in contribution income for lower earners is likely to lead in turn to a reduction in the amount of States Grant required to be paid into the Fund in future years. The Funds are subject to regular independent actuarial reviews. The next review is due in respect of the funds held as at 31 December 2025. This review will take account of the short term reduction in income for 2025 and 2026.

What impact assessment of the proposal has been carried out to determine the likelihood of any unintended economic consequences from reducing the States Grant to the Social Security Fund in 2025 and 2026?

The impact of reducing the States Grant is limited to the impact on the Social Security Fund itself. There is no impact on the Consolidated Fund as the reduction in the States Grant is balanced by the allocation of temporary funding to the living wage support packages. As set out above, there is considered to be no significant impact on the Social Security funds. The economic consequences of allocating temporary funding to the living wage support packages is to provide investment into local employers to improve productivity and skills within the workforce in light of the forthcoming increases to the minimum wage.¹⁵

The Panel notes and concurs with the following recommendation made by the Corporate Services Scrutiny Report in its report¹⁶:

RECOMMENDATION 34: *In line with a previous recommendation of the Fiscal Policy Panel, the Council of Ministers must ensure that the objectives of the States Funds are clear and that policies are adjusted in line with the objectives. This work should continue to be carried out and reported for the remaining States Funds with revised policy proposals for the Stabilisation Fund and Social Security Fund to be included in the next Budget.*

¹⁵ [Letter - Minister for Sustainable Economic Development to HSSP re Proposed Budget 2025-2028 - 29 October 2024.pdf](#)

¹⁶ [S.R.8/2024](#)

Social Security (Reserve) Fund – Government Headquarters Proposed Acquisition

The Budget states that the purpose of the Social Security (Reserve) Fund is to *manage the impact of an ageing population on future pension costs*. During the public quarterly hearing with the Minister for Social Security, the Panel explored further the Budget's proposal to purchase the Government Headquarters building through the Fund for an estimated cost of £91 million as an investment.

The Panel queried the suitability and value of the investment of £91 million through the Fund, and was informed that although the decision to purchase or lease the site was the Minister for Treasury and Resources' remit, the Minister for Social Security recognised the importance of dual Ministerial responsibility *"to ensure that the funds are being invested correctly and appropriately"*. The Minister informed the Panel that whilst she *"did challenge [the investment proposal] at the time"*, she believed it to be a good proposal and advice from Investment Managers had been received. The Minister further noted that whilst this particular proposal has both Ministerial and public oversight, the remainder of the Fund's investments does not.¹⁷

The Panel further sought to identify what risk management measures were in place. The Minister stated that:

The Minister for Social Security:

*I was told that it was a safer investment because we know who the lessee is, as in the Government of Jersey, which is a very good, safe, sure bet if you are leasing out a property. So, that was the assurance I was given with regard to return for the Fund.*¹⁸

Following the public hearing, the Panel wrote to the Minister for Social Security regarding the proposed acquisition of the Government Headquarters building to seek clarity on the anticipated terms of the lease agreement, the residual value of the property following the Fund obtaining ownership, recommendations by the Treasury Advisory Panel and factors considered should the Consolidated Fund purchase the building in the future.

The Minister for Social Security responded informing the Panel that the detailed lease terms remained under review by Jersey Property Holdings and the Law Officers' Department, adding that the lease would be a full repairing and insuring lease, which would broadly reflect the commercial terms established in the proposed lease agreement, which would be executed should a decision be taken not to purchase the building. The Minister informed the Panel that the annual rent payable would increase by the Jersey RPI. The Panel noted that the Fund would acquire the building for £91 million and the Office Accommodation Project had estimated that the building's value would exceed £100 million at acquisition.

The Minister further advised that it was estimated that at the end of the 25-year lease, the residual value¹⁹ of the building would be £48 million in 2024 prices over the period, which external advisors had judged to be 'very prudent' on the basis that the

¹⁷ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

¹⁸ [Transcript - Quarterly Public Hearing with the Minister for Social Security - 8th October 2024.pdf](#)

¹⁹ The residual value is the estimated value of a fixed asset at the end of its lease term or useful life. In lease situations, the lessor uses the residual value as one of its primary methods for determining how much the lessee pays in periodic lease payments.

depreciation in valuation implied a depreciation of almost 50%, whereas it was suggested that a fall in value of 33% “*would be a reasonable commercial estimate based on the current market value for new prime office space and premises of an equivalent grade that are currently 25-years old.*”²⁰

Furthermore, that:

*“a detailed analysis has been carried out by the Treasury investment team to model the returns to the Fund, including a prudent estimate of the residual value. This calculated return was compared to other investment opportunities in making the decision for the Fund to invest in the building.”*²¹

The Panel found that observations were made by the Treasury Advisory Panel which included the need for formalisation of the leasing arrangement between the Fund and the Government of Jersey to ensure obligations were enforceable, which aligned with the planned structuring agreement. The Treasury Advisory Panel had concluded that “*the characteristics of the asset were an appropriate component of the overall Social Security Reserve Fund strategy and its asset allocation.*”²²

The Panel discovered that any future purchase made from the Consolidated Fund, or any States Fund, would primarily be based on value for money. The Panel determined that a number of alternative financing routes would be possible as follows:

*If interest rates reduce, as projected by the Bank of England, it may become possible to secure alternative financing (e.g. debt or a so-called ‘income strip’) at a lower cost than the rate of return required by the Social Security (Reserve) Fund. In such circumstances, the Fund would likely be able to secure alternative investments to generate its return, and the Consolidated Fund would be able to incur financing costs that are lower than the rent it would otherwise have to pay to the Fund. Alternative financing options will be re-appraised in 2 to 3 years when the costs of such options are better understood to ensure that the long-term financing arrangements for the Office are optimised.*²³

Whilst the Panel has been given reassurances that the proposed investment has been recommended by expert advisors as sound, the Panel is not convinced that the Minister for Social Security is administering the Social Security (Reserve) Fund in the best interests of the Fund and its beneficiaries. A scenario where the building could be sold to the Government of Jersey for a cheaper price, may demonstrate good value for money for the taxpayer, but not for the Fund and its beneficiaries.

Recommendation 2 – In line with Recommendation 34 made by the Corporate Services Panel, when reviewing the use of various States Funds and their purposes and objectives, the Council of Ministers should ensure that future proposals reflect compatibility with the use and purpose of the Social Security (Reserve) Fund.

Health and Community Services Financial Recovery Plan

²⁰ [Letter - Minister for Social Security to HSSP re Proposed Budget 2025-2028 - 28 October 2024.pdf](#)

²¹ [Letter – Minister for Social Security to HSSP re Proposed Budget 2025-2028 – 4 November 2024](#)

²² [Letter - Minister for Social Security to HSSP re Proposed Budget 2025-2028 - 28 October 2024.pdf](#)

²³ [Letter - Minister for Social Security to HSSP re Proposed Budget 2025-2028 - 28 October 2024.pdf](#)

In respect of the Health and Community Services (HCS) Financial Recovery Plan (FRP), the Panel posed several key questions to the Minister for Health and Social Services around the plan's projected savings, sustainability measures, income strategies, procurement practices and systems for monitoring progress. A summary of the key highlights from the Minister's response²⁴ are included below. The full response can be viewed online [here](#).

Projected Savings for 2025 and 2026

The Panel asked the Minister what specific measures are being implemented to ensure that the projected savings of £8 million for 2025 and £9 million for 2026 will be achieved without compromising patient care. The Minister responded stating that:

The plans for 2025 and 2026 are based on a continuation of the Financial Recovery Plan (FRP) workstreams and supplemented by new opportunities as they are being identified by operational and clinical teams. The Financial Recovery Plan (FRP) is built on a set of core values that combine patient focused quality improvement, financial recovery, clinical, staff and stakeholder engagement, teamwork, and inclusive leadership to deliver sustainable improvements. Timely patient care and the quality of care are always considered as most important in any improvement activities – therefore, the FRP workstreams and projects have been developed and delivered on the core principle of quality and finance go hand-in-hand, and that better use of resources and efficiency is delivered by improving quality of care and the way we deliver it.²⁵

Ensuring long-term sustainability in healthcare services

In the FPP Annual Report, the FPP states that in relation to healthcare expenditure and related funds:

*“[The] Budget 2025 has allocated £124 million, in expenditure growth over 4 years, to healthcare. Spend on Health and Community Services will equate to 27% of total Government expenditure; this is high by OECD [Organisation for Economic Cooperation and Development] standards. **The level of healthcare spend is a societal and political choice, but the rate of growth in healthcare spend is not sustainable given that income growth will fall back to much more moderate levels [emphasis added].** The [FPP] Panel notes that health demands can be expected to rise faster than incomes creating pressures for further spend. Managing this pressure will have consequences as it limits spending on other areas of the economy too, such as public services and investment into productive capacity for economic growth.”²⁶*

The Panel was keen to understand further how the FRP will ensure long-term sustainability in delivering healthcare services while focusing on efficiency savings. The Minister responded stating that HCS plans to operate within its budget from 2025 onwards and is embedding strong budget management practices through the FRP. However, the Minister highlighted that the sustainability of long-term health and care provision is a separate focus, with potential options for reform being discussed.

²⁴ [Minister for Health and Social Services – Response to Written Questions – 5th November 2024](#)

²⁵ [Minister for Health and Social Services – Response to Written Questions – 5th November 2024](#)

²⁶ [Jersey Fiscal Policy Panel - Annual Report – September 2024, p.8](#)

Recommendation 3 – The Minister for Health and Social Services should produce a plan to reform Jersey’s healthcare funding model before the end of this Government’s term of office.

Revised timeline for FRP implementation

In response to what factors influenced the decision to extend the savings timeline to 2026, the Minister advised that the extension of the FRP’s savings timeline to 2026 primarily resulted from delays in establishing necessary enabling resources, including recruitment to substantive positions to reduce reliance on agency staff. The recruitment process faced longer than expected lead times due to market challenges.

Monitoring and contingency planning for savings targets

In response to how the ongoing FRP will be monitored to ensure that the savings targets for 2025 and 2026 are met, and what contingencies are in place if these targets are not achieved, the Minister advised that the FRP’s progress is regularly reviewed at bi-monthly Finance and Performance Committee meetings, as well as bi-monthly HCS Advisory Board meetings. Furthermore, the FRP operates as a continuous improvement programme, identifying new savings opportunities and developing recovery actions if shortfalls arise. The Minister has informed the Panel that mitigation schemes are put in place as needed, which the Minister believes would ensure that savings objectives would remain achievable.

Savings achieved in 2023

The Panel was advised that the FRP is made up of six key workstreams with plans in place to achieve £25m of savings over 4 years. These are:

- Workforce Productivity (Pay)
- Non-pay and Procurement
- Medicines Management
- Clinical Productivity (theatres efficiency, bed utilisation/length of stay, outpatients efficiency)
- Income
- IT and Digital.

In line with the above workstreams, the Panel was advised that the savings delivered in 2023 were as follows²⁷:

| FRP Savings Delivery FY23 | £'000 |
|---|--------------|
| Nursing staffing (agency reduction and vacancy) | 187 |
| Medical staffing (agency reduction and vacancy) | 279 |
| AHPs staffing (agency reduction and vacancy) | 331 |
| Non-pay cost reduction | 1,179 |
| Drugs costs reduction (more efficient purchasing) | 98 |
| Income generation | 1,145 |
| Total | 3,219 |

²⁷ [Minister for Health and Social Services – Response to Written Questions – 5th November 2024](#)

Departmental budget cuts, staffing and savings

The Panel sought information from the Minister for Social Security in relation to changes to staff posts and restructuring within the Customer and Local Services Department. In addition, the Panel sought to find out if the anticipated savings and impacts on service delivery had occurred. The Panel was informed that the previous Chief Officer had left the Department at the end of August 2024, and that a restructure would occur resulting in Director posts reducing from three to two. The Minister for Social Security provided reassurance that *“this restructure will enable savings to be made, without impact on service delivery.”*²⁸

The Panel further discovered that staffing within the Health and Community Services Department had also undergone changes. The Panel heard that following the Council of Ministers (CoM) decisions around saving targets, whilst a Policy Officer post had become vacant, the decision was made not to recruit a new Officer which had resulted in a number of workstreams being deprioritised, delayed or cancelled, such as the Women’s Health workstream.

The Minister for Health and Social Services:

As you know, as a Council of Ministers, there has been an attempt to try and cut the cost of Government overall and everything has been squeezed, and I think we tried to do it in equal measure and that is the situation in which we found ourselves.

The Minister for Health and Social Services:

*Well, it is a Council of Ministers decision to try and keep spending to a minimum and make savings, and you cannot have it all ways around. If you want all the people that you want and that you need, it costs you more money and that is quite simple.*²⁹

The Panel established that the Health Policy team had consisted of 6 Policy Officers, however, at the current time, there were a total of 5 Officers dedicated to Health Policy which would decrease to 4 by November 2024 with no plan to further recruit. The Panel questioned the Minister’s desire to fill the 2 vacant posts with the aim of re-prioritising workstreams. The Minister stated: *“I would like to see more support for the team, because they are under real pressure.”*³⁰

The Panel was informed that it was possible for Policy Officers to be reallocated depending on demand and if the policy portfolio was fully occupied. The Panel asked the Minister if he had enquired about capacity across Government to aid in progressing the Women’s Health workstream. The Minister informed the Panel that: *“I have asked if the team could be bolstered and the initial response was: “Not at this point.” It is something I shall keep my eye on and if I can change that situation, I will.”*³¹

Furthermore, the Panel considered a number of Written and Oral Questions that had been asked during States Assembly meetings regarding staffing within the Health and Community Services Department and the Cabinet Office. The responses to these written questions revealed that 44 Policy Officers were currently employed within the Cabinet

²⁸ [Letter - Minister for Social Security to HSSP re Proposed Budget 2025-2028 - 17 September 2024.pdf](#)

²⁹ [Transcript - Quarterly Hearing with the Minister for Health and Social Services - 19 September 2024.pdf](#)

³⁰ [Transcript - Quarterly Hearing with the Minister for Health and Social Services - 19 September 2024.pdf](#)

³¹ [Transcript - Quarterly Hearing with the Minister for Health and Social Services - 19 September 2024.pdf](#)

Office,³² and more specifically 1 Policy Officer worked within the Cabinet Office dedicated to working on Public Health Policy, and 3.6 Policy Officers were dedicated to working on Strategic Health Policy³³.

In an Oral Question to the Minister for Health and Social Services, Deputy Renouf requested an update on the planned re-structure of the Health and Community Services Department. The Minister informed the States Assembly that the intention was to create:

*“a more inclusive and autonomous service, improving interaction with primary care, the charitable sector and public health, but the overall goal being to create a more seamless, efficient, interconnected and, perhaps quite importantly, a more contented service.”*³⁴

Deputy Renouf proceeded to request further information regarding the role of the Chief Officer:

“Deputy J. Renouf: The second part of the question was the role of the chief officer, which might be changed quite dramatically after they are reappointed in the new year. So what contingencies or what does he have to comment about that potential situation?”

Deputy T.J.A. Binet: We are not quite at the point where we know whether that restructuring will involve one or 2 roles and I do not want to go into anything further than that at this stage. But as I said in answer to Deputy Gardiner’s question, those things are currently under review. Decisions are imminent but not yet made.”

Furthermore, the number of locum staff employed within the Health and Community Services Department and the associated costs were revealed in response to an Oral Question in the States.

*Deputy T. Binet of St. Saviour (The Minister for Health and Social Services): Agency staffing numbers have ranged between 160 and 171 between January and May of this year. At the end of May there were 170 agency healthcare staff workers and 33 were doctors, 137 were nurses and allied health professionals. Expenditure on agency staffing within Health and Community Services from January to May amount to £10.7 million. The overall staffing variance against budget to the end of May is approximately £2.2 million, so £8.5 million of the agency expenditure, that is 79 per cent of the agency cost, equates to the cost that would have been incurred had the staff been directly employed.*³⁵

Recommendation 4 – The Minister for Health and Social Services should apply to the Chief Executive Officer, prior to the end of 2024, for an exemption to the current public sector recruitment freeze in order that the vacant policy officer posts can be filled and so that important health policy workstreams can be progressed into 2025 and beyond.

Recommendation 5 – The Minister for Health and Social Services should ensure the Panel and the States Assembly are kept regularly updated regarding the re-structure of

³² [Written Question 319-2024](#)

³³ [Written Question 348-2024](#)

³⁴ [Oral Question 105-2024](#)

³⁵ [Oral Question 105-2024](#)

the Health and Community Services Department, specifically regarding significant changes, whether or not the re-structure will be a States Assembly decision and an updated timeline. This information should be provided before the end of 2024.

Customer and Local Services Department – underspend

During the Panel’s review process, an underspend relating to the Customer and Local Services Department was examined. The Panel noted a response from the Minister for Treasury and Resources to a written question which revealed a breakdown of departmental underspends:

“The underspend for the CLS Department showing as £1,791,000 as at 30th June 2024 and with this projected to be £3,711,000 by the end of 2024. The reason given for this is due to CLS forecasting an underspend in Income Support Weekly Benefits. This is primarily due to lower than expected earned income volumes and the timing of various ad hoc benefit payments.”³⁶

In a letter to the Minister for Social Security, the Panel requested clarity on:

- the lower than expected earned volumes contributing to the underspend in Income Support Weekly Benefits
- details on the timing of the delays of ad hoc benefits payments and the impacts of the delays
- the Department’s plan to ensure how it meets the need of every household in need of financial support
- whether there is an expectation of similar underspends in future fiscal years, and if so, how it will be addressed to ensure accurate and efficient allocation of resources.

The Panel was informed that Income Support budgets were set in the previous year based on the available information at the time, and that there was a lower than expected number of Income Support claims during 2024 due to a number of factors, including a full labour market and average wages rising faster than prices during the year.

The Panel also discovered that budgets for ad hoc payments were traditionally profiled evenly over the year, however, there was no monthly trend for the ad hoc payments, resulting in challenges to predict expenditure for large one-off payments.

In addition, the Panel was advised that to ensure all households financial needs were met, regular Income Support social media messaging was part of the Department’s marketing campaign, with the aim of ensuring regular and frequent communication regarding benefits and financial support was signposted. Additionally, an online calculator was available to support people receiving estimates of Income Support benefit eligibility, alongside access to an online application form. Furthermore, Closer to Home events across various Parishes were held for Islanders to receive financial information and support, and the Department provided a number of outreach events with charities and external stakeholders throughout 2024.

³⁶ [Written Question 359-2024](#)

Moreover, the Panel discovered that the Customer and Local Services Department use FPP data to aid in forecast building based on economic assumptions to ensure that benefit budgets are sufficient to meet likely future demand, and for issues difficult to predict. The Panel understand that on average, most years would lead to a level of underspend which is returned to the Treasury at year end.³⁷

In Vitro Fertilisation (IVF) Funding

The Budget proposes an allocation of £620K to the Health and Community Services Department for funding of IVF, following the adoption (as amended) of P.20/2024 – In Vitro Fertilisation Funding by the States Assembly on 30th April 2024.³⁸

Tiny Seeds, a charity dedicated to supporting people in Jersey who are experiencing infertility, or who need the help of fertility treatments to conceive, provided a written submission to the Panel, alongside survey data the charity had collated on the impact of the proposed funding criteria for IVF on Islanders³⁹.

The Panel asked Tiny Seeds if they considered the proposed allocation for IVF treatment in 2025 sufficient to meet the needs of Islanders struggling with infertility. Tiny Seeds explained that due to further details such as medication costs having not been provided, it would be challenging to provide an answer or estimate how many Islanders could realistically benefit from the funding and noted that:

“while this budget appears at face value to be sufficient to cover those cycles, without further breakdown of costs and predictions of the true number of cycles undertaken within a year, we cannot make any judgement on whether the £620,000 allocated budget is a sufficient amount.”⁴⁰

Tiny Seeds added that the proposed IVF access criteria would result in a number of groups struggling or unable to access treatment. Additionally, the submission referred to the National Institute of Care Excellence (‘NICE’) guidance and provided a number of considerations for Government, as well as noting issues around travel costs and the need to re-think the removal of funded medication for those who do not qualify for full IVF funding. Tiny Seeds added that consideration should be given to what support could be offered by Government to those being turned away for treatment in cases of having a higher BMI than the access criteria currently allows. The charity further highlights that NICE guidance outlines the ideal range and does not stipulate that people should not be treated outside of this range.⁴¹

The following statements were made by Tiny Seeds which the Panel felt important to highlight:

“While it is positive that a budget has been allocated for funded IVF, strict access criteria will see people miss out on funding and therefore it cannot be viewed as equitable”

³⁷ [Letter - Minister for Social Security to HSSP re Proposed Budget 2025-2028 - 28 October 2024.pdf](#)

³⁸ [P.20/2024 – In Vitro Fertilisation Funding](#)

³⁹ [Written Submission - Tiny Seeds Jersey - 11 October 2024](#)

⁴⁰ [Written Submission - Tiny Seeds Jersey - 11 October 2024](#)

⁴¹ [Written Submission - Tiny Seeds Jersey - 11 October 2024](#)

“it would appear to us that the criteria could be widened to be more inclusive and still fall within budget.”

“It is worth noting again here that there are many aspects to the criteria as outlined above, that mean as it currently stands, that IVF funding will remain inaccessible for the majority of people [as indicated by the results of the Tiny Seeds IVF Eligibility Survey].”⁴²

Moreover, the Panel examined the points made by Tiny Seeds regarding Jersey’s birth rate having dropped over the last decade and *“remain well below the UK average”*. Tiny Seeds assert that there is potential for Government-funded IVF treatment to help towards increasing the Island’s birthrate. Furthermore, that doing so would provide clear messaging to Islanders that Jersey is family-friendly and recognises the importance of being able to build a family in Jersey, which could aid in Jersey being viewed as an attractive place to live and work, contributing to the retention of younger people on the Island.⁴³

Tiny Seeds noted that a number of laws in Jersey could be reviewed in relation to donor conception, donor registration and the lack of ART [Assisted Reproductive Technology] laws, adding that this would be particularly beneficial should Jersey ever look to open a stand-alone IVF clinic in the Island. Tiny Seeds added that currently there was no donor registry or cap on the number of times a donor could be used in Jersey.

The Jersey Women’s Health Hub also provided a written submission to the Panel and noted that the proposed funding was:

“Encouraging and an improvement on the current status quo, however whether £620,000 is enough to cover those eligible remains to be seen.”⁴⁴

The Jersey Women’s Health Hub also noted that the Government had decided not to follow the NICE guidance for IVF funding, however noted that it was a good starting point to aid in the initiation of treatment. It was also stated that:

“the funding allocation criteria does not provide equitable access to all those needing IVF treatment, and is at risk of appearing outdated at the time of agreement.”⁴⁵

In a public quarterly hearing held with the Minister for Health and Social Services on 19th September 2024, the Panel asked the Minister whether the funding would be sufficient to meet the demand for the service, and if the proposed funding was financially-driven or needs-driven. The Minister informed the Panel that it was a complicated process and both finance and needs were considered.

The Panel was advised that a process was carried out to determine the proposed funding, and it was believed that the allocated funds *“should be sufficient”*. Additionally, the Panel was told that the ability to bid for further funding in a future Government Plan or to *“tighten the criteria to drive down the flow-put”* could be considered.

⁴² [Written Submission - Tiny Seeds Jersey - 11 October 2024](#)

⁴³ [Written Submission - Tiny Seeds Jersey - 11 October 2024](#)

⁴⁴ [Written Submission - Jersey Women’s Health Hub – 14th October](#)

⁴⁵ [Written Submission - Jersey Women’s Health Hub – 14th October](#)

The Panel asked the Minister what mechanisms were in place should the demand exceed the budget. The Minister informed the Panel that ongoing monitoring would occur with the aim to foresee demand. The Minister noted that there could be an option to return to the States Assembly or Council of Ministers to request further funding however, added that *“under the circumstances this would be very difficult”*. A second option the Minister told the Panel was to *“bring things to a close and start again in the next financial year and carry forward that requirement.”*⁴⁶

The Panel also sought to understand further the decision not to follow NICE guidelines for IVF funding, and was advised that the Minister for Health and Social Services chose not to follow the guidelines on the basis that:

- *it is non-binding guidance*
- *funding in accordance with NICE guidance would create a significant additional investment requirement*
- *the Assembly did not direct that IVF services should be funded in accordance with NICE guidance.*⁴⁷

The Jersey Women’s Health Hub also highlighted in their submission that the current proposed access criteria does not provide equitable access to all Islanders, including single women and couples who have had a child from a previous relationship. Couples of lower socio-economic status and non-English speaking residents were also highlighted as those who could struggle to access funded IVF services as travel costs may be too high and language barriers may hamper access to the service. In addition, the LGBTQ+ community was also highlighted as a group where it was apparent that the extra expense incurred for treatment currently results in inequitable access to funded IVF:

*...The current access criteria appear biased towards heterosexual couples and does not take into account the LGBTQ community. The process of becoming a parent for these individuals is already more difficult as the it almost always involves a third party. With this comes extra expense, which has dubbed by some as the “gay tax”. Homosexual couples within the UK are eligible for some funded assisted reproduction on the NHS and not considering this may appear prejudiced. NICE consider that same sex couples should be funded for treatment.*⁴⁸

The issue was also reported on in a recent media article which highlighted that:

*“Experts have raised concerns that the proposed access criteria appears biased towards heterosexual couples and does not take into account the LGBTQ+ community...It has historically been the case that LGBTQ+ couples encounter additional barriers to starting a family, which are not applicable to heterosexual couples”*⁴⁹

⁴⁶ [Transcript - Quarterly Hearing with the Minister for Health and Social Services - 19 September 2024.pdf](#)

⁴⁷ [Letter - Minister for Health and Social Services to HSSP re Proposed Budget 2025-2028 – 5 November 2024](#)

⁴⁸ [Written Submission - Jersey Women’s Health Hub – 14th October](#)

⁴⁹ [Bailiwick Express – ‘Same-sex couples could be hit with ‘gay tax’ under new IVF funding plans’ - 23 October 2024](#)

The Panel questioned the possibility of expanding the criteria to include same-sex female couples should the capacity be able to be met within the current criteria. The Minister advised this would be looked at and discussed:

Deputy L.M.C. Doublet:

If the capacity is able to be met with the current criteria and you can look to expand the criteria, would you consider expanding it to include same-sex female couples who currently face higher costs because they are required to have I.U.I. (intrauterine insemination) before they can access I.V.F.?

The Minister for Health and Social Services:

We had a discussion about that, actually, about 2 hours ago. It has got to be one of the things that we would bring back to the frame. It is not something I would make an absolute commitment to, but it is certainly something we would be happy to discuss; we discussed it earlier today.

Assistant Minister for Health and Social Services:

Yes. I think we just have to see how funding pans out.⁵⁰

In a public hearing held by the Scrutiny Liaison Committee with the Chief Minister on 19th November, the Chair of the Health and Social Security Panel questioned the Chief Minister on how the Budget tackles Jersey's health inequalities and was informed:

The Chief Minister:

...That is something I cannot answer because I cannot go into the detail because I do not ... my knowledge on the health service is not at that level, although I do work closely where I can with the ministerial team at Health. But Health is one of the key priorities, not least because there is a lot of sorting out that needs to be done, restructuring, reorganisation, almost a reinvention of the health service, which the team are getting into, of course supported by our biggest ever capital spend on the new hospital, plus a significantly increased budget which we are continuing to do through the course of this budget. So, from a funding aspect, I am relatively confident that we are providing the resources for them to provide those assurances, but I cannot give you the detail, I am afraid.⁵¹

The Panel is of the view that based on the submissions provided and further evidence gathered, it is not certain whether the allocation of £620K for IVF Funding will be enough to ensure equitable access. The Panel believes that the proposed funding is a step in the right direction but recognises that more work is needed to ensure future planning, further funding and access to more Islanders.

Recommendation 6 – The Minister for Health and Social Services should consult with Islanders and key stakeholders to review how the funding and access criteria is working in practice prior to the next Proposed Budget, with a view to widening the criteria to those who are currently ineligible. The review should also seek to understand better the benefits of widening the access criteria and increasing Jersey's birth rate.

⁵⁰ [Transcript - Quarterly Hearing with the Minister for Health and Social Services - 19 September 2024.pdf](#)

⁵¹ [Transcript – SLC Public Hearing with the Chief Minister – 19 November 2024](#)

Recommendation 7 – The Minister for Health and Social Services should reconsider the position not to utilise NICE guidelines and should, in future planning for IVF funding, seek sufficient funding which would enable access to the service where eligibility criteria meets the NICE guidelines. If not, the Minister should clearly outline in any future funding proposal the rationale for not following the guidelines.

Termination of Pregnancy Law workstream

In the public quarterly hearing held on 19th September 2024, the Panel raised concerns with the Minister for Health and Social Services that the workstream to progress with important updates to the Termination of Pregnancy (Jersey) Law 1997 was due to be delayed until 2026, as funding could not be identified to progress the workstream in 2025.

The Panel considers it important that given the strong level of support for necessary updates to the outdated law highlighted in the 2023 public consultation, this ongoing work should be prioritised to ensure that amendments to the law can be brought forward for States Assembly debate prior to the 2026 elections, and to ensure that a debate on the proposed legislative amendments happens within the current political term.

Following the Panel’s public hearing, the Minister confirmed to the media that funding would be identified to prioritise this workstream, and therefore the Panel has proposed an amendment to the Budget to formalise this commitment by seeking to document the following narrative within the Budget:

“Funding for the Termination of Pregnancy (Jersey) Law 1997 Amendments workstream will be reviewed to ensure that both policy and law drafting resource for this workstream is prioritised by the Council of Ministers in the 2025 Legislative Programme and in order for amendments to the current outdated law to be lodged prior to the end of 2025.”

The Panel’s proposed amendment, along with the relevant evidence and rationale in the accompanying report, can be viewed online [here](#).

Conclusion

A key overarching concern of the Panel’s is the sustainability of funding mechanisms for healthcare services. As highlighted by the FPP Annual Report 2024, the rate of growth in healthcare spend is not sustainable, and the Panel urges the Minister for Health and Social Services to produce a plan to reform Jersey’s healthcare funding model before the end of this Government’s term of office.

It is the Panel’s view that the rationale to utilise the States Security (Reserve) Fund to purchase the Government Headquarters building does not align with the Fund’s intended use. In addition, the Panel does not consider that the proposal to reduce the States Grant payment into the Social Security Fund to support the transition to a Living Wage aligns with the Fund’s intended use. The Panel notes this as a recurring theme within the Budget - where Funds are being used to cover shortfalls or workstreams outside of the individual Fund’s purpose.

The Panel also found that lack of resource and staffing were a pivotal cause for delay in progressing workstreams, and noted that this needed to be reconciled before public

commitments and new priorities were made. Moreover, the Panel observes that sufficient resourcing and future planning should be factored-in prior to workstreams and priorities being initiated to ensure efficient resourcing to progress policy outcomes, and ultimately with the aim of delivering timely improvements to services for Islanders.

The Panel further considers that whilst the allocation of £620k for IVF funding in 2025 is a positive step forward; more work is needed to ensure accessibility and inclusivity for Islanders. The Panel urges the Minister for Health and Social Services to review the funding and access criteria and to reassess the decision to not follow NICE guidelines.

In relation to the recommendations made within this report, the Panel requests a formal response in writing from Ministers acknowledging the recommendations and to confirm its acceptance, or otherwise. If not accepted, the Panel requests a full explanation be provided in the written response.

Statement under Standing Order 37A [Presentation of a Comment relating to a proposition]

Due to administrative requirements related to the preparation and approval of this comment, there was a delay in presenting the final comment to the Greffier for presentation to the States Assembly.