Proposed Budget 2026-2029 Review

Corporate Services Scrutiny Panel

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Chair’s Foreword

As Chair of the Corporate Services Scrutiny Panel, I am pleased to present this review of the Proposed Budget 2026-2029, which reflects not only the current state of public finances but also analyses the choices being made that shape our collective future.

Each Scrutiny Panel has reviewed the elements of the Budget that affect their portfolio areas, whilst the Corporate Services Scrutiny Panel has conducted the overarching review. Our report provides detailed commentary on many of the specific proposals which are relevant to our remit.

The Proposed Budget is the last financial plan of this Government term before the parliamentary elections in 2026. It is presented against a backdrop of fragile economic conditions, rising inflation, and mounting fiscal pressures. It is, in short, a Budget that exposes the limits of this Government’s financial strategy and the risks of short-termism.

Our work has revealed a pattern: a Government that speaks of discipline, restraint and sustainability, yet relies on temporary fixes, depleted reserves, and structural imbalances to balance the books. The reliance on the Social Security Fund to prop up day-to-day spending is not only unsustainable, but also a breach of the principle of “spending within means” that the Budget itself claims to uphold.

The economic outlook is deteriorating. Operating deficits are projected from 2026, reserves remain below the levels advised by the Fiscal Policy Panel, and borrowing costs are rising. The Strategic Reserve and Stabilisation Fund are dangerously underfunded, leaving Jersey exposed to shocks. The proposed £50 million transfer to the Strategic Reserve in 2026 is highly uncertain, given the weakened position of the Consolidated Fund. This is not resilience; it is risk.

The proposed Jersey Capital Investment Fund (JCIF) offers a potential step forward in protecting long-term infrastructure investment. But ambition must be matched by governance, transparency, and scrutiny. Without clear rules and robust oversight, the JCIF risks becoming another mechanism for deferring hard choices rather than securing Jersey’s future.

Perhaps most concerning is the Budget’s failure to confront the pressures within our health system. Overspends are recurrent, forecasts are unreliable, and no urgent measures are set out to address the crisis. Deferring action to future Budgets is not leadership — it is abdication of responsibility.

This Budget lacks ambition in its design, reflecting its proximity to the 2026 elections. Children’s Rights Impact Assessments were completed, yet gender-responsive budgeting was ignored. Sustainable Wellbeing is encouraged, yet gaps remain in cost of living, inclusion, and the environment. Performance monitoring remains inconsistent, despite repeated warnings from the Comptroller and Auditor General. These are not minor oversights — they are failures to embed accountability and transparency in the heart of Government.

This report sets out 56 Key Findings, 21 Recommendations, and 3 Amendments. They are not abstract suggestions; they are necessary steps to restore fiscal discipline, rebuild reserves, and embed transparency. The next Council of Ministers must act decisively:

strengthen performance monitoring, broaden engagement on taxation, confront the structural weaknesses in health and social security funding and implement gender-responsive budgeting.

The Panel's message is clear: Jersey cannot afford complacency. This Budget exposes the fragility of our public finances and the inadequacy of current planning.

I hope the Assembly will recognise the need for improvement — not just for the rest of this term, but to safeguard Jersey's long-term wellbeing and prosperity.

Finally, I would like to thank Ministers, officials, and stakeholders for their engagement with this review, and to the Panel members and officers for their careful work throughout.

Deputy Helen Miles
Chair of the Corporate Services Scrutiny Panel

Executive Summary

The Proposed Budget (Government Plan) 2026-2029 [P.70/2025] (hereafter "the Budget"), is the final one of this Government term, which was lodged on 16th September 2025 for debate on 9th December 2025. The financial Annex [R.139/2025] was published simultaneously, as well as the youth friendly version. The Departmental Business Plans for 2025 were drafted to cover the remaining 2026 period of this Government term, due to the approaching parliamentary elections in June 2026. The Council of Ministers' Common Strategic Policy 2024-2026 [R.115/2024] was viewed in line with the Budget proposals, which is aligned with the long-term Future Jersey Vision 2017-2037 and the ten Island Outcomes arising from it.

The Corporate Services Scrutiny Panel (hereafter "the Panel") launched its review on 24th September 2025, which has focused, in the main, on reviewing the Proposition where relevant to the Panel's remit in respect of the responsibilities for the Chief Minister and Minister for Treasury and Resources. However, the Panel has also considered the non-ministerial remits, as relevant and any overarching themes as appropriately identified during the review process.

The review considered the Budget design, income and expenditure (for 2026), delivering savings, funding proposals for projects and revenue expenditure growth allocations as well as the balance sheet and States Funds. Moreover, due regard was given to the requirements of the Public Finances (Jersey) Law 2019 and the Draft Finance (2026 Budget) (Jersey) Law, which will give effect to the revenue measures proposed within the Budget. This report provides an assessment of the Budget 2026, the Government's financial strategy, capital investment approach and the condition of the States Funds. It evaluates the effectiveness, transparency and sustainability of current measures and identifies areas where further action is required to ensure sound fiscal management and robust strategic planning.

Budget Design and Strategic Frameworks

The Budget reflects limited design change, consistent with its position as the final Budget before the 2026 parliamentary elections. Children's Rights Impact Assessments were completed and published, but no gender-responsive budgeting was undertaken. The Panel **recommends** that a formal Gender Responsive Budgeting Framework would support more equitable and informed resource allocation and that the next Council of Ministers should consider taking meaningful steps to implement this for Jersey.

Government has taken steps to improve the integration of Sustainable Wellbeing and risk considerations into the Budget process. The Future Jersey Vision (FJV) remains an effective framework to guide policy-making decisions and Government priorities, particularly for establishing the Common Strategic Policy. However, gaps have emerged in key areas such as cost of living, inclusion and the environment. The Panel **recommends** revisiting the prioritisation of FJV themes and undertaking a comprehensive gap analysis ahead of establishing the next Common Strategic Policy and for other significant policy decisions including the Island Plan.

Performance monitoring across Government remains inconsistent due to varying analytical capability, the absence of a central performance management function and differing departmental dashboard quality. A structured, government-wide oversight framework and renewed commitment to Outcomes Based Accountability are recommended to improve transparency and ensure alignment with Island Outcomes. Moreover, the Panel **recommends** that the Council of Ministers must action the outstanding recommendations made by the

Comptroller and Auditor General following her review of the Jersey Performance Framework in October 2024.

Financial Strategy and Public Spending

The economic outlook remains fragile, with rising inflation, falling real output and ongoing pressures in the housing market. Public finances are under strain, and the operating balance is projected to enter deficit from 2026. Reserve levels remain below the thresholds recommended by the Fiscal Policy Panel and the increasing reliance on the Social Security Fund to support day-to-day expenditure indicates structural fiscal imbalance. The Panel has found that the proposed reduction of the Social Security grant in 2025, combined with ongoing reliance of a £50 million reduction to balance the Budget over the four-year cycle, highlights that Government is not spending within its means. This approach contrasts with the Budget's stated principle of spending within means and raises concerns about reliance on temporary funding to support ongoing expenditure. The Fiscal Policy Panel has also advised that reducing contributions to the Social Security Fund before a full actuarial review is completed is imprudent.

While engagement on revenue measures is ongoing, consultation is stronger with well-represented sectors. The Panel **recommends** expanding engagement to underrepresented groups and introducing systematic post-implementation evaluations of tax and revenue policies. The Budget's approach to duties and taxation seeks to balance fiscal, economic and public health objectives. The Panel **recommends** that work being undertaken to review the alcohol licensing and duty system be concluded and outcomes used to inform the subsequent Budget. The Panel has found that Revenue Jersey is progressing well with the implementation of the Pillar Two regime and that there is confidence in the forecasted revenues for 2026. However, global uncertainty reinforces the need for a clear fiscal rule governing the use of these revenues, particularly revenues above the forecasted base case. The Panel found that there are no current plans to broaden the tax base beyond Pillar Two taxation.

Government recognises limitations in the current annual Government Plan cycle and is considering a return to a multi-year cycle to improve forecasting, capital planning and financial discipline.

Jersey Capital Investment Fund

Investing in Jersey vision relies on States Assembly approval of the proposed Jersey Capital Investment Fund (JCIF), which represents a shift towards protecting and prioritising long-term infrastructure investment. The JCIF intends to centralise and ring-fence capital funding, establish clear governance and provide a more sustainable basis for capital projects and future planning. Should the States Assembly agree to the establishment of the JCIF in principle as part of the Budget approvals, then detail on the JCIF will be lodged as a separate Proposition for further scrutiny. The intention is for the proposals to be lodged for States Assembly debate during this Government term. Detailed proposals on the governance, funding arrangements and reporting mechanisms will be essential for effective scrutiny of the JCIF.

States Funds and Long-Term Financial Resilience

Borrowing has increased substantially, and higher interest costs are reducing future fiscal flexibility. Short-term borrowing primarily relies on the Revolving Credit Facility to support major projects including the New Healthcare Facilities and Phase 1 of the Fort Regent redevelopment. The Panel found that reviews of several States Funds are underway to ensure their objectives, policies and operations remain in alignment with strategic goals. However, the Strategic Reserve remains significantly below the Fiscal Policy Panel's recommended level, and the Stabilisation Fund has not been replenished as intended. The Panel **recommends** the need for stronger commitments to rebuilding the reserves in line with the advice of the Fiscal Policy Panel. The Consolidated Fund remains in a weakened, cash-negative position, limiting short-term resilience. Therefore, the Panel has found that the proposed transfer of £50 million to the Strategic Reserve in 2026 from the Consolidated Fund is highly uncertain. The Consolidated Fund is under review as a result of the potential establishment of the JCIF, details are anticipated to be clarified in the Proposition for the establishment of the JCIF in 2026.

Despite well-recognised pressures within the health system, the Panel has found that the Budget does not set out concrete measures to urgently address them, relying instead on longer-term work to develop a sustainable funding model. Recurrent overspends continue to distort expenditure planning. The Panel **recommends** that the next Council of Ministers must strengthen commitments to address the known health system pressures and develop accurate, evidence-based health spending forecasts to bring forward through proposals in the subsequent Budget.

As part of long-term financial planning, work is underway to develop a holistic multi-year integrated fiscal model, which will enhance long-term forecasting capability and support more resilient financial planning. Although the initial phase is expected to be operational in 2026, this project will expand to include major funds such as the Social Security Fund and Long-Term Care Fund integrating actuarial data and demographic trends. The approach will require continued development to incorporate wider funds and interdependencies across government finances.

The Panel's review has resulted in **3 Amendments**, which can be viewed in Appendix 2 of this report, along with **56 Key Findings** and **21 Recommendations** (12 of which are overarching). These can be viewed in the section below.

Key Findings and Recommendations

The numbers assigned to the findings and recommendations reflect their sequence in the report and not their priority level.

Budget Design

KEY FINDING 1: As the Budget is the final Budget of this Council of Ministers ahead of the parliamentary elections in 2026, no notable changes have been made to the Budget design and its implementation. However, further steps have been taken to improve the communication of the Budget to Islanders including Jersey's youth.

KEY FINDING 2: Children's Rights Impact Assessments were undertaken by Ministers when developing the Budget and these were published as an addendum to the Budget in a timely manner.

KEY FINDING 3: No gender responsive budgeting process or gender sensitive analysis was explicitly applied when developing the Budget. The Government is of the view that its existing approach of framing policy development by the Discrimination (Jersey) Law 2013 provides fairness in all funding decisions and is meeting the needs of all parts of the community.

RECOMMENDATION 1 (OVERARCHING): The Council of Ministers must consider taking meaningful action for implementing a formal Gender Responsive Budgeting Framework for Jersey. This process should aim to identify gaps for improving the targeting of resources to address inequalities and support inclusive, sustainable development for all Islanders through the Budget cycle. The Council of Ministers should report back to Scrutiny on the trajectory for progressing this workstream by Q3 2026.

KEY FINDING 4: The Council of Ministers is taking steps to increasingly encourage the embedding of Sustainable Wellbeing in Jersey's budget process, with longer-term impacts also being considered when making decisions. The Ministerial Submission template has been revised to encourage the explicit assessment of community, economic, and environmental impacts and the Organisation for Economic Co-operation and Development (OECD) Better Life Index also provides a benchmark for monitoring overall wellbeing.

KEY FINDING 5: Risk Management is coordinated through the Government's Corporate Risk Register. Risks are monitored, escalated as appropriate and applied to the Budget process when an immediate response is required. The Budget decisions are therefore informed by assessment of emerging risks which would affect current and future generations if not addressed.

KEY FINDING 6: Mechanisms used to track the delivery of the Budget initiatives, including for the Common Strategic Policy (CSP) and department - specific priorities, include the Corporate Risk Register, quarterly CSP reporting and quarterly departmental reporting. The Council of Ministers is satisfied with that level of progress reporting for tracking progress against the Budget.

KEY FINDING 7: The Future Jersey Vision 2017-2037 (FJV), following a two-year public consultation was established as a 30-year vision to deliver on Jersey's ten Island Outcomes. It continues to work as an effective framework to guide policy-making decisions and

Government priorities, particularly the establishment of the Common Strategic Policy (CSP). Although the framework's themes remain relevant and reliable for Jersey, the order in which they are prioritised may benefit from a reordering to better align decision-making with Jersey's current circumstances. The FJV was developed in a manner to enable individual Governments to prioritise aspects of it depending on the nature of the circumstances at the time.

RECOMMENDATION 2 (OVERARCHING): The Council of Ministers should consider whether there would be benefit in reordering the prioritisation of the themes within the Future Jersey Vision to better align decision-making with the circumstances at the time. This should be undertaken ahead of establishing the new Common Strategic Policy in 2026 and to inform other significant strategic policy direction including for the development of the next Island Plan.

KEY FINDING 8: The Future Jersey Vision has gaps in areas including Cost of Living, inclusion and environment and has resulted in these themes not being explicitly reflected as priorities in the Common Strategic Policy.

RECOMMENDATION 3 (OVERARCHING): The Council of Ministers should consider whether there would be benefit in assessing the Future Jersey Vision (FJV) to identify any gaps in themes. A gap analysis of the Future Jersey Vision should be undertaken and consideration given to including themes to address the gaps identified, with particular focus given to Cost of Living, inclusion and environment. This should be undertaken ahead of establishing the new Common Strategic (CSP) Policy in 2026 in order to reflect these priorities appropriately with the next CSP.

KEY FINDING 9: Jersey's progress for delivering on the Future Jersey Vision is monitored locally through the Service Performance Measures and compared against other jurisdictions by Statistics Jersey submitting the Island Outcome Indicators to the Organisation for Economic Co-operation and Development (OECD). The Classification of the Functions of Government is also used to compare Jersey's public expenditure with that of other jurisdictions.

KEY FINDING 10: Investing in Jersey 2026-2050 is a long-term vision which aligns with the Future Jersey Vision and the Island Outcomes. Jersey's participation in the Organisation for Economic Co-operation and Development (OECD) Better Life Index also provides a data driven approach for benchmarking the Investing in Jersey priorities.

KEY FINDING 11: It is the Government's intention to tie the decision-making for Investing in Jersey priorities (what to invest in) and their delivery to the Island Outcome Indicators for the Future Jersey Vision.

RECOMMENDATION 4 (OVERARCHING): The Council of Ministers must action the *Recommendations, Work planned that should be prioritised and Areas for consideration* from the Comptroller and Auditor General's review of the Jersey Performance Framework reported on in October 2024. Scrutiny must be formally updated on the delivery of these by Q3 2026

KEY FINDING 12: The absence of a central strategic performance management function in Government has resulted in unclear oversight, significant data gaps, and limited capacity to monitor whether services are contributing to the Island Outcomes of the Future Jersey Vision. While Statistics Jersey provides valuable data, it cannot substitute for the performance-focused role previously fulfilled at the centre of government.

RECOMMENDATION 5 (OVERARCHING): The Council of Ministers should re-establish a central performance management function with responsibility for setting performance standards, coordinating data collection and providing whole-of-government performance analysis. This function should work alongside departments and Statistics Jersey to provide strategic cross-departmental coordination, strengthen oversight, close data gaps and ensure that progress towards Island Outcomes is consistently measured and understood.

KEY FINDING 13: All United Nations Member States adopted the 2030 Agenda for Sustainable Development in 2015 and since then several Governments have taken steps to embed the 17 Sustainable Development Goals (SDG) in their legislation and policy, which are core to that agenda. SDG are a common standard for sustainability reporting globally.

RECOMMENDATION 6 (OVERARCHING): A review of the Future Jersey Vision should compare Jersey's framework to those of other jurisdictions to consider any best practice that Jersey can learn from and whether there would be any merit in embedding the 17 Sustainable Development Goals of the United Nations Member States 2030 Agenda in a manner that is proportionate to Jersey's size.

KEY FINDING 14: The review of the Outcome Indicators streamlined the indicators to 72, retaining the 10 main Outcomes from the Future Jersey Vision and nearly all original indicators, while removing redundancies. New indicators were also introduced in areas such as digital services. The improved presentation via the dashboard with red/amber/green status, dynamic time periods, and enhanced accessibility supports wider Government use and enables more effective real-time performance management.

KEY FINDING 15: While departmental dashboards are used to inform the Executive Leadership Team and the Council of Ministers on performance, there is significant inconsistency in their sophistication and data richness across departments. Departments with strong in-house analytics have richer dashboards, while smaller or less data-intensive departments maintain simpler dashboards.

RECOMMENDATION 7 (OVERARCHING): The Council of Ministers should consider standardising dashboard functionality across all departments to ensure consistent quality, accessibility and data richness, while providing support to departments with fewer analytic resources. This will enhance Government-wide performance monitoring and ensure that all departments can effectively inform strategic decision-making.

KEY FINDING 16: There is an uneven distribution of analytical capacity across departments. Departmental analytical resources are reported to be prioritised based on need and impact rather than even allocation. Insufficient data in certain areas therefore risks under-measurement, meaning some needs might not be identified or funded appropriately through the Budget cycle. Although risk registers and Island Outcome Indicators flag priority areas for investment, areas lacking data may not be highlighted, potentially leaving gaps in policy attention and resource allocation.

RECOMMENDATION 8 (OVERARCHING): A Government-wide strategy for ensuring consistent and sufficient data collection and analytics across all departments should be established. This should include identifying and addressing gaps in indicators, ensuring that all policy areas are measurable and that investment decisions are fully informed by comprehensive evidence.

RECOMMENDATION 9 (OVERARCHING): The Council of Ministers must provide Statistics Jersey with sufficient resources so that it is able to appropriately undertake its cross-Government role to support, develop and improve the cross-departmental Statistics function in line with its statutory obligations.

KEY FINDING 17: Departmental performance is largely assessed against the department's business plan objectives, including policy delivery and operational outcomes. While departments link their business plans to the Common Strategic Policy and Island Outcome Indicators, cross-cutting oversight relies primarily on informal mechanisms such as dialogue, collaboration and shared resources, rather than a formal, systematic framework for monitoring and evaluating performance across departments.

RECOMMENDATION 10 (OVERARCHING): A structured Government-wide performance oversight framework that systematically monitors cross-departmental outcomes should be established. This framework should complement existing departmental reporting and ensure consistent alignment with the Common Strategic Policy and Island Outcome Indicators, enhancing accountability and facilitating decision-making at a strategic level.

KEY FINDING 18: While Government departments are aligning performance monitoring with Island Outcome Indicators and tracking both inputs and outputs, the full principles of Outcomes Based Accountability are not yet consistently applied across all departments. Moreover, engagement with the community to understand collective impact and partnership contributions to outcomes is currently limited.

RECOMMENDATION 11 (OVERARCHING): Government must develop a consistent approach to Outcomes Based Accountability across all departments, incorporating qualitative measures, community engagement, and partnership evaluation. This should ensure that performance monitoring not only measures activity and outputs but also the real-world impact on communities and long-term improvement in outcomes.

KEY FINDING 19: Government provides no formal, government-wide training programme in Outcomes Based Accountability (OBA) for Officers or partner agencies. While some departments with strong analytical capacity are actively using OBA principles in partnership with external agencies and charities, this practice is inconsistent across Government. Central policy teams do not provide training or guidance, and support for embedding OBA across all departments has largely stalled.

RECOMMENDATION 12 (OVERARCHING): Government should establish a formal, centrally coordinated training and development programme in Outcomes Based Accountability (OBA). This should target Officers across all departments and relevant partner agencies, ensuring consistent understanding, application and evaluation of OBA principles. The programme should also include guidance on using partner data and dashboards to monitor and report on outcomes, enhancing accountability and the impact of Government-funded services. This should be implemented by Q3 2026.

Financial Strategy – General Revenue Income and Public Sector Spending

KEY FINDING 20: Jersey's economic outlook remains fragile and uncertain. In 2025, Jersey's inflation is edging upwards and the gap with the UK has widened, the labour market is tight, and domestic price and wage growth is outpacing productivity in some sectors. The economy contracted by 0.7% in 2024, and the housing market is experiencing its largest annual fall since 1986, negatively affecting construction and related industries. These conditions highlight vulnerabilities in Jersey's economy and the need for caution and readiness to respond to deteriorating economic conditions.

KEY FINDING 21: Jersey's public finances are under pressure due to a persistent imbalance between rising day-to-day expenditure and slower-growing revenues. The operating balance is projected to move into a £12 million deficit in 2026, with the overall balance remaining negative through 2026-2029 due to cumulative deficits, continued borrowing and rising debt servicing costs. The Strategic Reserve remains critically low, below 20% of GDP, which is well under the recommended 30–60% range. The Stabilisation Fund is exhausted, and reductions in the Government grant to the Social Security Reserve Fund is being used to cover overspends. These factors collectively increase Jersey's fiscal vulnerability and reduce resilience to economic shocks or adverse interest rate movements.

KEY FINDING 22: The proposed reduction of the Social Security grant in 2025, combined with ongoing reliance of a £50 million reduction to balance the Budget, highlights that Government is not spending within its means. While the Social Security Fund is projected to remain financially sustainable long-term, the decision reflects a short-term measure to cover a structural deficit caused by day-to-day expenditure growth outpacing revenue growth. This approach contrasts with the Budget's stated principle of spending within means and raises concerns about reliance on temporary funding to support ongoing expenditure. The Fiscal Policy Panel has also advised that reducing contributions to the Social Security Funds before a full actuarial review is completed is not prudent.

KEY FINDING 23: While the Government maintains an annual stakeholder engagement process and demonstrates a continued commitment to consultation in the Budget, the current approach has limitations. Engagement is stronger with sectors that have representative bodies and monitoring of revenue-raising or relief measures is inconsistent, depending on the scale of the policy. This may limit the Government's ability to ensure that policy outcomes are fully evidence-based and responsive to the needs of all Islanders and businesses.

RECOMMENDATION 13: The Treasury and Exchequer should strengthen stakeholder engagement by proactively reaching out to underrepresented groups to ensure broader input into policy development.

RECOMMENDATION 14: The Treasury and Exchequer should implement systematic post - implementation monitoring of all revenue-raising, relief and significant policy measures to evaluate effectiveness and inform future decision-making and to ensure that measures are responsive to the needs of Islanders and businesses.

KEY FINDING 24: The Budget seeks to balance supporting the hospitality sector through tap relief with moderate alcohol duty increases, while recognising the limits of fiscal policy in influencing alcohol consumption in Jersey.

RECOMMENDATION 15: The Treasury and Exchequer should conclude its review of the alcohol licensing and duty system, engaging with the hospitality sector regarding off-licence and on-licence taxation, to develop measures that balance public health objectives with the economic sustainability of licensed venues. This review should consider the cumulative impact of duties, operational costs, and market competitiveness to ensure policies effectively support both responsible drinking and the viability of the local hospitality industry. This work should be completed and any proposals brought forward in the subsequent Budget.

KEY FINDING 25: Tobacco duty policy in Jersey increases tobacco duties above inflation, as part of its health and fiscal strategy. However, opportunities to adjust duty-free limits are constrained by international rules and industry practices.

KEY FINDING 26: Vaping liquid tax seeks a balance to support public health goals by preventing uptake of vaping among youth while facilitating smoking cessation. The increase in vaping liquid tax shown in the Budget for 2027, 2028 and 2029 is not a reflection of increased tax in those years but recognises that the tax will only be implemented in Q2 2026. This will follow the development of Custom's systems, engagement with stakeholders and training in early 2026.

KEY FINDING 27: The Budget seeks to balance restoring fuel duty in line with inflation with ongoing support for low-emission alternatives including Hydrotreated Vegetable Oil (HVO). Although Islanders continue to face Cost of Living pressures, it is the view of the Council of Ministers that fuel duty increases are justified in 2026 due to lower inflation and lower and varied fuel prices across Jersey, so consumer impact should be minimal.

KEY FINDING 28: The principle of annual increases to Vehicle Emissions Duty (VED) established under the Carbon Neutral Roadmap continues to function as both a fiscal and environmental tool, generating funds for the Climate Emergency Fund and incentivising lower emissions. However, the remaining demand for high-polluting vehicles limits its effectiveness in changing behaviour and any further VED adjustments to those vehicles must consider interests of niche vehicle markets like collectable and vintage cars.

KEY FINDING 29: The 1% reduction in second-home stamp duty for 2026 is based on evidence from housing market trends and Fiscal Policy Panel guidance, balancing revenue stability with affordability and market signals. The decision aligns with both Treasury analysis and housing policy oversight.

KEY FINDING 30: The proposal to expand the civil penalty regime to cover incorrect GST returns aims to simplify and standardise penalty regimes across tax types, providing clarity and equity for taxpayers while maintaining operational efficiency. It has negligible fiscal impact.

KEY FINDING 31: The work to develop a Fuel Replacement Policy has been deferred however, a lot of the policy groundwork has been undertaken and preserved for future use. The complexity of designing a replacement policy has been acknowledged. It is likely that this workstream may need to be progressed by the next Government.

RECOMMENDATION 16: When a future Government progresses the development of the Fuel Replacement Policy meaningful industry consultation must be undertaken at all stages of policy development.

KEY FINDING 32: Revenue Jersey is progressing with the implementation of the Pillar Two regime, including registration and payment systems. While the Budget cycle forecasts remain aligned with the base case, uncertainty continues due to unresolved negotiations between the United States and the Organisation for Economic Co-operation and Development, which may influence the final structure of global minimum tax rules. Confidence in the forecasted revenue is underpinned by the stability of banking groups, which contribute most significantly to the base case estimate.

RECOMMENDATION 17: Government must maintain the adoption of a clear fiscal rule governing the use of Pillar Two revenues, ensuring that only base case income is incorporated into standard budgeting processes while any excess or volatile revenues are directed exclusively towards one-off investments. This approach will help safeguard fiscal sustainability and prevent the creation of new structural spending pressures linked to an uncertain and evolving global tax framework.

KEY FINDING 33: There are no current plans to broaden the tax base beyond Pillar Two taxation.

KEY FINDING 34: Reviews of formula driven expenditure are instigated at least annually through the Budget process, with the requirement in the Public Finances (Jersey) Law 2019, that the Council of Ministers cannot lodge a Government Plan with a negative balance in the Consolidated Fund for any of the four years.

KEY FINDING 35: £5 million contingency is allocated centrally in the General Reserve for unforeseen expenditures in-year in 2026, which is very low compared to previous years. Previously contingency funding was maintained at a much higher level in the Consolidated Fund, however, was reduced post-Covid. The current Budget cycle limits flexibility, whereas multi-year planning enables a more robust buffer for both expenditure and income variability.

KEY FINDING 36: Government recognises limitations in the current annual Government Plan process, which encourages short-termism and drives departments to seek growth funding upfront rather than planning sustainably over multiple years. A return to a three-year Government Plan cycle is being actively considered to improve financial predictability, support long-term capital planning and strengthen income management. However, the shift requires significant operational and legislative changes and Government has not yet set out a clear timeline or framework for implementation.

Investing in Jersey – Capital Projects

KEY FINDING 37: The Investing in Jersey vision relies on the States Assembly approving the Jersey Capital Investment Fund. The Council of Ministers considers both the Budget and the Jersey Capital Investment Fund to be foundational steps in addressing unsustainable expenditure growth and restoring long-term investment capacity. The shift in focus towards structural reforms intends to ensure that investment is protected and prioritised.

KEY FINDING 38: The Jersey Capital Investment Fund (JCIF) is being designed as a centralised, legislatively backed mechanism to safeguard and finance long-term infrastructure and capital projects. The Fund aims to operationalise the Long-Term Capital Plan, provide strategic protection for capital budgets, and ensure sustainable investment while mitigating short-term budget pressures. The JCIF is considered a more robust mechanism than fiscal rules or existing processes for ensuring disciplined, sustainable and transparent capital investment. While the JCIF's structure, governance framework and operational details are still being developed the Fund intends to:
--protect and ringfence capital funding, with legal and procedural safeguards,
--be primarily funded through annual transfers tied to depreciation and supplemented by borrowing,

--employ structured project management, business cases, Key Performance Indicators and audit functions to monitor delivery,
--maintain central financial oversight (Treasurer of the States), strategic oversight (Council of Ministers) and project level accountability (Officers).

RECOMMENDATION 18: Should the States Assembly approve the establishment of the Jersey Capital Investment Fund in principle, the Proposition lodged for States Assembly debate must include explicit detail for:
--the governance and operational framework, including investment principles and risk management measures,
-- the interaction between the JCIF and the Long-term Capital Plan,
-- the reporting mechanisms and prioritisation process,
-- transparency of the funding sources, planned transfers and borrowing arrangements,
-- how performance will be measured and reported to demonstrate the effectiveness of the JCIF in delivering on the Long-term Capital Plan, protecting long-term infrastructure investment and delivering on the Jersey Island Outcomes.

KEY FINDING 39: Information Technology (IT) has been recognised in the Budget as an area of increasing risk. The funding being proposed for 2026 intends to address areas of risk for failure of frontline IT services and cyber defence through modernising legacy systems and protecting critical services from emerging threats.

KEY FINDING 40: The major project Cyber Programme 2.0 continues in 2026 to enhance Government's cyber resilience. Focus has been on tactical defence enhancements in response to heightened geopolitical and security risks. Although funding has been rephased to prioritise immediate protections, the overall programme remains within existing expenditure limits, ensuring continued progress on long-term resilience objectives.

KEY FINDING 41: The IT Major Upgrade and Replacement Programme continues in 2026. Government is developing a strategy to balance in-house capability with selective use of external providers, aiming to strengthen resilience, retain internal expertise and avoid displacing local companies. The project is sufficiently funded, with the budget rebalanced to prioritise efficiency and continuity in Government IT operations.

KEY FINDING 42: The Digital Government Platform is technically ready and nearing full implementation, with final testing underway. No firm go-live date has been set. While current expenditure aligns with the Budget forecast and ongoing operational funding is considered sufficient, any future expansion of the platform is likely to require additional funding.

KEY FINDING 43: The proposed 2026 budget allocations for the Office of the Children's Commissioner, Jersey Care Commission and Jersey Advisory and Conciliation Service are barely sufficient to maintain core services which risks compromising service delivery.

RECOMMENDATION 19: Government must review the funding requirements for the Office of the Children's Commissioner for Jersey, Jersey Care Commission and Jersey Advisory and Conciliation Service to ensure they are adequately resourced to fulfil their statutory responsibilities, maintain independence and support the effective delivery of critical regulatory and human rights functions. Consideration must also be given to provision for necessary external expertise where on-Island capacity is insufficient. The funding review must be undertaken by Q3 2026 and ahead of the subsequent Budget.

KEY FINDING 44: The completion of Phase 3 and progress in Phase 4 of the Revenue Transformation Programme represents substantial modernisation of Jersey's tax administration infrastructure. The reforms have streamlined processes, enhanced compliance, and strengthened international reporting capability. Delivering these improvements is positioning Revenue Jersey as a more efficient, integrated and digitally enabled service. The programme remains on track despite minor timeline adjustments.

KEY FINDING 45: The major project *Pillar Two Implementation* has made significant progress in implementing the OECD Pillar Two regime, with the system aligned to global minimum tax requirements. Implementation was operational from 1st January 2025 and is on track to meet reporting and payment obligations in 2026. Revenue Growth funding is proposed for 2026 to grow a *Pillar 2 Tax Team* to further facilitate this workstream. The successful implementation of the Pillar Two reforms relies on specialised skills. To date, a cautious and staged approach for recruitment to roles has been adopted, reflecting the uncertainties and the complexity of the workstream.

Balance Sheet and States Funds

KEY FINDING 46: The Fiscal Policy Panel notes that total borrowing has increased significantly in recent years and the need to service the higher debt will absorb a larger share of revenue, thereby increasing sensitivity of the Budget to future movements in interest rates.

KEY FINDING 47: Government's borrowing strategy primarily relies on the Revolving Credit Facility for short-term funding and deferring large-scale debt issuance until a significant borrowing quantum is required. The strategy is actively managed, with regular reviews of debt structure, duration and interest rate options with the aim to maintain cost-effectiveness and fiscal prudence.

KEY FINDING 48: The funding strategy for the New Healthcare Facilities (NHF) combines short-term borrowing through the Revolving Credit Facility (RCF) with projected Pillar Two tax receipts as the preferred option, while retaining the Strategic Reserve as a fallback. However, assuming the drawdown from the Strategic Reserve as a fallback, the Fiscal Policy Panel notes that the Prior Year Basis tax receipts appears as an asset in the Strategic Reserve but will only be realised in income terms over time (20 years). The funding strategy for Phase 1 of the Fort Regent redevelopment is also proposed to utilise the Revolving Credit Facility for short-term needs. However, Phase 2 funding has no current budget allocation, which reflects an approach that secures funding only for contractually committed works.

KEY FINDING 49: Progress is being made to review States Funds, with four redundant funds being closed and balances reallocated through this Budget. Further reviews are planned for the Criminal Offences Confiscation Fund, Insurance Strategy Fund, Social Security Fund, Long-Term Care Fund, Technology Accelerator Fund and Climate Emergency Fund to ensure their objectives, policies and operations remain in alignment with strategic goals.

KEY FINDING 50: The Strategic Reserve remains significantly below the recommended level of 30–60% of GDP, currently standing at 20%, leaving the Island potentially vulnerable to economic or financial shocks. While the Budget commits to use Pillar Two receipts above the base case to strengthen the reserves, there is no formal mechanism or additional action in place to accelerate this, and liquidity risks exist due to the inclusion of non-immediately liquid assets (Prior Year Basis revenues) in the accounting value of the Strategic Reserve.

KEY FINDING 51: The proposed £50 million transfer to the Stabilisation Fund in 2026 is uncertain. The past attempt to transfer funds (£25 million in 2025) was not possible due to the Consolidated Fund being in a cash-negative position. The Consolidated Fund remains in a cash-negative position, so the transfer is contingent on budget management and any potential upside income, which under the current position appears unrealistic.

KEY FINDING 52: Although the Stabilisation Fund's primary objective which is to support countercyclical fiscal policy and promote economic stability will remain unchanged, work has begun to review how the Stabilisation Fund can effectively fulfil its purpose. This is being given particular focus in the context of a proposed return to medium-term financial planning, which will influence the Fund's operational framework.

RECOMMENDATION 20: The Council of Ministers must strengthen its commitment to prioritise transfers to the Strategic Reserve and the Stabilisation Fund to establish them at the appropriate levels as advised by the Fiscal Policy Panel. This should also include returning to the position of the preceding Budget to allocate a portion of the base case Pillar Two revenues to increase the balance in the Stabilisation Fund.

KEY FINDING 53: The Consolidated Fund is currently in a weakened position, with working capital demands exceeding available balances, leaving it cash-negative and reliant on an overdraft. Historical buffers that previously absorbed income fluctuations have been depleted, reducing short-term contingency capacity of the Fund. The future of the Consolidated Fund is under review as a result of the potential establishment of the Jersey Capital Investment Fund (JCIF). Should the establishment of the JCIF be approved, the Consolidated Fund could be split into the JCIF and a General Revenue Fund which should create opportunity for reducing overdraft in future years. The proposition to establish the JCIF will clarify the detail.

KEY FINDING 54: Despite long-recognised pressures on the health system the Budget 2026 does not set out immediate, concrete measures to address these challenges. While Health is a top priority for Islanders, particularly younger generations, the Government has framed responses as part of ongoing work to develop a sustainable, long-term funding model. The resolution of critical health pressures are effectively left to the next Government.

KEY FINDING 55: The recurrent overspends in health have led to the reprioritisation of funds from other services, which is distorting the Budget's portrayal of future spending and indicating that the current growth in health expenditure is not sustainable without impacting other sectors.

RECOMMENDATION 21: The Council of Ministers must strengthen its commitment to address known health system pressures in 2026 to ensure that immediate pressures are mitigated while longer-term sustainable solutions are developed. This must include the development of accurate, evidence-based health spending forecasts to ensure fiscal discipline, support sustainable allocation of resources and provide a realistic picture of future budget pressures. This work must commence immediately to lay the groundwork for the future Council of Ministers to progress. The detailed proposals should be included in the subsequent Budget.

KEY FINDING 56: A multi-year integrated fiscal model to support short (4-5 years), medium (5-10 years) and long-term (10-25 years) financial planning is being developed, which aims to strengthen long-term fiscal planning and enhance the Government's ability to respond to economic shocks. The initial phase, expected to be operational in 2026, will cover the

Consolidated Fund and link departmental expenditure and tax revenues. Later phases will expand to include major funds such as the Social Security Fund and Long-Term Care Fund, integrating actuarial data and demographic trends. The approach is still in early stages and will require ongoing development to fully capture interdependencies across Government finances.

1 Introduction

Context

The Proposed Budget (Government Plan) 2026-2029 [P.70/2025] (hereafter "the Budget"), is the final Budget for this Government term. The Council of Ministers lodged their final Budget on 16th September 2025 for debate on 9th December 2025. The Financial Annex to the Budget [R.139/2024] was presented alongside the Budget and provides the further financial context. The Budget is aligned to the Common Strategic Policy 2024-2026 [R.115/2024] and Departmental Business Plans (hereafter the "Business Plans"), which provide Ministerial Priorities, Key Objectives and Service Performance Measures. The Business Plans considered for the Panel's review were those of the Cabinet Office, Digital Services, People Services and Treasury and Exchequer for 2025. With Government elections scheduled to take place in June 2026, the business plans for 2025 were drafted to cover the 2026 period for this Government term.

The Common Strategic Policy defines the thirteen priorities for delivery during this Government term (2024-2026) and is aligned with the long-term vision set out in the Future Jersey Report and the arising Island Outcomes to support Jersey's long-term ambitions. The Government's thirteen priorities are:

1. Extend nursery and childcare provision.
2. Provide a nutritious school meal for every child in all States primary schools.
3. Increase the provision of lifelong learning and skills development.
4. Start building a new hospital at Overdale.
5. Reduce GP fees.
6. Implement the recommendations from the Violence Against Women and Girls Taskforce report.
7. Transition to a living wage.
8. Provide more affordable homes for Islanders and more confidence for the rented sector.
9. Keep Government fees, duties and charges as low as possible to help Islanders with the cost of living in 2025.
10. Reduce red tape, enhance opportunities for business and strengthen Jersey's international reputation.
11. Deliver a plan to revitalise Town.
12. Reform the planning service to enable sustainable development in Jersey.
13. Meet the Island's commitments to address the climate emergency through the implementation of the Carbon Neutral Roadmap.

This year's Budget, as with the preceding Budget 2025-2028, explains the financial context in which Ministerial Priorities will be delivered and outlines the financial approvals that Ministers are proposing to deliver for both their priorities and existing services, whilst ensuring focus on the ongoing sustainability of finances. The following is detailed within this Budget:

- Estimated income and expenditure of the Consolidated Fund.
- Amounts to be internally transferred between States Funds.
- Any other proposed financing.
- Revenue Expenditure Growth and Projects and their proposed costs.
- Estimated income and expenditure from States Trading Operations to be paid into the States Trading Operations Fund.

- Amounts to be appropriated from the Consolidated and States Trading Operations Funds for the next financial year.
- Estimated amounts in States Funds at the start and finish of each financial year.
- Borrowing and Debt Management Framework.

The Proposition, together with the summary tables included in Appendix 2 of the Budget, is presented annually to the States Assembly for approval in accordance with the Public Finances (Jersey) Law 2019. When considering the Budget Proposition, the Assembly reviews not only the elements carried forward from the previous Budget 2025–28 (such as appropriations from the Consolidated Fund, transfers between funds and reserves, income parameters, expenditure estimates, budgets, and borrowing) but also two additional components for 2026 requiring approval. These additional components (a and b-ii) are as follows:*(a) In accordance with Article 16 of the Public Finances (Jersey) Law 2019 (the Law) to approve an amendment to the Government Plan 2025 – 2028 (entitled "Budget 2025 – 2028") to a reduction in the 2025 head of expenditure "Grants to States Funds" as included in Table 5(i) Revenue Heads of Expenditure of that Government Plan from £119,821,000 to £69,821,000.*

(b) To receive the Government Plan 2026 – 2029 (entitled "Budget 2026-2029") specified in Article 9(1) of the Law and specifically –

> *ii. to refer to their Act dated 24th June 2003 in which they approved that no new 'user pays' charges be introduced without any such charge receiving prior in principle approval by the States Assembly and accordingly to approve the introduction of two new charges, to be levied by Health and Care Jersey to promote appropriate use of the Emergency Department and for repeated nonattendance of outpatient appointments, detailed in the section entitled "Departmental Income Sources" as set out in the Appendix to the accompanying Report.*

The Public Finances (Jersey) Law 2019

Under the Public Finances (Jersey) Law 2019, each year the Council of Ministers must prepare a Government Plan. The title for the Government Plan was changed the previous year, However, the accompanying report entitled 'Budget 2026-2029' does not impact its legal status as a Government Plan for the purposes of the Public Finances (Jersey) Law 2019 and continues to fulfil all the requirements of a Government Plan in accordance with that Law.

When considering the Budget, it is important to note the statutory requirements of the Public Finances (Jersey) Law 2019[1] in the context of its content.

Part 3 of the Public Finances (Jersey) Law 2019 sets out the statutory content and scope for the Government Plan. The Law requires certain specific information to be included within the Government Plan and also requires the Council of Ministers to provide any other information that it believes the States Assembly may reasonably expect to need in order to consider the matters required to be set out in the Government Plan. As such, this detail is set out in Appendix 3[2] of the Budget.

The requirements are predominantly factual. However, more judgmental requirements of Article 9 of the Law require that:

- the Government Plan includes 'other information that the Council of Ministers believes that the States may reasonably be expected to need in order to consider' the statutory factual requirements of the Government Plan; and

[1] Public Finances (Jersey) Law 2019
[2] P.70/2025 – Budget 2026-29– Pg 110

- the Government Plan sets out how the proposals in the Plan take into account:
  - 'the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey;' and
  - 'the sustainable well-being (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations'.

Children (Convention Rights) (Jersey) Law 2022

The Panel notes that, in its entirety, the Government Plan is exempt under Schedule 2 of the Children (Convention Rights) (Jersey) Law 2022 from the requirement to prepare a Children's Rights Impact Assessment (CRIA). The Law instead gives Ministers the discretion to complete a CRIA for particular elements of their part of the Government Plan as expressed in Article 6(1). This policy position was adopted to ensure CRIAs relating to a Government Plan would be progressed where appropriate.

The Panel notes that a CRIA was lodged by the Council of Ministers on 25th September 2025.

The Draft Finance (2026 Budget) (Jersey) Law 202-

The Draft Finance (2026 Budget) (Jersey) Law 202-[3] [P.93/2025] (lodged on 27th October 2025 for debate alongside the Budget on 9th December 2025) will give effect to the revenue measures proposed within the Budget and will also provide for administrative and technical amendments in respect of the Budget, as set out in Appendix 4[4] of the Budget. Therefore, any amendments to the revenue measures outlined in the Budget would require the appropriate amendments to be made within the Draft Finance (2026 Budget) (Jersey) Law 202- .

Review Methodology

The focus of the Panel's review has been, in the main, on reviewing the Proposition[5] where relevant to the Panel's remit in respect of the priorities and responsibilities led by the Chief Minister and Minister for Treasury and Resources, whilst also reviewing the financial actions being proposed by Government. However, the Panel also considers any overarching themes as appropriately identified during the review process.

When scoping its review, the Panel identified the following key areas for consideration:

- Whether the Proposed Budget meets the requirements of the Public Finances (Jersey) Law 2019.
- Whether the Proposed Budget is fiscally sound and economically sustainable.
- Whether the Proposed Budget follows the advice of the Fiscal Policy Panel and Income Forecasting Group.
- The impact of the Proposed Budget proposals on departmental budgets and staffing levels.
- Whether the Proposed Budget aligns with the objectives of the Common Strategic Policy to deliver on the priorities and aligns with Departments' Business Plans.
- Whether the proposed Revenue Expenditure Growth and Projects are appropriate and deliverable within the timeframes specified.

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[3] P.93/2025 - Draft Finance (2026 Budget) (Jersey) Law 202-
[4] P.70/2025 – Budget 2026-29 – Pg 120
[5] P.70/2025 – Budget 2026-29 – Pg 102

- Whether the resources allocated to Revenue Expenditure Growth and Projects are sufficient and demonstrate the best use of public funds.
- Whether the proposals for the use of existing States Funds, including the Consolidated Fund, Strategic Reserve Fund and the Stabilisation Fund are appropriate and in line with the needs of the Island in the current economic climate.
- Whether the levels of public debt set out in the Proposed Budget are proportionate and managed in line with established best practice.
- Whether the proposed structure and approach to implementation of the Jersey Capital Investment Fund align with its intended purpose and the objectives of the Common Strategic Policy.
- Whether the levels of reserve and contingency funding are adequate in relation to the Government's proposals for expenditure and public debt.
- Whether the proposals for the medium to long-term investment strategy and the use of the Jersey Capital Investment Fund, through the Investing in Jersey 2026-2050 programme, contribute to long-term financial sustainability.

The Funds under the Panel's remit which the Budget 2026-2029 is seeking approval for include:

- Consolidated Fund
- Strategic Reserve Fund
- Stabilisation Fund
- Jersey Capital Investment Fund (in principle)

The Panel's full Terms of Reference for the review can be found in Appendix 1 of this report.

The Panel wrote directly to a number of targeted stakeholders for their views and received several submissions, these can be viewed here. Private meetings were also held with stakeholders at their request.

An inaugural meeting of the Jersey Youth Assembly (JYA) was held in October 2025 to seek feedback on particular areas of the Budget. A report was submitted to the Panel by the JYA, which has helped to inform the Panel's review.

Public Hearings were held with the Chief Minister and the Minister for Treasury and Resources in October 2024. The transcripts for these public review hearings can be viewed here.

The Panel also wrote to the Chief Minister and the Minister for Treasury and Resources on several occasions with additional written questions. The written responses can be viewed here.

The Panel's review has also been informed by reports published by the Fiscal Policy Panel and the Income Forecasting Group.

Report Structure

Chapter 2 of this report provides a high-level analysis and commentary on the Budget design, its implementation and sustainability with consideration of any changes on the preceding year. Including reference to:

- Gender responsive budgeting

- Design elements - considering any changes to accessibility, communications and transparency.
- Considering factors such delivering on statutory requirements, alignment, progress monitoring, governance and accountability.
- Sustainable wellbeing - considering the Future Jersey Vision, Island Outcomes, Jersey Performance Framework, Common Strategic Policy 2024-26, Ministerial priorities and the Investing in Jersey Vision.

Chapter 3 of this report provides high-level analysis and commentary on the General Revenue Income and Public Sector Spending as set out in the proposed Budget 2026-29 (focussing on 2026) and with consideration for:

- Sustainable public finances
- Economic and fiscal context and outlook
- General revenue income
- Future tax measures
- Public sector spending (departments for Chief Minister and Minister for Treasury and Resources)
- Savings proposals

Chapter 4 of this report provides high-level analysis and commentary on the projects and programmes as appropriate to the portfolios of the Chief Minister, with consideration for:

- Update on delivery and impact of projects during 2025.
- Whether the projects are appropriate and deliverable in 2026.
- Whether the resources allocated for 2026 are sufficient and the best use of public funds.
- Alignment to Common Strategic Policy and the aims of the Ministerial Priorities.
- Impact on departmental budgets, staffing and States Funds.
- Impact on Islanders and Island life

Chapter 5 of this report provides high-level analysis and commentary on the balance sheet and States Funds with consideration for:

- States borrowing, debt management and investing.
- Reserve and contingency funding.
- Use of the Revolving Credit Facility
- States Funds (with focus on the Consolidated Fund, Strategic Reserve Fund, Stabilisation Fund and Jersey Capital Investment Fund – in principle)
- Winding up of funds
- Longer-term planning

All chapters draw from evidence received from the public review hearings, responses to written questions, submissions from key stakeholders, members of the public and the Jersey Youth Assembly. The Panel's report is also informed by the reports published by the Fiscal Policy Panel and Income Forecasting Group, which advise the Minister for Treasury and Resources and States Members.

2 Budget Design

Design and Implementation

When reviewing the proposed Budget 2025-2028 (hereafter the "preceding Budget"), the first of the Government established in 2024, the Panel identified several changes to its design and implementation. Notably, these included the change of title of the Government Plan to Budget[6] and the shift away from utilising a centralised Delivery Unit within Government for the strategic monitoring and reporting of progress delivery, which included the decision to no longer provide Ministerial Plans, Delivery Plans and annual Delivery Plan Progress reports (in order to reduce overheads). The Panel made the following finding[7] to the preceding Budget:

4	The dissolution of the Delivery Unit, in the absence of ensuring that its functions to support the monitoring, delivery and reporting of Ministerial priorities are carried out in an alternative manner, has negatively impacted the transparency and accountability of the Budget workstream.	Chief Officers are accountable to their individual Ministers for their departmental delivery and performance, and act accordingly. The change to the structure and the closure of the Delivery Unit was part of reducing overheads and focusing funding on the delivery of policy.

This change ultimately altered the way in which progress of the delivery of projects and programmes is monitored and reported by Government during the Budget cycle.

The conclusion provided in the Ministerial Response[8] (S.R.8/2024) received to the preceding Budget, demonstrated that the Council of Ministers (COM) was aware that *risk management mechanisms need to be effective, performance and delivery appropriately monitored, and accountability maintained and enhanced.*

Moreover, the COM was also content that the level of information provided alongside the Budget was sufficient and transparent, and demonstrated no intention to provide any further supporting information or periodic progress reporting outside of the mechanisms that were already in place and being utilised. This was evident in the response to the Panel's recommendation 1[9], which was rejected.

In light of this information and also cognisant that the Budget would be the final Budget of the COM, ahead of the June 2026 parliamentary elections, the Panel did not anticipate any further significant changes to its design and implementation, on those brought the previous year.

However, noting that recommendation 3[10] to the preceding Budget, which sought to improve communications was accepted by the COM, the Panel explored whether any changes had been made when developing the Budget to further advance its transparency, comprehensibility and communication to members of the public and more specifically to young Islanders.

[6] Ministerial Response – S.R.8/2024 – F5
[7] Ministerial Response – S.R.8/2024 – F4
[8] Ministerial Response – S.R.8/2024
[9] Ministerial Response – S.R.8/2024 – R1
[10] Ministerial Response – S.R.8/2024 – R3

3	The Council of Ministers should develop a communications plan to actively engage members of the public and raise awareness of the Budget process.		Accept	There is a plan for communicating the Budget, and this will be revisited as part of the 2026- 2029 Budget.	Complete

This was explored during the review hearing with the Chief Minister[11] and the Panel heard the following:

The Connétable of St. Mary:

> *…Do you consider that the Government's communication of the proposed budget has been effective and how do you rate the success of these communications, so how do you measure it?*

Group Director, Strategic Finance:

> *… So we have not offered pop-up sessions as such, but we have done a sort of a campaign, following the recommendations that the panel made last year, working with our 28 colleagues in the comms team. We have obviously had the press release, we have a child-friendly version of the budget which is, if it is not published, it will be shortly. There is a video that supports that to try to explain it and make it more engaging. While that is obviously for children that does not stop anyone else reading it. But we are also, in terms of engagement, we are also talking to the C.Y.P.E.S. around working with their school councils networks as well, so we are looking at whether we can go and speak to children around what is in it as well, so upping that level of engagement. But in terms of general communications I think it is a very important document, there is obviously a lot of scrutiny process, it is covered in the media regardless of what we do, so I do think the messages have come out and will continue to do so as the budget is scrutinised and indeed debated.*

The engagement with the public and young people was identified as primarily unchanged on the preceding year. The Panel was pleased to hear of the efforts being made to work with school councils to improve engagement with young people. Reference was also made to the steps taken by Government to continue to deliver on previous successes like publishing the youth friendly version. Moreover, the Panel heard that Government was endeavouring to utilise social media channels increasingly to communicate the Budget, as opposed to concentrating on the more traditional communication channels alone.[12]

The Panel's recommendation 4[13] to the preceding Budget encouraged the completion of CRIAs by Ministers when developing the Budget. This was accepted by the COM and the Panel was pleased to observe that CRIAs were published as an addendum to the Budget on 25th September 2025.

KEY FINDING 1: As the Budget is the final Budget of this Council of Ministers ahead of the parliamentary elections in 2026, no notable changes have been made to the Budget design and its implementation. However, further steps have been taken to improve the communication of the Budget to Islanders including Jersey's youth.

[11] Transcript – CM – 10 October 2025 – Pg 27
[12] Transcript – CM – 10 October 2025 – Pg 28
[13] Ministerial Response – S.R.8/2024 – R4

KEY FINDING 2: Children's Rights Impact Assessments were undertaken by Ministers when developing the Budget and these were published as an addendum to the Budget in a timely manner.

Gender Responsive Budgeting

When reviewing the preceding Budget, the Panel initiated considerations for Gender Responsive Budgeting in the hope that steps could be taken for future Budgets to be assessed through a gender-responsive lens.

The Panel reiterates that through developing Budgets in this way it endeavours to create budgets that work for everyone (women, men, girls and boys)[14] by taking into account the unique and diverse needs of every person in respect of gender and the associated norms and roles. Thereby, budgets strive for a fair distribution of resources. Evidence shows that economic models and budgets can lead to fiscal policies and budgets that are biased, which would have negative consequences for certain groups. However, when gaps (such as gender gaps) are brought to the surface, governments can directly target available resources to address inequalities and support sustainable, inclusive development for all. Gender Responsive Budgets aim to foster a sense of justice (both gender and fiscal justice), strengthen government accountability and support better alignment of national budgets with sustainable development goals.[15]

When reviewing the preceding Budget, the Panel identified that while Jersey had no formalised process for Gender Responsive Budgeting, several existing initiatives in the Common Strategic Policy (CSP) appeared to align with goals of Gender Responsive Budgeting. This endeavoured to demonstrate a commitment to inclusivity within the budgeting process. The Panel had expressed its support for moving towards the implementation of formal Gender Responsive Budgeting for future Budgets and the Chief Minister, at that time, also acknowledged his openness to exploring the matter further. The Panel made a recommendation to that effect, however, was surprised to see that it was rejected on the basis that Government relied on the obligations under the Discrimination (Jersey) Law 2013 when developing policy. The Panel recommended[16] that: *The Council of Ministers should consider taking meaningful steps towards exploring, developing and implementing Gender Responsive Budgeting in Jersey to ensure that public resources are distributed equitably and that the needs of all Islanders, including vulnerable groups, are met. The Council of Ministers should report back to Scrutiny and the States Assembly on the trajectory for progressing this workstream by Q2 2025.*

The Panel was mindful that the recommendation was rejected and that the Budget was therefore not developed using a gender-responsive process. However, in light of the implementation of Gender Responsive Budgeting occurring in other jurisdictions and its potential merits for Jersey, the Panel sought to further explore Gender Responsive Budgeting for future Budgets and discussed this during the review hearing with the Chief Minister.[17]

The Panel sought to understand whether the Chief Minister believed there was benefit in implementing a gender-responsive Budget. The Panel was informed that all policy decisions

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[14] Oxfam Policy and Practice – A Guide to Gender Responsive Budgeting
[15] United Nations – UN Women
[16] Ministerial Response – S.R.8/2024 – R17
[17] Transcript – CM – 10 October 2025 – Pgs. 29-31

continue to be framed by the Discrimination (Jersey) Law 2013, however, that many actions currently being taken by Government do support Gender Responsive Budgeting.

Deputy L.K.F. Stephenson:

> *… do you believe that there is benefit in working towards the implementation of a gender-responsive budget for future budgets?*

Assistant Chief Minister:

> *…So I think it is important to remember that all of our policy decisions are based around the Discrimination Law. So that is the starting point. There is lots of things that we have done and will be doing to support a gender-responsive budget. So, obviously the inclusion of free child care is one big step towards that for young people. The provision of school meals, the implementation of the V.A.W.G. (violence against women and girls) recommendations, and the back-to-school bonus so that parents will have access to a fund that will be able to fund their going back to school in September and the expenses that come with that. The other side of the scale is the extension of the Pension Plus scheme, which looks after dental care and optical care for pensioners. There is also lots I can list. There is the Health Access Prevention scheme again for older people. We are reviewing the teachers' pay and conditions or their terms. The Chair mentioned the Disability Strategy earlier. We are putting more money into the Disability Strategy. We know that there was a recent review of how the strategy is performing. It was overwhelmingly positive, there were still gaps, and it is recognised that we do need to put more money and effort into bridging some more of those gaps. Of course, in the longer term, we are still looking at the development of a workplace pension scheme so that people have a more comfortable affordable retirement. So there is lots of things that we have done, and of course the living wage transition as well.*

The Panel acknowledges the many positive Government policies but questions the process being applied. The Panel questioned whether the fundamentals of a gender-responsive budget process were being explicitly applied, as opposed to retrospectively fitting policies to a gender-responsive definition. Noting that Gender Responsive Budgeting involves a structured process from the ground up, including training for policymakers, rather than relying solely on policy decisions.

Deputy L.K.F. Stephenson:

> *So there is lots of very positive policies there, but do you believe that the current steps taken during the policy development process and when you are setting budget by considering the Discrimination Law, does that sufficiently ensure equitable distribution of public resources to meet the needs of all Islanders? So, looking at it in a broader strategic way rather than just individual policies, or we need to do something to help older Islanders and we need to do something to help families.*
>
> *… I think perhaps maybe it is for a broader discussion one day about the kind of fundamentals of a gender responsive budget process rather than just saying some of what we are doing meets the definition. Because it is a process from the very beginning that people go on courses about and learn about, from the very beginning of developing policy. I do not feel, but correct me if I am wrong, that that currently happens from the ground up.*

Assistant Chief Minister:

I think it is embedded in our thinking, whether it is framed as gender responsive budgeting might be a different thing, but I do think that all of what we do as a Council is taking account of how do we fairly distribute funds and that is why we have got the throughput in the way that we have.

Deputy L.K.F. Stephenson:

… Was any gender analysis undertaken when developing this proposed budget? Is the budget gender sensitive?

Assistant Chief Minister:

In that respect, we have not undertaken specific analysis. I think there was a feeling around the table that we are pushing in the right direction, we are looking at all parts of the community, and it was felt that was enough without doing separate analysis on whether it does or does not meet certain criteria.

KEY FINDING 3: No gender responsive budgeting process or gender sensitive analysis was explicitly applied when developing the Budget. The Government is of the view that its existing approach of framing policy development by the Discrimination (Jersey) Law 2013 provides fairness in all funding decisions and is meeting the needs of all parts of the community.

RECOMMENDATION 1 (OVERARCHING): The Council of Ministers must consider taking meaningful action for implementing a formal Gender Responsive Budgeting Framework for Jersey. This process should aim to identify gaps for improving the targeting of resources to address inequalities and support inclusive, sustainable development for all Islanders through the Budget cycle. The Council of Ministers should report back to Scrutiny on the trajectory for progressing this workstream by Q3 2026.

Sustainable Wellbeing

The Budget[18] sets out how the Government will deploy its finances to deliver on its priorities (Common Strategic Policy (CSP) priorities, Ministerial priorities and business-as-usual activities as outlined in departmental Business Plans[19]). Therefore, when considering the Budget's design and how it is implemented, the Panel has focused its scrutiny on the frameworks that are integral to its development and delivering on its outcomes, which include:

- Future Jersey Vision[20] (long-term vision for Jersey: 2017-2037)
- Island Outcomes (split across the wellbeing themes: Community, Economic and Environmental)
- Jersey Performance Framework (to report on Government's performance)
    - Island Outcome Indicators[21] (to monitor progress towards the Island Outcomes)
    - Service Performance Measures[22] (Departments' Service Performance Measures)

[18] P.70/2025
[19] Business Plans 2025
[20] Future Jersey Vision
[21] Island Outcome Indicators
[22] Service Performance Measures

The Panel also sought to explore the alignment of the newly proposed Investing in Jersey 2026-2050[23] vision, which aspires to introduce a new framework to renew and regenerate Jersey's public assets over the next 25 years (for longer-term planning).

The Panel wanted to understand how these frameworks interact for effective delivery of the priorities in both the short term and for delivering on Jersey's longer-term ambitions as set out within them. Furthermore, whether the frameworks remained aligned to Jersey's ambitions, considering that they were developed several years ago to be effective over an extensive period. With the introduction of the new Investing in Jersey vision, the Panel wished to understand how that would fit into the established performance monitoring mechanism.

The Panel concentrated on these foundational frameworks as part of its review, which in alignment aim to ensure that the Budget delivers on its statutory requirements of the Public Finances (Jersey) Law 2019[24] for sustainability, which include that the Government Plan sets out how the proposals in the Plan take into account:

- 'the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey;' and
- 'the sustainable well-being (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations'.

The Panel made a recommendation when reviewing the preceding Budget that *the Council of Ministers must be mindful that the Public Finances (Jersey) Law 2019 should demonstrate changes in practice and must ensure ongoing Ministerial engagement and take proactive measures to ensure Sustainable Wellbeing is meaningfully integrated, rather than retroactively in all future Budgets. Consideration should be given for establishing a process to embed Sustainable Wellbeing in core decision-making at all stages of the budgetary decisions. The Council of Ministers should also strengthen monitoring and reporting of Sustainable Wellbeing embedded in the Budget to assess the impact. This should include establishing a clear and measurable mechanism to identify how Sustainable Wellbeing is tied to the Budget's proposals with indicators that are specific, measurable and linked to the long-term outcomes. This should be actioned for all future Budgets.*[25]

The recommendation was rejected and the following comment received:

The Budget and the Common Strategic Policy both demonstrate a clear link to sustainable wellbeing. The Common Strategic Policy sets out how each of the Council of Ministers' priorities contribute to the long-term outcomes for our Island. The Budget provides funding for these priorities. In addition to this and in response to the recent report from the Comptroller and Auditor General, ministerial submission templates are being revised to include more explicit consideration of the three sustainable wellbeing themes (community, economy and environment) as part of the policy development process. Any additional processes are unnecessary and would divert resources away from delivering on Ministers' priorities[26]

The Panel explored this further during the review hearing with the Chief Minister[27] to understand what steps had been taken for this Budget to demonstrate practical changes in

[23] Investing in Jersey 2026-2050
[24] Public Finances (Jersey) Law 2019
[25] Ministerial Response – S.R.8/2024 – Rec 16
[26] Ministerial Response – S.R.8/2024 – Rec 16
[27] Transcript – CM – 10 October 2025 – Pg 10

relation to the how sustainable wellbeing is embedded, delivered and monitored within the budget cycle (from design to delivery).

Deputy J. Renouf:

Do you consider sustainable well-being at the beginning of the budget process?

The Chief Minister:

As a Government, this Government, last Government, previous Governments, I think that is what drives them, that is what drives most of us as politicians is the well-being of the Island. We have probably focused more on the sustainable well-being over the longer term in the last 2 years, after what we have learned in the last 2 years. That is why, for example, we are looking at a longer-term approach to capital funding. So the answer to that is yes, I believe we have.

Deputy J. Renouf:

But then how do you track accountability in terms of delivering on sustainable well-being?

…I guess what I am trying to get at is, I can see that people are thinking about it, but what is the measure or measures that are used to drive accountability? How do we know whether we are meeting those objectives?

Chief Executive Officer:

Yes, I think we discussed this maybe in the last session here, but there are many, but if you are looking for a big macro one, there is something that gives you a snapshot, definitely the O.E.C.D. (Organisation for Economic Co-operation and Development) Better Life Index, which Jersey, almost alone among the Crown Dependencies, chose to participate in and invest in. That is a very, very important benchmark, which contains a whole load of quality-of-life indicators, which gives us a comparative benchmark with other places. So, I would say, that is one example.

The Panel recalled in response to its recommendation to the preceding Budget (shown above) that the Ministerial Submission template was being revised (as recommended by the Comptroller and Auditor General (C&AG)[28]) to include more explicit consideration of the three sustainable wellbeing themes as part of the policy development process. The Panel questioned whether this had been delivered and what revisions had been made. The Panel notes that a copy of the template was shared with it in confidence.

Chief Officer, Cabinet Office:

… Yes, they have.

…So the template is designed to allow a Minister, the reader, to note the issue, to identify the timescale, to see very clearly what the official level recommendations are, and then goes into a summary of the substantive issue. There is a section which we call rights and well-being indicators, and within there we ask that all of these ministerial submissions specifically call out the effect on community economic environment. There is a separate, more detailed annex, which explains to the policy officer, drafter, how to make sure that this is done thoroughly, and then summarised in that document.

[28] C&AG - Jersey Performance Framework Review – Oct 2024

The Panel identified that steps are being taken to increasingly encourage embedding of Sustainable Wellbeing in Jersey's budget process, with longer-term impacts also being considered when making decisions. The Ministerial Submission template has been revised to encourage the explicit assessment of community, economic, and environmental impacts and the OECD Better Life Index also provides a benchmark for monitoring overall wellbeing. However, while steps are being taken to strengthen integration of Sustainable Wellbeing, it is the Panel's view that clear accountability measures and consistent reporting, although progressing, need to be further developed for improved tracking of the delivery and outcomes across the budget cycle.

KEY FINDING 4: The Council of Ministers is taking steps to increasingly encourage the embedding of Sustainable Wellbeing in Jersey's budget process, with longer-term impacts also being considered when making decisions. The Ministerial Submission template has been revised to encourage the explicit assessment of community, economic, and environmental impacts and the Organisation for Economic Co-operation and Development (OECD) Better Life Index also provides a benchmark for monitoring overall wellbeing.

Risk

The Budget explains on page 19 that alongside Sustainable Wellbeing of the inhabitants of Jersey over successive generations, that the COM also consider key risks (tier one risks) to Jersey and to the running of the Government when considering how best to prioritise and allocate resources in the Budget, with the majority being proposed to be managed through existing resources. A table[29] sets out how it addresses key risks in respect of the wellbeing themes and demonstrates where additional investment is proposed to mitigate risks to reduce exposure. The Corporate Risk Register is used to identify the primary risks that need to be addressed in the Budget.

The Panel explored how risk was assessed when developing the Budget and raised this during the review hearing with the Chief Minister.[30]

Deputy J. Renouf:

> *… can you explain steps taken to assess and manage key risks that Jersey faces, the current and future generations, when developing the proposed budget? How was analysis conducted to ensure that assessment is consistent across departments? So that is key long-term risks for the Island.*

Chief Executive Officer:

> *So the focus for that very much is the risk register. We have a whole governance infrastructure and series of meetings around that risk register, and various risk exercises. We will decide, based on those discussions, whether to move those issues from the risk register, for example, into the budget process in any one time period, depending on how they are presenting. In fact, as I mentioned earlier, the sort of elevation of the risks as the Council of Ministers saw around the facilities for some of our most vulnerable children, the elevation of some of the risks relating to improvement in fire services and safety, they came through that route. They were elevated up and they will jump across into the budget process, because we believe that the risk has reached a point where some sort of immediate response is required. So that is how*

[29] P.70/2025 – Pgs. 19-21
[30] Transcript – CM – Pg 12

the infrastructure runs. I guess, no, I do not guess, it is a matter of fact, the same things happen with cyber and cyber-related risks, although that happened earlier in the year.

The Panel understand that risk management is coordinated through Government's Corporate Risk Register, which is informed by governance infrastructure and meetings. Issues are monitored and escalated as necessary, should a risk become significant then it is integrated into the Budget process. The intention of the mechanism used is to ensure that budget decisions are informed by assessment of emerging risks that could affect current and future generations.

KEY FINDING 5: Risk Management is coordinated through the Government's Corporate Risk Register. Risks are monitored, escalated as appropriate and applied to the Budget process when an immediate response is required. The Budget decisions are therefore informed by assessment of emerging risks which would affect current and future generations if not addressed.

Common Strategic Policy

The Panel's scrutiny only briefly touched on the CSP, in the knowledge that a review was separately being undertaken with a specific focus on the delivery of those priorities and their interaction across departments.

However, noting that this Budget continues to prioritise the delivery of the 13 CSP priorities over a two-year period (2024-2026), the Panel explored on a strategic level, how Ministers were coordinating the delivery of the CSP priorities alongside the delivery of department-specific Ministerial and business-as-usual priorities (with the understanding that the delivery of all priorities should be guided by the Island Outcomes).

The following was raised during the review hearing with the Chief Minister:[31]

Deputy H.M. Miles:

> *…you clearly explained in previous hearings about how you want to target the Common Strategic Policies. But can you talk to us about any challenges that you have had in respect of departments delivering on their specific ministerial priorities in the business-as-usual workstreams? Have Ministers had to stop or delay doing things that they really wanted to do because you have created the environment where they have to focus on those C.S.P. (Common Strategic Policy) priorities?*
>
> *…my question was about what about ministerial priorities that are outside the C.S.P.? So, we have heard in questions that we have asked in the Assembly of Ministers why they have not done things. They have said: "We have not done things because there is a recruitment freeze and this would have been my priority".*

The Chief Minister:

> *That is one of the challenges we are grappling with, with the money. At some stage, we have got to stop doing the nice-to-have things and focus on the priorities, and that is what we have been trying to do. So there could be some ministerial priorities that we have not been able to afford.*

Deputy H.M. Miles:

[31] Transcript – CM – Pg 6

That is the nub of the question. How do you lead that? How do you square the circle with your Ministers who want to do things but cannot because you have put a recruitment freeze in place?

The Chief Minister:

From all of the meetings we have had, Ministers have been collegiate, work well together. They understand the challenges. I am certainly not aware of any ministerial pressure from any Ministers that they cannot do things that they would really like to do. Because we managed to include most of that in the C.S.P. and the budget, for example the improvements to the fire and rescue service, the extension of nursery care and education.

It was acknowledged that limited funds had directed Government's decision to prioritise the CSP goals over any 'nice-to-have' projects and, therefore, some Ministerial ambitions have not progressed. However, it was the Chief Minister's view that Ministers have worked collaboratively, understanding the fiscal pressures, and that most significant Ministerial priorities were successfully incorporated into the CSP. Overall, the Chief Minister believes the COM is united in its decision-making to focus resources on the core priorities.

The Panel sought further detail on the mechanisms used to track whether departmental and cross-cutting outcomes are aligned with the CSP priorities and how accountability is maintained. It was explained that the COM receive quarterly reporting on finances, which is separate to CSP reporting, and also any pressures are highlighted to Ministers. Using an example of Children Services, the reporting mechanism was explained to the Panel as follows:

Chief Executive Officer:

…We look very closely at the Community Risk Register, we look very closely obviously at the C.S.P., because it is the priority for the current Government, we look very closely at the B.A.U. (business-as-usual) issues as they move around on that risk register, or as they may have some impact on the C.S.P.

So, in the case of children's services, it was clear to us from performance data, both from turnover of colleagues in that service that comes up to us through detailed reports and dashboards we get on colleagues. It was clear to 10 us from the finance data in terms of the preponderance of agency staff and all of the turnover related to that, and it was clear to us from deep-diving into the service that we had real challenges in that service, and it was presenting in the risk register. In that instance, even though it was not core to the C.S.P., we had a very deep-dive, strategic review of the service. We brought a full strategy presentation to the E.L.T., not informally, formally, twice. We then took that to the Council of Ministers and had a full debate. Same is true of our consideration of the risks as we see them around the fire aspects of the fire service at the moment. So there is nothing informal about this, this is very, very formal.

Mindful of its findings and recommendations[32] made in relation to progress monitoring and reporting for the preceding Budget, the Panel sought to identify how and at what intervals in-year progress reporting was undertaken during 2025. The Panel also wished to identify any key challenges that had arisen through the reporting mechanism used during 2025.

Deputy H.M. Miles:

[32] Ministerial Response – S.R.8/2024

Can you explain what in-year progress has been undertaken to demonstrate delivery of the 2025 budget proposals and how do you know whether they have been successful?

Chief Executive Officer:

Yes. So, as they relate to the CSP, the whole point of the C.S.P. is it is a prioritised document for Government, because we cannot do everything. Of course, when you then back it up with recruitment freeze and consultancy freezes, it does close off some of the avenues that were previously available to do work outside of the C.S.P. So there is a concertinaing effect towards the C.S.P., which is maybe what you were referring to in the last question. But the Council of Ministers get a full quarterly update on progress of each item in the C.S.P., whether it is on track, or if it is off track, what has been done to remediate the situation. So there is a quarterly update on C.S.P. progress, and particularly as it relates to the budget that we see.

Deputy H.M. Miles:

Are Ministers satisfied with the kind of quality and depth of that quarterly reporting?

The Chief Minister:

To say that every Minister is content would be a gamble, but I am not aware of any pressing issues. If they are not content, it has not been raised with me.

The Panel understands that the decisions are guided by the Corporate Risk Register and the CSP, which drive the Budget. Quarterly progress reports are produced, which track whether initiatives are progressing and whether remedial actions are needed. The Chief Minister highlighted that, while it is unlikely that every Minister is satisfied with the level of reporting detail, no concerns have been raised with him. It was the view that the depth and transparency of the reporting process was satisfactory.

KEY FINDING 6: Mechanisms used to track the delivery of the Budget initiatives, including for the Common Strategic Policy (CSP) and department - specific priorities, include the Corporate Risk Register, quarterly CSP reporting and quarterly departmental reporting. The Council of Ministers is satisfied with that level of progress reporting for tracking progress against the Budget.

Future Jersey Vision

The Panel sought to understand how the frameworks were being strategically adhered to across departments in practice, to successfully deliver on Government's overall priorities and ultimately the Island Outcomes (which are split across the wellbeing themes of community, economic and environmental).

The Future Jersey Vision is the long-term vision established for the period 2017-2037, which was produced following a two-year public consultation. It sets out the 10 Island Outcomes (linked to Sustainable Wellbeing).

The Panel explored the Future Jersey Vision in great detail during a public hearing with the Chief Minister[33] and sought to understand the progress made since publishing in 2017. The

[33] Transcript – CM – 19 September 2025 – Pgs. 7- 10

Panel also wished to explore how its effectiveness and progress had been tracked to ensure that it continued to deliver on the current and changing needs of Islanders.

Deputy L.K.F. Stephenson:

> *… can you provide your views on the progress of the Future Jersey vision to date since it was published in July 2017?*

The Chief Minister:

> *…As you know, it is a long-term vision for our Island based around 10 Island outcomes and was developed in consultation over a period of time with Islanders. It focused on the long-term progress measures, community well-being, environmental well-being, economic well-being, and it was the foundation of the Common Strategic Policy that we published and the States approved last year. I said it has guided further policy decisions such as investing in Jersey. That is basically a broad overview. I do not know, Andrew, if you want to add anything.*

Chief Executive Officer:

> *I would say a couple of things. I definitely take my hat off to Ian Skinner and the team who developed it, which seems a long time ago now, but I was consulted in a previous role when they were developing that - that might have been 10 years ago now - so I think it has stood the test of time very well, given how much has changed. In the meantime, this particular Council of Ministers were insistent that it be the bedrock for guiding their C.S.P. and for evaluating their C.S.P. Even though many of them are measured in the C.S.P. by the nature with things that had to be delivered quite quickly, they were very much rooted in the island-wide indicators, so I think it is a document that stood the test of time. I think the question for the next Government - not for this one - will be at what point we re-evaluate, because when Ian did that work and came to see us all, the global priorities were sustainability; number one. I think economic growth; number 2; and geopolitical instability; number 3. I think it is fair to say that the batting order has changed in the last 10 years, and we can see that most clearly in the difficulties nations are having in dealing with sustainability and affordability and geopolitics at the same time. I think there is a case to be made for a wise group to look at it maybe next year, but for our purposes it has been incredibly useful in helping the Civil Service to work with this Government on its C.S.P.*

Deputy L.K.F. Stephenson:

> *… about how the vision may have altered because of global challenges. Are you able to alter it as you go or does it stay as it is but you have just got to be mindful of changes and it needs a rework, as you say, in the future?*

Chief Executive Officer:

> *… My own view is that it still works as a vision for Jersey and something to guide policy-making and priorities. As I say, I think the way that Ian and the team developed it - I am sure there were loads of people - means it has stood the test of time. It is an incredibly thorough and rigorous piece of work. I do not think the themes necessarily have to change much, in my personal view, but I do think there needs to be a good debate about prioritisation, because the world around us has changed so much and it is giving us problems that we did not envisage, not least of course the aftermath of COVID when that was struck. I think there needs to be a debate, but it has certainly been incredibly useful to frame the last couple of years.*

The Chief Minister:

I think if you refer back to the C.S.P., you see how it is all linked to the framework. I have not discussed it with Paul or Andy, but I am minded to, on the back of the States Members' workshops we are having, ask them to review this between now and the start of the next Government, because the new Government, I think, will need to work on this, or a slightly restructured version of this to put together the next C.S.P.

Chief Statistician:

In my understanding - I was not here when Ian Skinner did the work but I have spoken to him subsequently - this was a 30-year vision. It was always recognised that individual Governments may choose to prioritise certain aspects of it, partly depending on the nature of the circumstances at the time; that is fine.

The Chief Minister:

I think actually it is helpful because the priorities are ... when we were putting the C.S.P. together, the priorities in there ... all of the headings in there were actually the priorities, and they had not really changed much apart from the geopolitical impact.

The Panel identified that that the Future Jersey Vision continues to work as a vision for Jersey and to guide policy-making decisions. However, although it was established as a 30-year vision, given the more recent local and global challenges that were not envisaged when developing it, it was raised that it may need to be reviewed or reworked in respect of how it prioritises the themes within, to meet the Island's changing needs. It was emphasised that the themes remain relevant but how they are prioritised may need to be reconsidered. The Chief Minister suggested that there would be benefit in this being looked at ahead of the next Government establishing its CSP.

In light of this, at the review hearing[34] with the Chief Minister, the Panel followed up to understand whether any reordering of priorities within the Future Jersey Vision had taken place when developing the Budget, particularly as the Vision was used to guide decision-making. Moreover, to take into account the nature of current circumstances in Jersey and any changes required since 2017.

Deputy A.F. Curtis:

… we discussed Future Jersey Vision and it was noted that it was still standing the test of time, however you felt that a reordering of priorities may be necessary. So, in the context of this 2026 budget, where was that reordering considered necessary and did any reordering take place?

The Chief Minister:

I think for the 2026 budget we have pretty much stuck to the Future Jersey plan as it is. I think it is probably a job for the next Government to look at a refresh of the Future Jersey plans. When we looked at it, we think it still holds very well, so I was talking in future tense really at that stage.

Chief Executive Officer:

[34] Transcript – CM – 10 October 2025 – Pg 21

Yes, and I think the other view in the Council of Ministers was it is better looked at alongside Bridging Island Plan and other big strategic issues that are coming up rather than pre-empting that, so the next Government.

The Panel identified that no reordering of priorities within the Future Jersey Vision took place ahead of developing the Budget, it followed the existing Future Jersey Vision. However, the COM was of the view that the reordering of priorities should be considered by the next Government and when developing other larger strategic issues, including the Island Plan.

KEY FINDING 7: The Future Jersey Vision 2017-2037 (FJV), following a two-year public consultation was established as a 30-year vision to deliver on Jersey's ten Island Outcomes. It continues to work as an effective framework to guide policy-making decisions and Government priorities, particularly the establishment of the Common Strategic Policy (CSP). Although the framework's themes remain relevant and reliable for Jersey, the order in which they are prioritised may benefit from a reordering to better align decision-making with Jersey's current circumstances. The FJV was developed in a manner to enable individual Governments to prioritise aspects of it depending on the nature of the circumstances at the time.

RECOMMENDATION 2 (OVERARCHING): The Council of Ministers should consider whether there would be benefit in reordering the prioritisation of the themes within the Future Jersey Vision to better align decision-making with the circumstances at the time. This should be undertaken ahead of establishing the new Common Strategic Policy in 2026 and to inform other significant strategic policy direction including for the development of the next Island Plan.

The Panel identified that any review, public consultation or refresh of the Future Jersey Vision by the next Government, would be faster than the original two-year process to develop it, given the existing research and framework already in place. Although, it was agreed that the Future Jersey Vision remains a relevant and robust foundation for policy and Budget development and that its principles should continue to guide the future CSP, potential gaps were highlighted. [35]

The Chief Minister:

I think the 2 years was from a standing start if I remember, and so I do not think it would take that long and the next Government could probably do that in a shorter period given that the foundation is already there. I cannot see right now, I know the world is changing quickly, but I cannot see any major changes being required to it.

Chief Officer, Cabinet Office:

No, I would agree with that. It is a very useful and well-researched document.

The Chief Minister highlighted a gap in respect of Cost of Living and suggested that could be a potential priority area for the next Government to consider in the Future Jersey Vision, noting that currently there are limited levers for addressing it beyond fiscal policy.

The Chief Minister:

There is one area that I have found, I think Ministers find them most frustrating in Jersey, is how we bear down harder on the cost of living. Because we do not have all of the levers to pull and I think that could perhaps have more of a priority in the Future Jersey work. As you know, we only have our fiscal policy, we do not really have any

[35] Transcript – CM – 10 October 2025 – Pg 25

monetary policy, so I think that has been a cause of frustration for this Government that we cannot do more in that area.

The Panel also highlighted potential gaps and further key areas for consideration, such as inclusion (diversity, accessibility, equity), and environment which it felt were not explicitly reflected as priorities in the CSP and noted these should be considered when reviewing the Future Jersey Vision.

Deputy H.M. Miles*:*

I think it was interesting, when I was looking at the budget, that if you go around your wheel there, there is 2 areas that are not covered by the C.S.P. and one of them is about inclusion. The other one was about the environment. I just wondered what thinking had gone in from a budgetary perspective about they are not in the CSP, those 2 particular areas.[36]

Although it was acknowledged that these areas were often addressed through business-as-usual activities, it was agreed that it would be reasonable for a future Government to consider elevating them to CSP priorities, given their strategic importance.

KEY FINDING 8: The Future Jersey Vision has gaps in areas including Cost of Living, inclusion and environment and has resulted in these themes not being explicitly reflected as priorities in the Common Strategic Policy.

RECOMMENDATION 3 (OVERARCHING): The Council of Ministers should consider whether there would be benefit in assessing the Future Jersey Vision (FJV) to identify any gaps in themes. A gap analysis of the Future Jersey Vision should be undertaken and consideration given to including themes to address the gaps identified, with particular focus given to Cost of Living, inclusion and environment. This should be undertaken ahead of establishing the new Common Strategic (CSP) Policy in 2026 in order to reflect these priorities appropriately with the next CSP.

The Panel sought to understand what monitoring of the Future Jersey Vision takes place and how this is aligned with that of other jurisdictions.

Deputy L.K.F. Stephenson:

…With regards to ongoing monitoring, but then particularly comparisons with other O.E.C.D. jurisdictions or peers, how does that work?

Chief Officer, Cabinet Office:

So, the good work that Statistics Jersey does with our Island Outcome Indicators means that that data is lifted and put into the O.E.C.D. in order to be comparable. The thing we need to be clear about though is most of those indicators are at least one or 2 years in between each check-in. So we have to also look at the risk registers and the service level performance indicators to see more real time changes. That is where a lot of our focus is. O.E.C.D. is useful for me to have a more medium-term strategic assessment of how we compare with other jurisdictions because they are also in a situation where many of their indicators only move every one or 2 years.

Deputy L.K.F. Stephenson:

[36] Transcript – CM – 10 October 2025 – Pg 26

Do you ever look to do anything in between, comparing jurisdictions that then might be published, or is it just that the indicators, the very formal framework, or are there other measures?

Chief Officer, Cabinet Office:

So I think it was 2 weeks ago Statistics Jersey produced its latest C.O.F.O.G. (Classification of the Functions of Government) analysis, the analysis of Government expenditure against other jurisdictions. I know you have seen it. This is the second iteration of it, so that is becoming a really useful set of data we can track over time. Then, as I mentioned, the 26th September event with States Members also used that data to consider. Jersey had a very significant period of public sector growth between 2018 and 2025. What happened in those other jurisdictions, our neighbouring, including O.E.C.D. countries, and are we an outlier or are we part of that trend?

The Panel observed that Statistics Jersey produces the Island Outcome Indicators (linked to the Island Outcomes and updated every couple of years), which are submitted to the Organisation for Economic Co-operation and Development (OECD) for comparability with other jurisdictions. Additionally, the Classification of the Functions of Government[37] is also used to compare Jersey's public expenditure with other jurisdictions, providing a useful medium-term benchmarking tool. This data informs understanding of trends such as public-sector growth relative to other OECD countries.

Government also relies on the Corporate Risk Register and Service Performance Measures for more real-time monitoring of progress for Jersey (this is discussed under the Jersey Performance Framework section of this report).

KEY FINDING 9: Jersey's progress for delivering on the Future Jersey Vision is monitored locally through the Service Performance Measures and compared against other jurisdictions by Statistics Jersey submitting the Island Outcome Indicators to the Organisation for Economic Co-operation and Development (OECD). The Classification of the Functions of Government is also used to compare Jersey's public expenditure with that of other jurisdictions.

Investing in Jersey

Investing in Jersey proposes a long-term coordinated plan for renewing and maintaining the Island's infrastructure and public assets between 2026-2050. It sets out a framework for investment in key areas such as housing, education, roads, utilities, coastal resilience, public buildings and shared community spaces. It is underpinned by the proposed Jersey Capital Investment Fund (discussed in Chapter 4 of this report).

The Panel sought to understand whether this long-term vision would contribute or align with the Future Jersey Vision to deliver on the Government's priorities and the Island Outcomes.

Deputy L.K.F. Stephenson:

… Investing in Jersey programme, how does that fit in relation to the Future Jersey framework?

The Chief Minister:

[37] Classification of the Functions of Government

We were, I want to say criticised, but it was mentioned that the ... C.S.P.s tend to be short to medium term documents and there was lacking a longer-term strategy, so we thought about that and that led to the creation of the Investing in Jersey, which is based around the fabric of our Island, the infrastructure. You can link that to a number of areas in the Future Jersey programme, including a built area, a natural environment, built environment, sustainable resources. If you run through that, you can see the links to it.[38]

It was acknowledged that as feedback received on the CSP priorities raised that the priorities were mostly short to medium-term and lacking a long-term vision, this led to the creation of Investing in Jersey, which aligns with the Future Jersey Vision and its Island Outcomes.

The Panel identified that Jersey's participation in the OECD Better Life Index provides valuable benchmarking data and that the data shows that Jersey's quality of life indicators, such as disposable income, housing and service utility have declined comparatively, prompting the need for Investing in Jersey as a response to strengthen infrastructure and meet the outcomes of the Future Jersey Vision.

Chief Executive Officer:

I think the other thing which is important to say about this is the - again I do not know whose decision it was - but the decision for Jersey to opt into the O.E.C.D. (Organisation for Economic Co-operation and Development) Better Life Index I think was an inspired one, whoever made it, because it is the best comparative benchmarking. We can have a future Jersey in my view, and that data has been crucial for this Council of Ministers. It was crucial in Invest in Jersey because if you look at that data, while Jersey's absolute position has not changed much, its comparative position has declined on what we may describe as the quality of life indicators; disposable income, housing and the utility of some of its services. I think Invest in Jersey, a big part of it is a response to that view that you cannot really meet the Future Jersey vision off the infrastructure we have currently got. It will not deliver the quality of life that people need and we can see that in the O.E.C.D. data. I would look at the 2 things together when you are thinking about how we evaluate things.

The Panel explored further how the OECD Better Life Index is being used to shape Investing in Jersey.

Deputy L.K.F. Stephenson:

…How is this being used to develop the Invest in Jersey priorities? You said there is a clear link there between the 2. Can you just explain a bit more about how it is being used?

Chief Executive Officer:

… if you look at the affordable living, if you look at what drags our score down, if I put it that way, even though our score is respectable, but if you look at what has stopped it being as high as it would be, affordable living is one of those, or everything around the cost of housing is one of those. A big feature of Invest in Jersey is figuring out, as you invest and reorder your estate, so an obvious example of this is some of the debate that has been had about the higher education campus. Can you reorganise things to create opportunities to address affordable living at the same time as you are trying to

[38] Transcript – CM – 19 September 2025 Pg 9

address some of the issues around education. So it is looking at it in that way to see, if we flick one switch, will 3 lights come on? So it is that kind of thinking as we look across the index that went into Invest in Jersey…

Chief Officer, Cabinet Office:

Yes. So, in the short term, you can see in the budget that areas like Fort Regent are given money for the first time. That links directly from the vibrant and inclusive part of the Island Indicator, which as you say uplifts into the O.E.C.D. overall framework. You would also see in the coming years, in the detail right now of the Investing in Jersey programme, making sure there is plans within plans. You will see plans for Andium, for the States of Jersey Development Company, and others in the kind of housing space. As we move into the future of the Highlands campus, you will see that in future budgets. What we are doing right now is taking the 4th August document as our strategy and making sure that there is detailed programme management within all areas of Government because it is a very cross-Government initiative[39]

The Panel identified that this data driven approach through the utilisation of the OECD Better Life Index is already influencing the Budget. This is shown through the allocation of funding in 2026 to projects like Fort Regent and allocations for future projects, with a focus on cross-Government coordination and structured programme management guided by the Investing in Jersey strategy.

KEY FINDING 10: Investing in Jersey 2026-2050 is a long-term vision which aligns with the Future Jersey Vision and the Island Outcomes. Jersey's participation in the Organisation for Economic Co-operation and Development (OECD) Better Life Index also provides a data driven approach for benchmarking the Investing in Jersey priorities.

The Panel sought to further understand what tangible differences would be achieved through Investing in Jersey as opposed to using the CSP and how progress would be measured and tied to the Island Outcome Indicators for targeted long-term capital planning.

Deputy A.F. Curtis:

… So, looking to this budget, looking to Investing in Jersey being a part of or aligned to this budget, what tangible differences will the Investing in Jersey programme, if realised, deliver compared to the Common Strategic Priority approach of driving Government's agenda?

…*Do you see that model of a Capital Investment Fund and the approach of managing finance especially for capital as something that you expect can then be tied to how you measure future Jersey indicators? So, is that model something that will help you align further the delivery of a large amount of spending with ultimately the indicators we measure Jersey's long-term planning?*

Chief Executive Officer:

Certainly in debating it, we thought it would…Some of the things that Ministers really wanted to tackle and are concerned about, the Minister for Infrastructure would fall into this category in terms of the degradation of the public asset base, we felt did not really lend themselves to sort of knee-jerk jumps in revenue budgets. They really needed to be rooted in this kind of structure to make sustainable progress. When you look at the

[39] Transcript – CM – 10 October 2025 – Pg 22-24

O.E.C.D. index of quality-of-life indicators, Jersey sits right on the mean, 49th percentile. Tackling that and moving it up to where we want it to be, which I think is top quartile, it would need to have this kind of approach to infrastructure. So that was the kind of the debate.

Deputy A.F. Curtis:

…that approach of being able to address capital is one thing, but tying it back to where one invests capital, where one prioritises, given this budget is seeking that kind of in principle decision to go ahead and bring forward legislation we hope in 2026.

The Chief Minister:

I think that was probably the catalyst behind the thinking of how we guarantee long-term investment or the investment is going to stay there for the improvement of our infrastructure. It ties in with the Future Jersey and especially with the environment and with the built environment and well-being aspect, but also with the C.S.P. priorities, affordable homes for example. Suddenly, we realised that there is a lot of sites, a lot of potential for affordable homes that cannot be built because the drainage is just not up to scratch…[40]

The Panel observed that there is an intention to provide long-term investment stability through Investing in Jersey and the Jersey Capital Investment Fund, which proposes to ring-fence capital expenditure. The Chief Minister confirmed that Investing in Jersey directly links with the Future Jersey Vision and the CSP priorities.

KEY FINDING 11: It is the Government's intention to tie the decision-making for Investing in Jersey priorities (what to invest in) and their delivery to the Island Outcome Indicators for the Future Jersey Vision.

Jersey Performance Framework

The Jersey Performance Framework is used to report on the Government's performance and is underpinned by a shared ambition for Sustainable Wellbeing of current and future Islanders. The framework comprises the Island Outcome Indicators (published by Statistics Jersey) and the Government's Service Performance Measures (published on Gov.je).

At the time of reviewing the preceding Budget and having recommended then that improvements to progress monitoring and reporting should be made to better assess the progress of Sustainable Wellbeing; the Panel sought to understand how the Jersey Performance Framework (and its measures for monitoring performance) was being implemented in practice as part of the Budget process for performance delivery across Government departments. The Panel made the following finding[41] when it reviewed the preceding Budget, noting that it was not clear that work to support departments to progress monitoring and delivery of performance against the Island Outcome Indicators was improved.

At that time, the Panel was not satisfied that the performance measuring mechanisms were being used consistently across departments to track performance indicators. The Panel had observed that while there were efforts to track the delivery of departments' key performance indicators (KPIs), it remained unclear whether a standardised tracking mechanism was consistently being adopted across departments and how that was monitored. The Panel

[40] Transcript – CM – 10 October 2025 – Pgs. 22-23
[41] Ministerial Response – S.R.8/2024 – F8

identified that the Executive Leadership Team (ELT) and the COM reviewed performance and KPIs, as well as risk registers, on a regular basis. However, the Panel noted that while performance reviews were becoming more structured with quarterly objectives and mid-year reviews for individual staff, the systems in place to track and ensure accountability for KPIs appeared to not be uniformly applied across all departments. To the Panel, this lack of consistency in tracking and addressing discrepancies in performance raised concerns about the Government's ability to ensure effective and coordinated accountability.

17	It is unclear whether a standardised mechanism for tracking Key Performance Indicators is consistently adopted across departments. Any lack in consistency in monitoring and addressing discrepancies in performance, risks effective and coordinated accountability.	Key Performance Indicators are regularly reviewed by managers, Chief Officers, Executive Leadership Team and the Council of Ministers. Ministers would like to ensure these mechanisms are understood by Panels and would be content to offer appropriate briefings.

Therefore, in February 2025, the Panel met with Dr Ian Skinner (former Government Assistant Director for Planning and Performance) whose work was integral to the development of the Future Jersey Vision and Jersey Performance Framework, which aimed to align the Government's strategic plans under a uniform, long-term vision (30 years) for Jersey.

From those discussions, it is the Panel's understanding that the intent of the Framework was to have a strong focus on Outcomes Based Accountability (OBA). Furthermore, to improve the delivery of the agreed Island Outcomes, a collective responsibility through cross-community partnerships was needed. Therefore, no individual department or service (internal or external) could be solely responsible for delivering the Island Outcomes and partner services would be required to draw from the Framework to measure their progress as well.

The management (setting, monitoring and measuring against goals) of performance is integral to the success of delivering on the Island Outcomes of the Future Jersey Vision. Data and statistical analysis would also be integral to understanding the measure of performance and potential implications. It is evident that to measure outcomes for Islanders and to determine whether the services being delivered are leading to improvements to the Island Outcomes, that data gaps need to be filled and strategic oversight of performance management improved.

The Panel notes that the central strategic performance function is no longer in place in Government and specific responsibility for oversight of performance management is therefore not clear. The Panel raises concern that the output from the previous centralised function for performance management could not be fully replaced by the work of Statistics Jersey and believes that there remains a need for analysis of performance within Government centrally and not only on the services provided by different departments.

In the lead up to the lodging of this Budget, the Panel's focused piece of work in relation to the Jersey Performance Framework culminated in a public hearing[42] with the Chief Minister in September 2025. The focus of questioning for that hearing was to develop the Panel's understanding of the progress of performance management through utilising the framework for measuring Government's performance against the Island Outcome Indicators and Service Performance Measures.

[42] Transcript – CM – September 2025

The Panel also considered the findings of the C&AG's review of the Jersey Performance Framework, which was reported on in October 2024.[43] This review evaluated the extent to which sustainable wellbeing and the Island Outcome Indicators feature in frameworks used for providing advice to support effective decision-making within the Government.

From that report,[44] the Panel understands that Jersey has enshrined in law that the COM must consider sustainable wellbeing when developing the Government Plan, however, there is no legal obligation to do so when preparing the CSP. The current CSP clearly aligns with Island Outcomes and links its 13 priorities to Sustainable Wellbeing themes, but this alignment is voluntary rather than statutory.

Officers are not legally required to consider Sustainable Wellbeing when advising Ministers or planning public services. Their obligation to account for Sustainable Wellbeing applies only to expenditure decisions, as set out in the Public Finances Manual for Accountable Officers.

Therefore, Government departmental business plans and staff performance targets, set through the *Connect People* system, are not legally required to incorporate Sustainable Wellbeing, meaning its consideration is discretionary, rather than mandated.

Also, no explicit responsibilities exist for scrutiny of delivery of Sustainable Wellbeing obligations.

In a submission[45] received from the C&AG to inform the Panel's review, the following recommendations (R) and areas of consideration (A) provided to Government following the C&AG's review of the Jersey Performance Framework were highlighted:

[43] Jersey Performance Framework - C&AG Report
[44] Jersey Performance Framework - C&AG Report
[45] Submission – Comptroller and Auditor General

Jersey Performance Framework (October 2024)	
R1	Introduce a legislative requirement for the Council of Ministers to: • take into account the sustainable wellbeing (including the economic, social, environmental and cultural wellbeing) of the inhabitants of Jersey over successive generations in preparing the Common Strategic Policy: and • set out how the Common Strategic Policy takes that sustainable wellbeing into account.
R2	Introduce a statutory duty on the Principal Accountable Officer and Accountable Officers to take into account the sustainable wellbeing (including the economic, social, environmental and cultural wellbeing) of the inhabitants of Jersey over successive generations in providing advice to Ministers and in planning the provision of public services.
R5	Develop further practical tools and guidance to support Accountable Officers in discharging their sustainable wellbeing responsibilities under the PFM and in developing policy and advice to Ministers.
R6	Develop and implement appropriate training programmes for Ministers and officers to support them in implementing best practice in embedding sustainable wellbeing into policy development and decision making.
R9	All key Government strategy, framework, policy, planning or guidance documents that have financial consequences, should include a financial section that provides the reader with the high-level financial impact of the likely implementation. This is not to be viewed as a business case, but rather a financial context in which future business cases can be framed.
R10	All key Government documents, including, as a minimum, Ministerial Decision cover sheets, should set out an explicit accountability statement of how the document will positively impact on the three domains of sustainable wellbeing (economy, community and environment) and how the delivery of the actions that lead to these outcomes will be assured.
A1	Consider whether specific responsibilities should be placed on scrutiny panels and the Public Accounts Committee to take account of sustainable wellbeing in performing their duties.

RECOMMENDATION 4 (OVERARCHING): The Council of Ministers must action the *Recommendations, Work planned that should be prioritised and Areas for consideration* from the Comptroller and Auditor General's review of the Jersey Performance Framework reported on in October 2024. Scrutiny must be formally updated on the delivery of these by Q3 2026.

In light of these observed gaps, and in the absence of a centralised Strategic Performance Management function in Government with specific responsibility for oversight of Performance Management, the Panel sought to explore how performance was being monitored and measured in line with the Jersey Performance Framework, to show delivery of the Island Outcomes in an accountable way. This was discussed at the public hearing with the Chief Minister.[46]

[46] Transcript – CM – September 2025 -Pgs.2 -

Deputy H.M. Miles:

> *… Can you advise where responsibility of the oversight of performance management currently sits within the Government?*

The Chief Minister:

> *Just by way of background, performance management data are reviewed regularly by chief officers and the chief executive officer. That is predominantly where it starts. Andrew, did you want to just dig a little bit deeper?*

Chief Executive Officer:

> *Yes, if I understand the question correctly, we place responsibility on the chief officers of departments and the Ministers. We do not have, which I think you had within the Cabinet Office a number of years ago, a central team that oversees performance management. Obviously we rely on centres of excellence - like Statistics, for example - we rely on key data sources, such as the data that we have from the chief people officer, and that is curated at a departmental level in the first instance, and through obviously objective setting by me and performance management setting by me, so we do not have - and, forgive me, I do not recall the names of these specific teams - but I think in the past you had teams collating information centrally. We do not have that resource anymore.*

Deputy H.M. Miles:

> *So who has strategic oversight of performance management now? Before you had a Strategic Planning Department.*

Chief Executive Officer:

> *Absolutely. That sits within the E.L.T. (executive leadership team) and supported by the same centres of excellence, like Ian to my left, and like the S.P.P.P. (Strategic Policy, Performance and Population) resource, for example, that we have in the Cabinet Office. That is where it sits, and that is reflected in departmental business plans. It is obviously reflected in the way that we go about evaluating progress on the C.S.P. (Common Strategic Policy) and so forth.*

The Panel raises concern that the output from the previous central function for performance management cannot be fully replaced by the data sources provided by Statistics Jersey alone and believes that there remains a need for strategic analysis of performance centrally within Government and not only on the services provided by different departments.

The Panel raises concern about the level of accountability at all stages in the performance management process and notes that the gaps need to be addressed to improve accountability and monitoring of performance at all levels and to deliver on the aims of the Jersey Performance Framework.

KEY FINDING 12: The absence of a central strategic performance management function in Government has resulted in unclear oversight, significant data gaps, and limited capacity to monitor whether services are contributing to the Island Outcomes of the Future Jersey Vision. While Statistics Jersey provides valuable data, it cannot substitute for the performance-focused role previously fulfilled at the centre of government.

RECOMMENDATION 5 (OVERARCHING): The Council of Ministers should re-establish a central performance management function with responsibility for setting performance standards, coordinating data collection and providing whole-of-government performance analysis. This function should work alongside departments and Statistics Jersey to provide strategic cross-departmental coordination, strengthen oversight, close data gaps and ensure that progress towards Island Outcomes is consistently measured and understood.

Island Outcome Indicators

Exhibit 1: Island Outcome Indicators

Source: Government of Jersey

The Island Outcome Indicators are published on the Government website and are updated on a real-time basis as new data is available. The Government has recognised the need, and has a stated intention to, improve the public reporting of sustainability matters.[47]

An updated suite of Island Outcome Indicators has been published recently. The C&AG highlights that following this update there is an opportunity to enhance further the duties, accountabilities and underlying processes that support the delivery of sustainable wellbeing to current and future generations of Islanders.

The C&AG also raises that in 2015; all United Nations Member States adopted the 2030 Agenda for Sustainable Development. Core to this Agenda is a set of 17 Sustainable Development Goals (SDGs). Several governments have taken significant steps to embed the SDGs into their national legislation and policies. It is noted that the Jersey Performance Framework has not been based specifically on the SDGs. Although the Island Outcomes set out long-term sustainable wellbeing outcomes that have been chosen for Jersey by Islanders and are supported by the Island Outcome Indicators, the SDGs are a common standard for sustainability reporting globally. It is recognised that Jersey is considerably smaller in scale than many other jurisdictions that have embedded Sustainable Wellbeing into legislation. Nevertheless, there is merit in comparing the approach adopted in Jersey to other jurisdictions to consider whether there is good practice that Jersey can learn from in a way that is proportionate to the Island. The C&AG recommends that Government consider the merits of embedding SDGs as a common standard for reporting on sustainability.

KEY FINDING 13: All United Nations Member States adopted the 2030 Agenda for Sustainable Development in 2015 and since then several Governments have taken steps to

[47] C&AG – Jersey Performance Framework Review

embed the 17 Sustainable Development Goals (SDG) in their legislation and policy, which are core to that agenda. SDG are a common standard for sustainability reporting globally.

RECOMMENDATION 6 (OVERARCHING): A review of the Future Jersey Vision should compare Jersey's framework to those of other jurisdictions to consider any best practice that Jersey can learn from and whether there would be any merit in embedding the 17 Sustainable Development Goals of the United Nations Member States 2030 Agenda in a manner that is proportionate to Jersey's size.

The Panel sought to understand the impact of the 2024 review of the Island Outcome Indicators on Government performance management and data-driven decision-making.

Deputy H.M. Miles:

> *There was a 2024 review of Island outcome indicators by Statistics Jersey. Can you tell us how this review has impacted on the Government's approach to performance management?*

Chief Statistician:

> *Shall I just say a little bit about what we did? Prior to that, Future Jersey had something like 58 indicators, and over time that expanded to over 200. Many of them were duplicated and they were overly detailed, and were very difficult to keep up to date. Also, they were very badly presented. There was lots and lots of gory detail, but you could not see the big picture. So the review that we did, we kept the 10 outcomes from Future Jersey. We kept nearly all of the 58 Future Jersey indicators, but we went through each of the outputs with a series of reviews with business experts across government, police, et cetera: what was the concept we were trying to measure here, what were the relevant indicators? So we have come up with a more streamlined, I think there are now 72 indicators. We have got a few that we would like to develop. We have done one in the digital space. That was the kind of indicators. So we are now able to keep on top of those, keep them up to date. Some of the data comes from J.O.L.S. (Jersey Opinions and Lifestyle Survey). It is only every 2 years, but basically my team pull all that data together and update it as soon as the data comes available. That was one part of the review, just the suite of indicators and making them more sensible and relevant and more up-to-dateable. But then we also, I think as you are aware, changed the presentation. We now have a dashboard. You can see red, amber, green. You can get the big picture. You can change the period. You can look at like 3 years, 5 years, 10 years, et cetera. So the feedback that we have had from users and from the C. and A.G. (Comptroller and Auditor General) was that was a much better presentation. I think it has been more widely used, the data. Previously, there was lots of detail there that was hidden away and it was not being used. So by presenting the data better, which is our job, I think it makes it easier for others in Government to use that data. So that is a useful background.*[48]

The Panel identified that the Outcome Indicators had expanded from 58 to over 200 with duplication and overly detailed metrics that were difficult to use. Therefore, the review streamlined the indicators to 72, keeping the 10 main Outcomes from Future Jersey Vision and nearly all original indicators, while removing redundancies. In addition, new indicators were developed in areas such as digital services. The presentation of data was also improved via a dashboard system with red/amber/green indicators, dynamic periods (3, 5, 10 years),

[48] Transcript – CM – 19 September 2025 – Pg 3

and easier accessibility. These dashboards allow more widespread use across Government and support real-time management.[49]

KEY FINDING 14: The review of the Outcome Indicators streamlined the indicators to 72, retaining the 10 main Outcomes from the Future Jersey Vision and nearly all original indicators, while removing redundancies. New indicators were also introduced in areas such as digital services. The improved presentation via the dashboard with red/amber/green status, dynamic time periods, and enhanced accessibility supports wider Government use and enables more effective real-time performance management.

The Panel also sought to understand how the data gathered was being used to drive departmental and Government-wide performance monitoring and tangible delivery progress.

Deputy H.M. Miles:

> *How would you say individual government strategies are understood, how do you know that they are making a difference and that they are having an impact?*

Chief Executive Officer:

> *… so if you think about the format we are in now, where we want the E.L.T. and the Council of Ministers, of course, to be continuously evaluating progress and performance, that streamlined dashboard that Ian mentioned is crucial to us, and pretty much you can see it sits fundamentally behind the C.S.P. in terms of what those Council of Ministers are trying to do. The other key inputs to that oversight are the community risk register and the data around that. There are the quarterly reports in particular from the chief auditor. There are the quarterly and monthly M.I. (management information) we get on all aspects of our people from the chief people officer. Those drive a lot of the E.L.T. level evaluation, but underneath that at a departmental level ...*
>
> *so let us use C.Y.P.E.S. (Children, Young People, Education and Skills) as an example, the chief officer in C.Y.P.E.S. will have their own departmental dashboard, which is more detailed than necessarily I would look at. I will set objectives in any time period but he, in this instance, will be looking at the performance of the whole department, which will include a lot of the 72 indicators Ian mentioned plus others that C.Y.P.E.S. need to run their business. So at a departmental level in any one time period - if we keep C.Y.P.E.S. as an example - they will have objectives at E.L.T. level that that chief officer is pursuing but he will also have set objectives for his direct reports. I do not know if you have seen the dashboard for something like Education, if they have taken you through it. But they will have everything from exclusions to all the things we are trying to measure around inclusion in that dashboard, and that is essentially how we run the business in terms of figuring out in real time if the things we are trying to do are having an impact.*

Deputy L.K.F. Stephenson:

> *How often does that get looked at? Is it routinely or does somebody have to go and look for something specifically?*

Chief Executive Officer:

[49] Transcript – CM – 19 September 2025 – Pg 3

If we stick with that example of C.Y.P.E.S., that will get looked at every day by them as a department because it is on Power BI. It is all automated and it is updating dynamically when new data comes in. So they will look at it all of the time. I will tend to look at it monthly or, if there is a particular area of objectives that we are looking at, I can get direct access to it through Power BI. But they will tend to send it to me monthly on the things that we decide are important at any one time period. It is essentially dynamic and looked at all the time, as are most of these dashboards as they are built.[50]

The Panel identified that the department dashboards are used to inform the ELT. The departments are able to view them daily and typically the ELT would view them monthly. The ELT and COM use the dashboard data alongside the risk registers and quarterly reports to monitor and measure performance.

Deputy H.M. Miles:

Does every department have a dashboard now?

Chief Executive Officer:

Every department has a dashboard. Is every department built as dynamically as C.Y.P.E.S., say, and H.C.S. (Health and Community Services)? Probably not, but it is partly because they are not as data-rich. But obviously, in Justice and Home Affairs, you have got very particular dashboards, and blue lights and so forth. But somewhere like Education, where you have got a lot of rich data constantly around pupils, it will be a more developed dashboard...

Chief Statistician:

I would say, picking up on those 2 examples, Education and Health, they have both got quite strong analytics teams. They have got about 10 or 12 analysts.

Chief Executive Officer:

Yes, they have got more resource.

Chief Statistician:

They have got more data and they have got more analysts and they are able to present the data. Obviously in my chief statistician role, I have an oversight for them. They are both quite strong teams.

Deputy H.M. Miles:

It is quite another conversation about how we are going to build our analytics team across.[51]

The Panel identified that all departments have dashboards, but not all dashboards were as dynamic and data rich, therefore there is inconsistency across departments in that regard. In addition, some departments have in-house strong analytic teams, such as for Education and Health, which supports richer dashboards and analytics. While smaller or less data-intensive departments have simpler dashboards.

Deputy L.K.F. Stephenson:

[50] Transcript – CM – 19 September 2025 – Pg 5
[51] Transcript – CM – 19 September 2025 – Pg 6

How are Ministers then brought into that conversation? Are Ministers regularly updated?

The Chief Minister:

We are. By considering all of that data, that steers the direction of C.S.P., Budget, Investing in Jersey programme. So that is the foundation of decision-making, but you have to ... the Island outcome indicators are useful, but they are longer-term trends, but they do shape the key policy decisions.[52]

In relation to engagement on performance management at a Ministerial level, the Panel understands that dashboards and Outcome Indicators are used to steer policy decisions and shape key policy directions.

KEY FINDING 15: While departmental dashboards are used to inform the Executive Leadership Team and the Council of Ministers on performance, there is significant inconsistency in their sophistication and data richness across departments. Departments with strong in-house analytics have richer dashboards, while smaller or less data-intensive departments maintain simpler dashboards.

RECOMMENDATION 7 (OVERARCHING): The Council of Ministers should consider standardising dashboard functionality across all departments to ensure consistent quality, accessibility and data richness, while providing support to departments with fewer analytic resources. This will enhance Government-wide performance monitoring and ensure that all departments can effectively inform strategic decision-making.

Statistics and Analytics

Noting the importance of statistical data and the analysis of it for measuring and managing Government's performance towards achieving the Island Outcomes, the Panel explored this further to understand what priority is placed on data and analytics by the COM, whether it is sufficiently supported and resourced and how gaps in data are managed and filled.

The Panel recalled the disparities in analytic capacity that it had identified across departments and sought to understand its implications on how performance is compared across departments and on the development of the Budget. The Panel explored this with the Chief Minister during the review hearing.[53]

Deputy H.M. Miles:

…We noted in the last hearing that there are some disparities in the analytic capacity across departments, largely due to resource constraints. Some departments have got dedicated analysts within departments, so education, health, others have less data-rich areas. How might this be addressed so that all departments benefit from equal levels of data gathering and monitoring?

Chief Officer, Cabinet Office:

Yes. So the Chief Statistician has that role across Government to ensure that both the Statistics Jersey tier one statistics are resourced adequately and delivered, and there is also sufficient activity in each area. I know, for example, he is working hard with the policing and crime team to introduce more transparent and regular data on that front.

[52] Transcript – CM – 19 September 2025 – Pg 7
[53] Transcript – CM – 10 October 2025 – Pgs. 18- 19

So it is an active area of interest. I am not aware of any areas which I can flag as a problem at this stage, but I am happy to look into it in more detail.

Deputy H.M. Miles:

I think it sort of links to previous questions about how does the uneven distribution undermine the ability of the Executive Leadership Team and Ministers to compare departments fairly?

Chief Executive Officer:

We just do not see the world the same way on this, I am afraid. So we have got big public service departments, big waterfronts, health, education, I. & E. (Infrastructure and Environment), which do have more data and analytical resources, partly because they are on the front of public service and they gather data and they are a source of gathering data, which is vital to the whole of Government. Obviously that is the case with health and education, for example. Then we have departments which I think are more civil service departments, they are policy-orientated departments, rather than having big front-line waterfronts. It is not obvious to me they cannot do their jobs well, relying on the centre of excellence, which is the Statistics Unit within the civil service. So I think at some point we will have to have a bigger debate about the difference between these big public service departments and these ones which are more anchored in what one might regard as a civil service. Some of those are very small departments, of course, so we feel the balance is about right with the resources we have got, and we do not look at it on a fair shares basis, we prioritise and we look at where is the need greatest, and we make sure that the resources are allocated to that.

Deputy H.M. Miles:

Okay, thank you. You talked about the Statistics Unit, the Chief Statistician told us last time as well that there is a need to develop more indicators, and that there is a need to do further work, because we do need to understand. I do not necessarily agree with your perspective, Chief Executive. So, what steps have been taken to fill the gaps in measurement where these indicators have not yet been developed?

Chief Officer, Cabinet Office:

I think we would have to ask the Chief Statistician for that level of detail, I am afraid

Deputy H.M. Miles:

I think what we are really getting at is that, if you have not got the right information, how can you develop appropriate budget proposals and treat departments fairly, as opposed to this kind of salami slice that is going on?

Chief Officer, Cabinet Office:

So, I would not characterise it as salami slicing, as the Chief Minister and Chief Executive said at the start, we started this budget process with the corporate risk register, the community risk register, but equally with the Island Outcome Indicators, and it is no coincidence that those areas that are flagging red on the indicators are the ones that we have consistently invested in.

Deputy H.M. Miles:

But I guess the point is that they are flagging red because the work is being done, there might be other areas that would be flagging red if we had better data gathering and better evidence.

The Chief Minister:

We can accept that; we take that on board.

During the hearing, the Panel heard that the Chief Statistician has *a role across Government to ensure that both the Statistics Jersey tier one statistics are resourced adequately and delivered, and there is also sufficient activity in each area*.[54]

However, it was identified in a submission[55] from Statistics Jersey that the Chief Statistician has a Government-wide role to *encourage and support* the publication of statistics and data held by departments, including *encouraging* adoption of the Code of Practice for Tier 1 Statistics. The Statistics Law states that the Chief Minister must make an annual assessment of the funding required by the Chief Statistician for Statistics Jersey, and that '*The States must hold the [relevant] Minister to account that the production of Tier 1 statistics is adequately resourced.*' As of 19th November 2025, only Statistics Jersey currently produces Tier 1 statistics[56].

During the hearing, it was also explained that some departments have more in-house analytics and others (smaller, more policy-oriented departments) rely *on the centre of excellence, which is the Statistics Unit.* Furthermore, it was reported that statistical resources are prioritised across Government departments on need and impact rather than equal allocation. However, the submission from the Chief Statistician raises that each Chief Officer or department makes their own decision on the size of analyst team that is needed to support their business.

Mindful that the Law is explicit in respect of the role and responsibilities of the Chief Statistician, when considering the evidence received during the hearing and in the submission, the Panel raises concern that it is unclear whether some departments (where analytic resource is lacking) are overly relying on Statistics Jersey to support their performance management responsibilities.

The Panel also identified the reduced capacity of Statistics Jersey to carry out cross-Government support.

The responsibilities of the Chief Statistician were further clarified in a submission[57] from Statistics Jersey, where it was explained that *under Jersey's decentralised statistical system, it is important that Accountable Officers take accountability for publication of statistics in their departments. As Chief Statistician, I encourage and support the publication of more data already held by departments, but it is ultimately the decision of the Accountable Officer about how they use their resources*.

It was further noted within that submission that due to cutting four posts as a result of the 2024 Budget, it resulted in the loss of two posts from the team that supported the Chief Statistician in his cross-Government role. It was noted that these posts were deprioritised as having the lowest direct impact on statistical outputs. However, the following functions were cut as a result:

[54] Transcript – CM – 10 October 2025 – Pgs. 18- 19
[55] Submission – Statistics Jersey – 20 October 2025
[56] R.164/2025 – Chief Statistician's List of Tier 1 Statistics
[57] Submission – Statistics Jersey – 20 October 2025

- Withdrawing from quarterly publications of departmental Service Performance Measures, with departments publishing this data in their departmental Annual Reports.
- Support for departments on surveys and questionnaires stopped. The intention was to provide more consistency in surveys across departments. Support is now only provided on a limited basis by Statistics Jersey to departments.
- Support for departmental data updates stopped. Statistics Jersey used to curate the Jersey in Figures web pages on gov.je. This is now maintained by analysts in departments.
- Purchasing and development of statistics training for the Statistics and Analyst profession stopped across Government.

The Panel raises concern that there would be a risk that insufficient data (indicators) could leave some areas under-measured and that could potentially result in critical needs being missed and not funded through the Budget cycle appropriately. This was acknowledged but it was further emphasised that budget priorities to which resource is focused, is flagged by the risk register and the Island Outcome Indicators. Therefore, where areas are consistently red flagged they will receive investment. The Panel argues that the area would only flag red where work is being done (data is available), and other areas might not, as a result of gaps in data and evidence.

KEY FINDING 16: There is an uneven distribution of analytical capacity across departments. Departmental analytical resources are reported to be prioritised based on need and impact rather than even allocation. Insufficient data in certain areas therefore risks under-measurement, meaning some needs might not be identified or funded appropriately through the Budget cycle. Although risk registers and Island Outcome Indicators flag priority areas for investment, areas lacking data may not be highlighted, potentially leaving gaps in policy attention and resource allocation.

RECOMMENDATION 8 (OVERARCHING): A Government-wide strategy for ensuring consistent and sufficient data collection and analytics across all departments should be established. This should include identifying and addressing gaps in indicators, ensuring that all policy areas are measurable and that investment decisions are fully informed by comprehensive evidence.

RECOMMENDATION 9 (OVERARCHING): The Council of Ministers must provide Statistics Jersey with sufficient resources so that it is able to appropriately undertake its cross-Government role to support, develop and improve the cross-departmental Statistics function in line with its statutory obligations.

Considering the Panel's observation that the Chief Statistician and Statistics Jersey would still be required to support cross-Government data needs, the Panel sought to understand whether it was suitably resourced to deliver on its function in 2026, and in line with its statutory obligations of the amended Statistics and Census Jersey Law 2018[58](Law), which was approved by the States Assembly in 2024.

Deputy H.M. Miles:

> *Do you think Statistics Jersey is suitably resourced in 2026 to deliver on what they are required to deliver?*

[58] Panel's Comments [P.29/2024] – Draft Statistics and Census (Jersey) Amendment Law 202-

Chief Officer, Cabinet Office:

> *I went through a process with the Chief Statistician and we met formally with the Chief Minister to determine whether that was the case. It is a matter of record because I had an exchange of letters with the Chief Statistician that he did bid for some additional monies, around £80,000 in 2026 and £120,000 for recurring after that in order to produce the kind of governance and administration that goes along with this new function. That is primarily in the annual report space and I am an accountable officer, I have determined that that is desirable, not essential, and lifting ourselves back up to that kind of curbing the growth agenda, that was one area that we needed to sacrifice.*

Deputy H.M. Miles:

> *Under Article 4(3) of the new Statistics and Census Law, Minister must make an annual assessment of the funding required to ensure that the Chief Statistician is provided with financial, administrative. Have you met the requirements under the statistics legislation of ensuring that they are properly funded?*

Chief Officer, Cabinet Office:

> *I am happy that we did, we had that formal meeting, we set it all out in a ministerial submission template that we were discussing earlier, to the Chief Minister, we had that discussion with the Chief Minister and, as I said, I put it all on record. I am happy to share those letters if that would be useful, but it is important to have that transparency, we thought.*

Deputy H.M. Miles:

> *So, you talked about business cases from Statistics Jersey, were there any business cases that you were unable to support?*

Chief Officer, Cabinet Office:

> *So Statistics Jersey had 2 elements, one was the administration and governance, and the other one was the future cost for a Living Costs Household Income Survey. We absolutely accept that in principle, there is no danger of it not going ahead, but we will be seeking to fund that in the years when it starts hitting, which is 2027 onwards. Other than that, I am not aware of any other.*

Deputy H.M. Miles:

> *Okay, so is the business case is just being deferred from 2026 to 2027?*

Chief Officer, Cabinet Office:

> *Yes, there is no scenario where we do not do it.*

The Chief Minister:

> *That is in line with the deferral, keeping the 5-year cycle with the deferral during Covid.*[59]

The Panel identified that a formal process was undertaken between the Chief Minister and Chief Statistician to assess the funding needs for Statistics Jersey, in line with the Law. It was noted that the Chief Statistician had submitted two business cases, which requested funding

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[59] Transcript – CM – 10 October 2025 – Pgs. 19- 21

for the Budget cycle. Funding was requested for the Living Costs and Households Survey and to administer the requirements of the Statistics and Census legislation. Neither were formally accepted by the Chief Minister for inclusion in the Budget.

The Panel received two submissions[60][61] from Statistics Jersey to inform its review. Further correspondence and supporting documentation relating to the annual assessment and funding requirements was also shared with the Panel in confidence.

The Panel has proposed an Amendment to the Budget to bring forward the funding requested in *Business Case – Administrative Support for Statistics Law amendments*[62] so that Statistics Jersey is sufficiently resourced during the Budget Cycle 2026-2029 to implement the requirements of the Law as amended in 2024 through the approval of P.29/2024. Further detail on the rationale and purpose for this Amendment can be found in Appendix 2 of this report.

Service Performance Measures

The other measure of the Jersey Performance Framework is the Service Performance Measures. The Panel sought to understand, on a practical basis, how departmental performance is measured and whether that was a standing item on the ELT agenda.

Deputy H.M. Miles:

> *… In terms of individual department service performance measures and how departments report on short-term performance to deliver an overview of key services, you mentioned earlier that the Executive Leadership Team had a responsibility there. Is performance management a standing item on the agenda for the extended leadership team meetings?*

Chief Executive Officer:

> *They are. We have been focusing certainly in the recent period a lot of that discussion around trying to ensure that we support Ministers to deliver that C.S.P., as well as the business as usual services, have been the real focus of a lot of that performance management in the most recent period. There has been a particular focus with the C. and A.G. and others on aspects of the community risk register and some of the areas that we are trying to improve there. It is pretty fundamental to that. In my individual objective setting with an evaluation of chief officers, particularly in those departments that we have been talking about with big custom waterfronts, we will go deeper into their dashboards. They will not always feature at E.L.T. level but what we have are deep dives. So we have had C.Y.P.E.S. along for a deep dive on their dashboard, and the things they are trying to achieve in the department beyond the strategic objectives. We have done the same in Health, we have done the same in I. and E., and the other thing which I will get shot for not mentioning is the other key document that comes into that evaluation, is the quarterly complaints and customer experience update from that team in E.S.S.H. That is the other thing that we look at quarterly.*

The Panel heard that it was a core focus to deliver the CSP and business as usual priorities and also identified that deep dives into departmental dashboards were conducted on key areas, though not every metric would be reviewed at the ELT meetings. In addition, quarterly updates on complaints and customer experience would feed into performance evaluation.

[60] Submission – Statistics Jersey – 20 October 2025
[61] Submission – Statistics Jersey -14 November 2025
[62] Submission – Statistics Jersey – 20 October 2025

To understand how the mechanism functions in practice, the Panel asked the Chief Officer for the Economy to outline how he monitored his department's performance.

Deputy H.M. Miles:

> *We are fortunate that we have got a chief officer with us this morning, so if I could ask you: how do you measure the performance of your department and how do you feed that through to the executive leadership team?*

Chief Officer, Economy:

> *For us it is essentially on delivery of the department business plans that set out objectives to be delivered. It is harder, I think, to manage policy and legislative development through a dashboard type approach. So you are really looking at stage gates of delivery and when we want to be at certain points around law drafting, around consultations, around lodging and briefing Scrutiny and so on. By extension though, the department has a significant waterfront elsewhere with Jersey Finance, Visit Jersey, Digital Jersey, so we are looking at the management of their outcomes, their business plan. They will present to us a business plan for funding, say, for 2026. We will look at how that aligns with the indicators for Jersey and the common strategic priorities of the Council of Ministers. Ultimately, the Minister will decide the extent to which that plan can be funded, given wider constraints, and then we will manage the relationship with that organisation around supporting their delivery. But their chief executives are on outcomes-based accountability measures, if it is visitor numbers or new investment businesses and so on, and that is reported back to the Minister through either half-yearly or quarterly partnership meetings.*

Deputy H.M. Miles:

> *How do you know within your department whether what you are doing is complementary to other departments? How do you get at the cross-cutting performance? How do you make decisions about working together to achieve those outcomes if performance is not a standing item on the E.L.T. agenda?*

Chief Officer, Economy:

> *I think performance is in terms of what is happening in other departments, but I think there is a lot of dialogue that happens underneath. The chief economic adviser, for example, does not have the statutory standing of the chief statistician. The chief economic adviser sits within my department and I line manage Tom, but Tom is a resource that is used across the whole of government for better policy making, so making sure that Tom is engaged in the right fora to help develop better policies. The Residential Tenancy Law providing economic analysis of the impacts of that, that is all done through Tom's team, as an example. They are working together and integrating much better. You will have seen Deputy Morel's announcement this week around the economy and planning combined hub, again how we work together to get the right economic input into planning applications and decision making.*[63]

The Panel observed that departmental performance is primarily measured against business plan objectives, including policy delivery and operational outcomes. Cross-cutting oversight of performance is managed through dialogue, collaboration and shared resources (Officers supporting multiple departments in policy analysis). Departments also monitor and manage

[63] Transcript – CM – 19 September 2025 – Pgs. 14-15

outcomes by relevant entities through linking of plans to Government's CSP and the Outcome Indicators.

KEY FINDING 17: Departmental performance is largely assessed against the department's business plan objectives, including policy delivery and operational outcomes. While departments link their business plans to the Common Strategic Policy and Island Outcome Indicators, cross-cutting oversight relies primarily on informal mechanisms such as dialogue, collaboration and shared resources, rather than a formal, systematic framework for monitoring and evaluating performance across departments.

RECOMMENDATION 10 (OVERARCHING): A structured Government-wide performance oversight framework that systematically monitors cross-departmental outcomes should be established. This framework should complement existing departmental reporting and ensure consistent alignment with the Common Strategic Policy and Island Outcome Indicators, enhancing accountability and facilitating decision-making at a strategic level.

Outcomes Based Accountability

As raised earlier in this chapter, when the Future Jersey Vision and Jersey Performance Framework were developed in 2017, the intention was for the Frameworks to have a strong focus on Outcomes Based Accountability (OBA), which would work across departments and community partnerships to improve the delivery of the Outcomes.

The Panel sought to explore how Government was promoting OBA across departments and agencies. The Panel recalled an 'area for consideration'[64] from the C&AG regarding methodology used by the Department for Children, Young People, Education and Skills (CYPES), referencing their approach as a good practice.

A6 The wider use of the Outcomes Based Accountability (OBA) methodology used by the Children, Young People, Education and Skills department for the Children and Young People's Plan 2019-2023 and review 2022-2023 (September 2023) should be considered where appropriate across Government.

Deputy H.M. Miles:

> *The Comptroller and Auditor General made some comments about the Jersey Performance Framework in October last year, and she talked about the outcomes-based accountability methodology, highlighted the Children, Young People, Education and Skills Department, particularly for Children and Young People's Plan and said that that approach should be considered across government. To what extent is government promoting outcomes-based accountability across your own departments and agencies?*

Chief Officer, Cabinet Office:

> *What we have sought to do is ensure we are following the Island outcomes indicators. As Ian said, some of them are 2, 3, 5-year indicators, so these are long-term changes. Those are the outcomes. We are, at the same time, measuring the inputs, so the service performance measures for larger inputs in terms of Health performance, C.Y.P.E.S. performance. We are trying to performance manage both, and it is the job of the chief officers and the departments and the Ministers to be trying to have that*

[64] Jersey Performance Framework - C&AG Report

short-term focus on the service performance managing their dashboards, but also be mindful of the trajectory of the Island outcome indicators. That is how I see outcome-based accountability. It is making sure that our trajectory is correct on the inputs, so that in 2, 5 years' time, we are seeing the right outcomes.

Deputy H.M. Miles:

I have a slightly different understanding of the outcomes-based accountability. It is not just how much you are doing, it is the quality of that intervention, and then it is also the key question, actually, who is better off? So it is not just about the nuts and bolts. One of the benefits of outcomes-based accountability is that if you are aiming towards an indicator, aiming to improve an outcome, it is not just government; it actually spreads out into the community. That is seen very clearly on the Children and Young People's Plan. How are you, as Government, engaging with the community using outcomes-based accountability to understand how you need to work in partnership to deliver those outcomes?

Chief Officer, Cabinet Office:

Absolutely. So what we are talking about here is the difference between quantitative and qualitative information. Of course that quality service feedback is equally as important in you can see that in how Health is undertaking its own feedback processes within the department. What I would say is that it is really important that that continues.

The Panel observed that while Government departments are aligning performance monitoring with Island Outcome Indicators and tracking both inputs and outputs, the full principles of OBA, focusing on the quality of interventions and answering the question "who is better off?", are not yet consistently applied across all departments. Moreover, engagement with the community to understand collective impact and partnership contributions to outcomes is currently limited, with notable exceptions in areas such as the Children and Young People's Plan.

KEY FINDING 18: While Government departments are aligning performance monitoring with Island Outcome Indicators and tracking both inputs and outputs, the full principles of Outcomes Based Accountability are not yet consistently applied across all departments. Moreover, engagement with the community to understand collective impact and partnership contributions to outcomes is currently limited.

RECOMMENDATION 11 (OVERARCHING): Government must develop a consistent approach to Outcomes Based Accountability across all departments, incorporating qualitative measures, community engagement, and partnership evaluation. This should ensure that performance monitoring not only measures activity and outputs but also the real-world impact on communities and long-term improvement in outcomes.

The Panel further explored whether formal training was provided for OBA.

Deputy H.M. Miles:

Have you got any formal training programmes in outcomes-based accountability to either Government or partner agencies? Are you actually delivering training?

Chief Officer, Cabinet Office:

No, not from the centre.

Deputy H.M. Miles:

Not at all. The commissioning process for agencies like Jersey Child Care Trust, Brighter Futures, et cetera, insist that they are taking an outcomes-based accountability approach in order for them to continue to receive funding. Certainly they tell us that that is a very useful framework and it is used broadly across the charitable sector. How are you using their dashboards? How are you using the information that they give you to understand that you are meeting your responsibility in delivering those outcomes?

Chief Officer, Cabinet Office:

If you are looking for specific examples of how we are managing commissioning and contracting grants, I would have to write to you on that. But yes, of course, it is important and it is built into their contract or services.

Deputy H.M. Miles:

Because it feels that you are asking your partners to take an O.B.A. (outcomes-based accountability) approach and yet agencies of government who are also delivering, who are also ... because this is a partnership meeting those outcomes.

Chief Officer, Cabinet Office:

Yes, it is.

Deputy H.M. Miles:

The training and the development in outcomes-based accountability seems to have stopped across government.

Chief Officer, Cabinet Office:

I am talking about within the central policy. I will have to write to you on what training and expertise we have within the commercial and the contract management teams. I feel that there should be some.

Chief Executive Officer:

... we will need to write to you anyway, but I would say on the 4 departments, which are big customer service waterfronts, and which have analytical resource within them, which is Education, Health, I. and E. (Infrastructure and Environment) and E.S.S.H. (Employment, Social Security and Housing). You can see in those departments - if you take E.S.S.H. as an example - what you are looking for. I think the way in which data is collated and drives decision making, the way in which they try to hold relationships in E.S.S.H. with charities who are partners for them, either because they have chosen to deliver services or because the services they deliver are complementary to the citizens' experience that we are trying to deliver, I think those are much more developed. I can see a very dynamic process in the decision-making around what they expect from partners like the ones you have mentioned, for example, going both ways. Both sides do not always agree on that of course, but going both ways, I can see that in action and I will be happy to write to you about that. Whether it is at the level that the auditor general would like it to be at, I think we are pretty resource constrained in some of the things that she would have us do. But in those departments, in I. and E. and its relationship with its contractors, in Digital Services and the way that we are trying to work with the industry around us, in E.S.S.H. in the way that we are trying to

work with our charity partners, we are taking a stronger approach with those partners. As you know, in terms of the outcomes we would like to see, in these areas and in Health you have heard ad nauseum about the work that is going on in Health through partnership boards and other things. In those areas I think we are making progress. Whether it meets the expectations of the auditor, I will need to reflect on and come back to you.[65]

The Panel identified that the level of OBA being adopted across departments is unclear. It was also confirmed that centrally no training is encouraged on OBA. Therefore, the available expertise on OBA within Government and whether any OBA training is being undertaken, is unclear to the Panel. The Panel emphasised that community engagement is needed to achieve the Outcomes and that agencies are expected by Government to adopt OBA, despite this not being encouraged consistently across Government departments. It was noted that the larger departments with significant service delivery have developed stronger analytical and partnership processes, which enables them to use data-driven decision-making and actively engage with charity and contractor partners to improve Outcomes. It was confirmed that as resources remain limited, implementation of OBA may not yet meet the C&AG's expectations.

KEY FINDING 19: Government provides no formal, government-wide training programme in Outcomes Based Accountability (OBA) for Officers or partner agencies. While some departments with strong analytical capacity are actively using OBA principles in partnership with external agencies and charities, this practice is inconsistent across Government. Central policy teams do not provide training or guidance, and support for embedding OBA across all departments has largely stalled.

RECOMMENDATION 12 (OVERARCHING): Government should establish a formal, centrally coordinated training and development programme in Outcomes Based Accountability (OBA). This should target Officers across all departments and relevant partner agencies, ensuring consistent understanding, application and evaluation of OBA principles. The programme should also include guidance on using partner data and dashboards to monitor and report on outcomes, enhancing accountability and the impact of Government-funded services. This should be implemented by Q3 2026.

3 Financial Strategy – General Revenue Income and Public Sector Spending

Economic and Fiscal Context

Fiscal Policy Panel

The Fiscal Policy Panel[66] (FPP) has a statutory role which requires it to comment on Jersey's fiscal policy with reference to:

- the strength of the economy in Jersey.
- the outlook for the economy in Jersey.
- the outlook for world economies and financial markets.

[65] Transcript – CM – 19 September 2025 – Pgs. 11-14
[66] Fiscal Policy Panel

- the economic cycle in Jersey.
- the medium-term and long-term sustainability of the States' finances and the States' financial assets and liabilities.
- the advisability of transfers to or from the Strategic Reserve Fund and Stabilisation Fund.

The FPP's work is guided by five key principles, these are:

- economic stability is at the heart of sustainable prosperity.
- fiscal policy needs to be focused on the medium term.
- policy should aim to be predictable, with flexibility to adapt to economic conditions to assist in creating a more stable economic environment.
- supply in the economy is as important as demand.
- low inflation is fundamental to the competitiveness of the economy.

Economic Outlook

The FPP reports in its Annual Report 2025[67] that the global economic outlook remains weak and uncertain with growth expected to remain below pre-pandemic norms. Although it was observed in 2025 that inflation significantly reduced from its 2023 peak, core inflation remains above target in several economies (including the UK). Jersey's inflation is edging upwards and the gap with the UK has widened. It is highlighted that Jersey should be cautious and ready to respond to any potential deteriorating conditions as financial conditions are tighter and geopolitical risks remain elevated. It is also noted that Jersey's economy has contracted by 0.7% in 2024. Concern is raised that domestically generated price increases and wage growth is outpacing productivity in parts of the economy, with the labour market remaining tight and capacity is constrained. In respect of the housing market, activity has slowed further (demonstrating the largest annual fall since 1986). This weaker turnover and lower prices are also impacting the construction industry and related activity.

KEY FINDING 20: Jersey's economic outlook remains fragile and uncertain. In 2025, Jersey's inflation is edging upwards and the gap with the UK has widened, the labour market is tight, and domestic price and wage growth is outpacing productivity in some sectors. The economy contracted by 0.7% in 2024, and the housing market is experiencing its largest annual fall since 1986, negatively affecting construction and related industries. These conditions highlight vulnerabilities in Jersey's economy and the need for caution and readiness to respond to deteriorating economic conditions.

Fiscal Outlook

In respect of public finances, the FPP reveals within its Annual Report 2025[68] that public expenditure continues to rise and is being driven by increased day-to-day spending (spending increases by 5% in 2026, although, revenues only increase by 1%) and not investment in productive capacity, which is facilitated by the proposed cut to the States Grant to the Social Security Fund.

It is emphasised that the operating balance (the difference between day-to-day spending and revenues) is forecast to move into a £12million deficit in 2026. Ultimately, with the use of the reduction in the States Grant being used to fill the funding deficit in departmental budgets and

[67] FPP Annual Report 2025
[68] FPP Annual Report 2025

with further borrowing needed to finance capital projects (despite the additional tax revenues forecast from Pillar Two taxation). Concern is raised that the 'overall balance' remains negative each year as capital spending and borrowing costs rise. Furthermore, that the faster growth in spending compared to income continues (a trend that started in 2019), which will produce a cumulative overall deficit of £345 million (when combined with capital) financed by reserve drawdowns and borrowing.

In respect of capital spending, the FPP notes that the Budget proposes an average capital spend of £256 million a year through 2026-2029, including on the New Healthcare Facilities (NHF). Capital spend will, in part, be financed by new borrowing of £43 million for Fort Regent, in addition to the £523m of borrowing for NHF. Annual capital spending will equate to around 3.5% of Gross Domestic Product (GDP), equal to the average for OECD countries.

Total public debt is forecast to peak at £1.3 billion in 2026, around 17% of GDP, with debt-interest costs approaching £48 million by 2028. Higher debt servicing costs will absorb a larger share of revenue and increase the sensitivity of the Budget to future movements in interest rates.

The FPP recalls its previous work which established that Jersey (a small, open economy that is reliant on international capital flows) must rebuild it Strategic Reserve to a level between 30%-60% of GDP. The FPP notes that the Strategic Reserve remains below 20% of GDP and will fall to 18% as a result of funding the NHF. It is further highlighted that the Stabilisation Fund is exhausted. With further concerns raised for the drawdowns from the Social Security Reserve Fund to address the 2025 overspends.

KEY FINDING 21: Jersey's public finances are under pressure due to a persistent imbalance between rising day-to-day expenditure and slower-growing revenues. The operating balance is projected to move into a £12 million deficit in 2026, with the overall balance remaining negative through 2026-2029 due to cumulative deficits, continued borrowing and rising debt servicing costs. The Strategic Reserve remains critically low, below 20% of GDP, which is well under the recommended 30–60% range. The Stabilisation Fund is exhausted, and reductions in the Government grant to the Social Security Reserve Fund is being used to cover overspends. These factors collectively increase Jersey's fiscal vulnerability and reduce resilience to economic shocks or adverse interest rate movements.

Findings and Recommendations of the Fiscal Policy Panel

This year the Budget was informed by the FPP's Economic Assumptions published in May 2025. The FPP's Annual Report 2025 was published on 3rd November 2025, which followed the lodging of the Budget.

Within its Economic Assumptions May 2025, the following key updates to the economic forecasts were provided by the FPP, which Government would use to inform its Budget proposals for 2026-2029:

1. Global Growth Projections: The FPP emphasised the exceptional levels of uncertainty and current volatility of global economic policy and, therefore, that there was greater than usual likelihood of outturns differing materially. Noting that Government would need to take into account any further updated forecasts to inform its decision-making.

2. Inflationary Pressures: The FPP raised its inflation outlook for Jersey. It is noted that higher UK inflation, as forecast by the Bank of England for 2025, is expected to increase import and food prices in Jersey. Domestic inflation pressures are also rising, with Jersey's Retail Price Index RPI(X) increasing from 3.2% to 3.4% in early 2025. Additionally, recent increases in the minimum wage and public sector pay are likely to add wage-driven cost pressures. Overall, Jersey is expected to experience elevated inflation through 2025–2026, before moderating in 2027.

3. Growth Forecast and Output Gap: Jersey's real Gross Value Added (GVA) is expected to grow modestly throughout the forecast period, with subdued growth of 0.4% in 2025, below the pre-pandemic average of 1.5%. Growth will be driven mainly by financial services, particularly bank profits, while non-finance sectors face weaker performance due to higher wages, rising costs, and reduced consumer confidence. The transition to a living wage will lift real earnings especially in non-finance sectors but, without productivity gains, is unlikely to boost overall growth. Businesses are expected to absorb higher wage costs through higher prices, lower profits, or reduced employment, adding further inflationary pressure. Some sectors, notably hospitality and retail, are forecast to experience continued real declines. The outlook remains uncertain, with potential upside and downside risks depending on global economic conditions and their impact on Jersey's financial sector.

Within its Annual Report for 2025, on considering Jersey's economic outlook and fiscal outlook (public finances), the following findings and recommendations were made:

1. Budget 2026 continues the trend of increasing day-to-day spending seen in previous years: Day-to-day spending is approaching total income for the period, leaving no headroom for capital spending, and overspends have been frequent in recent years. The trajectory of day-to-day spending is unsustainable given Jersey's revenues and will need to be curtailed in future Budgets. High levels of public spending, especially on services, in a capacity constrained economy is likely to add to existing inflationary pressures.

2. The Strategic Reserve and Stabilisation Fund need rebuilding: These reserves were specifically created to protect Jersey from economic shocks that can be detrimental to a small island economy. The Strategic Reserve is underfunded, and the Stabilisation Fund is empty. The commitment made in Budget 2025 to use relatively certain Pillar Two revenues to replenish the Stabilisation Fund has been abandoned. Without adequately funded reserves the risks to Jersey and its economy are greater.

3. Drawdowns from the Social Security Reserve Fund should only be made on the basis of a comprehensive actuarial assessment of future pension liabilities: The decision in the Budget to withdraw funds and cut the contribution to the Fund before the results of the 2025 actuarial review are published is not prudent.

4. The States of Jersey needs to save more: Compared to the pre-COVID-19 pandemic, Jersey's balance sheet has deteriorated significantly (as a percentage of GDP). A weaker balance sheet makes Jersey susceptible to fiscal and economic shocks that would damage public services and employment.

5. Pillar Two income should be used prudently: Saving should be prioritised over additional spend, particularly day-to-day spending. The FPP recommends that Pillar Two income should be invested in replenishing the Stabilisation Fund and in building the Strategic Reserve to the minimum value advised. Some of the income could be used to fund investment in capital, or productivity-enhancing measures, but should not be used to fund day-to-day spend.

When undertaking its review, the Panel aimed to assess how the advice of the FPP was considered by the Government when developing the proposals within the Budget.

Income

Income Forecasts

The Budget[69] explains that the Income Forecasting Group (IFG) has revised down the income forecasts for 2025 and 2026, by 1% and 0.8% respectively based on the FPP's May 2025 economic assumptions.

The IFG's latest forecasts reflects:

- Taxation and duty income results for 2024.
- Initial information on taxation and duty general revenues income for the first two quarters of 2025.
- Forecasts from Treasury for other income.
- Market and local sectoral intelligence from the IFG and by the Economics Unit.

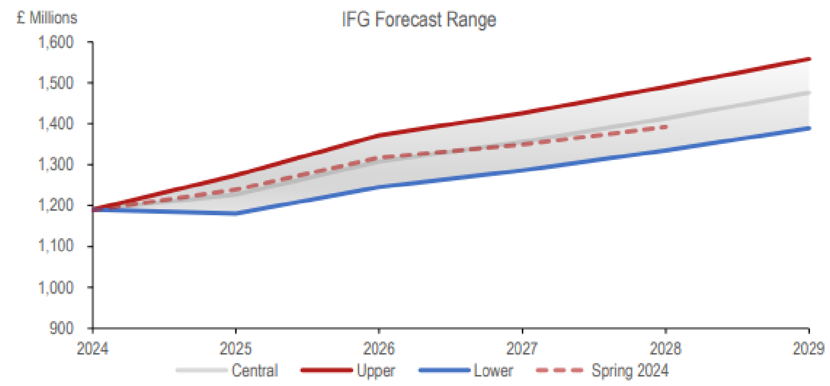

Figure 15: Range of IFG forecast: Source: IFG

A summary of the latest forecast can be found on page 30 of the Budget[70] and further detail on overall forecast changes from the summer of 2024 can be found on page 31.

The summary shows the changes to forecasts for personal income tax (increased across all years), corporate income tax (decreased for 2025, but future forecasting is unclear due to Pillar Two revenues), GST and International Services Entity Fees (slightly decreased for 2025, but later years are unchanged), impôts (excise) duties (decrease for 2025, but future forecasting relies on long-term consumption trends) and stamp duty (increased for 2025, revised down for later years).

Sustainable Public Finances

The Budget must deliver on its statutory requirements of the Public Finances (Jersey) Law 2019 for sustainability, which include that the Government Plan sets out how the proposals take into account 'the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey to safeguard it for future generations. Page 24 of the Budget notes that the Plan delivers budgets that are broadly balanced across the Plan. Further highlighting the importance of ensuring that Government is *spending within its means* and making adequate provision for the replacement of assets.

Considering that the FPP had raised concern over Jersey running an operating deficit in 2024, the Panel sought to understand the steps taken in 2025 to address this concern and whether

[69] P.70/2025
[70] P.70/2025

there was a risk of a structural deficit for Jersey. The Panel raised concerns regarding the position of public finances during a review hearing with the Chief Minister[71].

Deputy H.M. Miles:

> *Do you accept that there is a structural deficit in that spending is running ahead of income in the longer term?*

The Chief Minister:

> *I am not sure what the definition of that is. The budgets are balanced, but we have been, since the pandemic, relying on our reserves to balance the books.*

Deputy H.M. Miles:

> *Does the Chief Executive agree with that assessment?*

Chief Executive Officer:

> *That is a complicated question to answer, because within the context of a £1.3 billion budget, I think any Government has choices, particularly if they take a long- and medium-term view of it. So I think it is possible still in Jersey to balance the budget, depending on the choices that you make. Whether it is advisable, of course, is almost a democratic issue. So, I do not think I would use those terms. I think we have had tremendous cyclical pressures on the budget, occasioned by particularly the pandemic, but also Brexit and some other things have really been disruptive to the public service and brought costs into the public service that maybe were difficult to envisage. It is still my view that, as the Chief Minister said, with a kind of thoughtful debate about the facts as we now find them, which we are trying to have with the C.O.M. (Council of Ministers) and with the Assembly, and with a thoughtful approach akin to that taken by people like Terry Le Sueur years ago, and others, then it is possible to manage within our means. But it will need choices. It will need choices to be made.*

Deputy H.M. Miles:

> *You talked about balanced budgets. What is the prediction for the 2025 deficit currently?*

Group Director, Strategic Finance:

> *So, looking at a deficit, and there is an updated forecast that went into the budget, if the Assembly agree with the proposals to reduce the Social Security grant in 2025, there will be a deficit of £8.5 million after depreciation.*
>
> **…***Depreciation is £59 million.*

The Panel identified that, should the proposals to reduce the Social Security grant in 2025 be agreed, there will be a deficit of £8.5 million after depreciation for 2025.

The Panel also sought to understand how the Minister for Treasury and Resources defines and measures fiscal sustainability, particularly due to the decision taken by Government to use £50 million of Social Security contributions to balance the Budget in 2025. The Panel

[71] Transcript – CM – Page 5

sought to understand how this aligned with '*Government spending within its means.'* The Panel raised this during the review hearing.[72]

Deputy J. Renouf:

> *So the Fiscal Policy Panel said that in 2024 the Government ran an operating deficit and 2025 the budget is being bailed out by withholding money from the Social Security Fund to the tune of £50 million. Do we have a structural deficit, Minister?*

The Minister for Treasury and Resources:

> *We have had operating deficits in recent years and I think, because spend is exceeding revenue growth, it could become structural unless we do something to address it. Now, something to address it could either be increasing revenue by raising tax, which nobody wants to do, or by reducing spend, and that is what we are trying to focus on.*

Deputy J. Renouf:

> *So, we ran an operating deficit in 2024, we are doing the same in 2025 effectively. How does the Treasury define what is sustainable, because presumably you would accept that is not sustainable going forward?*

Treasurer of the States of Jersey:

> *We would expect and indeed require to be able to balance the books across the period of the plan. Each of those successive budgets does have a plan in place to balance the books. There are challenges we have, and the challenges in particular with this budget, while income will still increase, it will not increase by as much as we had previously forecast. Higher inflation has increased the expenditure forecasts for Government. So, the plan has changed between years. It still says that we have a balanced budget over the period of the plan and into those future years. I take the points about the changes to the Social Security Grant, but the Minister for Social Security will be undertaking the review and then a review of the position of that fund. That fund is in rude health, so if talking about sustainability into the long term, we have good reserves. We may have recommendations from the Fiscal Policy Panel that the Strategic Reserve should be larger, but the Social Security Reserve is a little bit above the original intent of the size of the fund. So, in terms of long-term resilience and sustainability, the States are in a relatively good place.*

It was acknowledged that Jersey has run operating deficits and that spending growth is outpacing revenue growth, which was risking a structural deficit unless addressed. It was noted that the decision was taken to reduce spending while balancing the Budget with the £50 million as a short-term measure. It was confirmed that the amount of £50 million was decided upon, due to that being the amount needed to 'balance the books' as opposed to being based on an assessment of how much the Social Security Fund could afford to lose. However, it was Government's view that the Fund is financially strong, that the long-term sustainability of the Fund would not be impacted by the decision and was projected to remain sustainable well into 2080 (even with the temporary reduction proposed).

Deputy J. Renouf:

> *… The aim is to close the gap by cutting spending in the next 4 years so that you will not have to rely on that. Can I come at this from another point of view, then, which is*

[72] Transcript – MTR – Pg 3

that you are using £50 million from the contributions. How did you decide on that figure, Minister?

The Minister for Treasury and Resources:

Well, I think because that was the money we needed to balance the books.

Deputy J. Renouf:

There was no calculation on how much money the funds could afford to lose before you hit on that £50 million figure. The £50 million figure derives from how much you felt you needed to find, rather than a calculation of what the Social Security Fund could afford to lose in contributions.

The Panel challenged the logic of relying on short-term funding for long-term spending and questioned why Government did not make the decision to reduce spending sooner instead. The decision was defended by the Minister for Treasury and Resources as the least harmful option compared to raising taxes or cutting essential services, arguing that the measure is justified given the strong health of the Social Security Fund and the need to maintain public services.

Deputy A.F. Curtis:

I think Deputy Renouf's question about cutting spending and the short-termism is, your response was: "We need to bridge that gap within 4 years as this is a temporary measure and these are choices", so why could the choice not be made now to make those choices about the level of spending need, to say £50 million is a lot to come out, or may not be, but we do not need the budget to be, we could cut our cloth earlier than in 4 years' time…

Deputy A.F. Curtis:

What provides you confidence that in 4 years' time the answer will be different, that we will have found ways to deliver savings without that compromise that the public might have to accept, because if nothing's acceptable to cut right now, what will be different in 4 years to give assurances that our funds will be stable?

The Minister for Treasury and Resources:

If over the 4 years you cannot reduce the spend, which is what everybody is telling us they want us to do, the public, I have no doubt, if you stopped them and said: "How would you feel about paying more tax?" they will say: "No, stop spending first, stop wasting our money". Until the public are in a position where they think we are not wasting their money, nobody will accept tax increases. So there is that period where, if we cannot reduce spending in a way that is acceptable to everybody, including politicians, then you would have to look at what else you do to increase revenue, and that has its own issues for the economy.

It is worth highlighting that the FPP notes the:

- *Budget 2026 continues the trend of increasing day-to-day spending seen in previous years: Day-to-day spending is approaching total income for the period, leaving no headroom for capital spending, and overspends have been frequent in recent years. The trajectory of day-to-day spending is unsustainable given Jersey's revenues and will need to be curtailed in future Budgets. High levels of public spending, especially* *on services, in a capacity constrained economy is likely to add to existing inflationary pressures.*

- *Drawdowns from the Social Security Reserve Fund should only be made on the basis of a comprehensive actuarial assessment of future pension liabilities. The decision in Budget 2026 to withdraw funds and cut the contribution to the Fund before the results of the 2025 actuarial review are published is not prudent.*

The Fiscal Policy Panel has emphasised that the trajectory of day-to-day spending is unsustainable given Jersey's revenues and advised that withdrawing money and cutting contributions to the Social Security Funds before an actuarial review is completed is not prudent.

The Panel raises concern that Government is not spending within its means, which contradicts the wording in the Budget highlighting the importance of ensuring that Government is *spending within its means.*

KEY FINDING 22: The proposed reduction of the Social Security grant in 2025, combined with ongoing reliance of a £50 million reduction to balance the Budget, highlights that Government is not spending within its means. While the Social Security Fund is projected to remain financially sustainable long-term, the decision reflects a short-term measure to cover a structural deficit caused by day-to-day expenditure growth outpacing revenue growth. This approach contrasts with the Budget's stated principle of spending within means and raises concerns about reliance on temporary funding to support ongoing expenditure. The Fiscal Policy Panel has also advised that reducing contributions to the Social Security Funds before a full actuarial review is completed is not prudent.

General Revenue Income

The Government funds ongoing annual expenditure and investment in assets through three main sources, including general tax revenues, other Government income and departmental income which are paid into the Consolidated Fund.

The Assembly is asked in the Proposition to approve the estimate of total States income to be paid into the Consolidated Fund in 2026 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law. See below Summary Table 1 for further reference.

Summary Table 1 - States Income				
	2026	2027	2028	2029
£'000	Estimate	Estimate	Estimate	Estimate
Income Taxes				
- Personal Income Tax	784,500	823,500	859,500	901,500
- Corporate Income Tax	234,000	235,000	248,000	260,000
- Interest Tax Relief (Letting Properties Only)	-	1,900	1,900	1,900
	1,018,500	**1,060,400**	**1,109,400**	**1,163,400**
Goods and Services Tax (GST)				
- Goods and Services Tax	118,500	121,500	124,500	127,500
- International Service Entities Fees	13,500	13,500	13,500	13,500
	132,000	**135,000**	**138,000**	**141,000**
Impôt Duties				
- Spirits	7,111	7,325	7,575	7,811
- Wine	8,723	8,887	9,090	9,271
- Cider	956	962	970	977
- Beer	6,169	6,271	6,400	6,511
- Tobacco	16,033	15,874	15,777	15,632
- Fuel	24,425	24,570	24,811	24,983
- Goods (Customs)	550	550	550	550
- Vehicle Emissions Duty (VED)	3,845	3,740	3,725	3,725
- Vaping	467	955	955	955
	68,279	**69,134**	**69,853**	**70,415**
Stamp Duty and Land Transaction Tax				
- Stamp Duty	34,237	38,476	41,554	44,593
- Land Transaction Tax (LTT)	2,276	2,703	3,038	3,358
- Probate	4,900	4,900	4,900	4,900
- Enveloped Property Transaction Tax	1,000	1,000	1,000	1,000
	42,413	**47,079**	**50,492**	**53,851**
Other Income				
- Island-Wide Rates	18,224	18,771	19,277	19,798
- Dividend Income	10,718	10,888	11,047	11,212
- Income from Andium Homes	28,773	29,266	29,689	30,292
- Liquid Waste Charges	-	-	10,000	10,000
- Other Non-dividend Income	19,912	19,802	19,893	20,117
	77,627	**78,727**	**89,906**	**91,419**
Total States Income	**1,338,819**	**1,390,340**	**1,457,651**	**1,520,085**

Budget Proposals

The Budget explains that, in total, new measures and annual adjustments are expected to generate an additional £0.7 million in revenue relative to the summer 2025 forecast of the Income Forecasting Group. The Panel sought further detail in respect of the Budget proposals tabled below during a public review hearing. [73]

[73] Transcript – MTR – 29 October 2025 – Pg 20

Summary of Budget Proposals		
£'000	Proposed vs forecast	Proposed vs status quo
New tax measures		
Tap relief	(275)	(270)
Tax on vaping liquid	467	467
Civil penalties for GST	-	-
Annual tax adjustments		
Personal allowances incl. child allowances, increase 2.6%	-	(9,000)
Reduced higher rate of stamp duty – non-main residence properties	(667)	(667)
Alcohol duty, increase with inflation	-	565
Tobacco duty, increase with inflation + escalator	-	1,100
Fuel duty, increase with inflation	-	620
Vehicle Emissions Duty increases	520	520
Budget proposals	**45**	**(6,665)**

Table 6: Summary of Budget Proposals

The Panel sought to understand how stakeholder engagement was undertaken to inform the proposals, and whether the consultation approach had been adapted in any way to improve engagement and ensure that stakeholder feedback was intrinsic to Government's decision-making.

The Connétable of St. Mary:

> *… Can you confirm, please, or outline the levels and approach to stakeholder engagement in developing revenue raising and relief measures for the budget, including key findings from such consultation with stakeholders and how they influenced the ultimate Government decisions?*

The Minister for Treasury and Resources:

> *We do follow a programme of engagement and we write to various stakeholders in March every year saying: "Would you like to make representations about changes, about things you would like to see?" We consult with them about proposals that we are bringing forward. We speak to the likes of the Jersey Hospitality, the Motor Traders Federation, the F.S.G. (Fiscal Strategy Group), which are from the tax agents and legal profession. We go to them, we discuss with them, who are experts in the field, and we take their views. Now, they may sometimes say, "Well, they consulted and they ignored us". We have not necessarily ignored them, but you cannot always give people what they want. For example, Jersey Hospitality, I think, would like us not to charge any duty at all on alcohol. That is not going to happen. It is not that we are ignoring the request, but it is just simply not deliverable. So, we do an extensive consultation…*

The Connétable of St. Mary:

> *Following feedback, you do continue to engage? How intrinsically engaged do they feel, as it were?*

Comptroller of Revenue:

> *I would say that some stakeholder groups are more likely to engage routinely than others. Probably the most active stakeholder group is the Fiscal Strategy Group, which covers accountants, lawyers, representatives of the trade bodies in the financial sector, and so on. Farmers Union, for example, tend to approach us on an issue-by-issue*

basis. So it really does depend. I mean, it also depends to some degree on the extent to which different sectors of the economy do have a representative body and do have standing officers in that body that can engage with us. Otherwise, it is very much, on their side, down to voluntary engagement.

Noting a previous recommendation[74] for the Treasury and Exchequer to identify impacts of the revenue raising measures on businesses, Islanders and the economy, the Panel sought to understand what monitoring had taken place for those measures in 2025.

The Connétable of St. Mary:

Once these are all in place, what is the monitoring of those measures to assess their impact on Island businesses once the go-ahead has been given?

Comptroller of Revenue:

It does depend on the measure. If, for example, we were introducing a new form of taxation, there would be a process of post-implementation review about how well we implemented the measure. But in the longer run, there would be a policy evaluation, which would try to establish the extent to which a change of policy had been effective. We do not tend to do those very often, unless it is a significant change. So, for example, Pillar 2 will in due course have a policy evaluation review. The vaping tax that is coming in this year, we will probably, with Health, keep monitoring the impact of that.

The Panel identified that Government follows an annual engagement process, inviting stakeholder input from March onwards and that consultations also involves stakeholder groups. It is noted that all stakeholder feedback is valued but not all requests can be accommodated. It was also highlighted that those sectors with organised representative bodies were generally more engaged. It was observed that monitoring of revenue-raising or relief measures was dependent on the scale of the policy change to assess their effectiveness.

The Panel identified that the Budget reflects a continued commitment to consultation. However, stakeholder engagement and post-implementation monitoring could be strengthened to ensure that policy outcomes are fully evidence-based and responsive to the needs of Islanders and businesses.

KEY FINDING 23: While the Government maintains an annual stakeholder engagement process and demonstrates a continued commitment to consultation in the Budget, the current approach has limitations. Engagement is stronger with sectors that have representative bodies and monitoring of revenue-raising or relief measures is inconsistent, depending on the scale of the policy. This may limit the Government's ability to ensure that policy outcomes are fully evidence-based and responsive to the needs of all Islanders and businesses.

RECOMMENDATION 13: The Treasury and Exchequer should strengthen stakeholder engagement by proactively reaching out to underrepresented groups to ensure broader input into policy development.

RECOMMENDATION 14: The Treasury and Exchequer should implement systematic post - implementation monitoring of all revenue-raising, relief and significant policy measures to evaluate effectiveness and inform future decision-making and to ensure that measures are responsive to the needs of Islanders and businesses.

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[74] Ministerial Response – S.R.8/2024

Personal income tax thresholds and child allowances

The Panel notes that it is being proposed that the main tax allowances be uprated by 2.6% in 2026 in line with the growth of June 2025 RPI. The Budget notes that the uplift will raise the low-income threshold to £21,250 and will deliver £9 million in additional tax relief to 90% of taxpayers assessed at the marginal rate.

The FPP's 2025 Annual Report[75], describes Jersey's inflationary position and highlights that underlying inflationary pressures are increasing, the gap with the UK has widened and headline inflation in Jersey is edging upward.

Islanders continue to face cost of living pressures, yet the uplifts are below inflation. The Panel wanted to explore this further in relation to the personal taxation and exemption thresholds proposed for 2026.

The Connétable of St. Mary:

> *…Turning to the question of exemptions and thresholds for personal taxation. How have cost-of-living pressures been monitored in 2025 and how was it decided that the proposed increase would effectively support low-income earners?*
>
> *…what approach was taken to determine what the exemption levels should be?*

The Minister for Treasury and Resources:

> *Well, we have considered that. I think we have to remember, I do have to keep emphasising that our personal tax threshold is significantly more than anyone else's. It is £21,250. The U.K., £12,570, and Guernsey, £15,200. That tax allowance keeps money in people's pockets. That will definitely help low earners. We could have saved some money and done what the U.K. do, which is some jurisdictions do not increase their personal tax allowances every year, which means that the value, the benefit of that exemption erodes. We have maintained ours. We have continued to increase it. That ensures that Jersey will remain competitive, and that will benefit lower earners, and it will keep some money in their pockets. We have also introduced the child tax allowances, which people with children will benefit from those. So those benefit lower earners. There is no question about that, I do not think.*

The Connétable of St. Mary:

> *I am concentrating on the low-income earners for the moment. It is obviously a Treasury decision, assuming you have engagement with your counterpart in Social Security…*

The Minister for Treasury and Resources:

> *Yes, we do, and cost of living, we look at what inflation is doing, where the cost-of-living group meets. Things like the community cost bonus was increased. It was doubled in 2022, and it has never been reduced. It has been maintained at over £500.*

[75] FPP – Annual Report 2025

The minimum wage has gone up very significantly, and I did ask for figures from that, but I do not understand the table. But the minimum wage has gone up by significantly more than inflation. So we are aware of that. The cost-of-living group have agreed to do minimum income standards, do some work on minimum income standards, which will help in future. But we have considered cost of living, and that is why we have agreed, we decided to increase threshold rather than leaving it static, and 90 per cent of taxpayers will benefit from that, the increase in thresholds, but it will particularly benefit low earners, because it means they are paying even less tax. [76]

Comparative to other jurisdictions including the UK and Guernsey Jersey's personal tax threshold is significantly higher, which especially supports lower earners. The decision to raise the tax allowance as opposed to freezing it, was to ensure its real value is maintained and Jersey remains competitive. The child tax allowances together with the Community Cost Bonus aim to further support lower-income households. It was noted that the Minister for Treasury and Resources, the Minister for Social Security and the Cost of Living Ministerial Group collaborate to monitor inflation and guide future policy. Ultimately the decision taken for the allowances were based on cost-of-living considerations, with a particular focus on easing the tax burden for low earners.

Alcohol

It is proposed within the Budget that following recent freezes to alcohol duty in 2021, 2023, 2025 and below inflation increases in 2022 and 2024, that alcohol duties increase in 2026 by raising rates in line with RPI growth, thereby returning to the practice of holding alcohol duty constant in real terms. The Panel explored the rationale for this decision during the public review hearing with the Minster for Treasury[77] and Resources.

Deputy H.M. Miles:

… *what was your rationale for proposing the R.P.I. (Retail Price Index) aligned increase in alcohol duties for 2026?*

The Minister for Treasury and Resources explained that the duties on alcohol have been either frozen or below inflation for 5 years. So, it was decided, as inflation has dropped quite considerably from its peak in 2023, that the increase at this time was appropriate. It was further noted that it was felt that balance needed to be struck between effects of the increases on hospitality, use of alcohol while socialising and public health related issues.

A further relief measure – tap relief, is proposed in the Budget for 2026 to support the hospitality industry. This would enable a lower rate of duty on beer, cider, wine and ready-to-drink cocktails sold from large containers in pubs, restaurants and hotels. The Panel sought to understand the consultation process undertaken to inform the proposals, recalling that this was consulted on the previous year, however, proposals were not taken forward in the preceding Budget.

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[76] Transcript – MTR – 29 October 2025 – Pg 21
[77] Transcript – MTR – 18 October 2024

The Panel received a submission from the Jersey Hospitality Association[78] (JHA) and held a meeting[79] to hear their views. It was the view of the JHA that there would be benefit in reforming and replacing the current duty system by considering reform of the licensing system. The JHA believed, following consultation with Government the previous year, that a complete overhaul of the licensing system was nearing completion, however that has not prevailed in this Budget. It was emphasised that increasing excise duty on alcohol does not stop harmful drinking, but rather that it damages the industry's ability to compete against the off-trade[80] and hinders its efforts to provide regulated social spaces for Islanders.

Deputy H.M. Miles:

> *Can you briefly explain the work and consultation that you have undertaken with industry on the effectiveness and sufficiency of tap relief proposals?*

The Minister for Treasury and Resources:

> *Tap relief has been discussed at great length at the Jersey Hospitality, and I think we do have to reflect that Jersey Hospitality Association does not necessarily speak with one voice. Tap relief will benefit, I think someone did say that 90 per cent of the taps in the Island will benefit from tap relief, so 90 per cent benefiting seems to me to be quite a good impact. There will be establishments that do not have taps, that will not have the benefit, but that is the nature of the business model. We have discussed with them, so that tap relief should create a reduction in price if you go into a pub to drink, and what matters is what the patrons, the landlords do with their pricing.*

Deputy H.M. Miles:

> *Well, that is the rub, is it not, with the Jersey Hospitality Association, because they would argue that it absolutely will not reduce the price, but we can ...*

Comptroller of Revenue:

> *I think opinions divide, so I think if you ask in particular the brewers, they are very happy indeed. I think the people who are perhaps less happy are people who only retail bottled goods.*

It was the view of the JHA that *tap relief is a gesture, not a game-changer and does nothing to breach the gap between the price of a pint in a pub compared to a supermarket.*[81] The JHA explains in its submission that any increase in the cost base is multiplied as the product moves down the chain to the consumer. Therefore, venues have no choice other than to pass on those increasing costs from shipping, utilities and wages to the consumer.[82]

The JHA also raised concern that the tap relief proposal was not a fair system as only two businesses would benefit from the proposals (those businesses that controlled the taps) and other family-run and small businesses (without taps) would be excluded from the relief.[83]

[78] Submission - JHA
[79] Record of Meeting – 28 October 2025
[80] Off-trade – places where alcohol is not consumed on the premises like stores and supermarkets. On -trade – places that sell alcohol for immediate consumption on the premises like bars, restaurants and pubs.
[81] Submission - JHA
[82] Submission - JHA
[83] Record of Meeting – 28 October 2025

The Panel sought to understand how the categories of drinks were decided to be in scope for the relief.

Deputy H.M. Miles:

> *In terms of the categories proposed to be covered by the tap relief proposals, predominantly the beer and the cider, did you look at any of that through a gender responsive lens?*

The Minister for Treasury and Resources:

> *Yes, we did, and it is not just beer or cider, because you will recollect that was my first comment on it. We have been talking about this for some time. It will also cover cocktails, spirit mixes, cocktails and wines that are sold in large volumes. I think, if you are buying wine in a 10-litre container, you will have the benefit of tap relief…*

Comptroller of Revenue:

> *… we have tried to extend the tap relief as far as it could possibly go.*

The Panel sought to understand what administrative burden the relief would create.

Deputy H.M. Miles:

> *Has this put any burden on to industry, any administrative burden on to Government?*

Comptroller of Revenue:

> *I would say there is some administration, which it largely falls on our Customs colleagues in terms of importations. There will obviously now be a difference between the importations in large vessels like kegs, as opposed to the other. In terms of the burden on the industry, it is largely alleviated by the fact that it is a tap relief. So the big brewers obviously will have to differentiate between the duty they are being charged on kegs, as opposed to the goods they are bottling.*

The Panel sought to explore what was driving the relief proposals in the form decided.

Deputy J. Renouf:

> *Can I just ask, are you attempting to drive changes in behaviour or do you expect changes of behaviour in the sense that businesses may spy an opportunity to sell lower-cost alcohol by using tap relief, by buying bags or whatever and putting things into there? Is that something you have modelled, thought about?*

Comptroller of Revenue:

> *I would not say in great detail. I mean, the genesis of this originally was that Ministers were lobbied essentially to mirror what the U.K. was doing. There was an argument in particular about trying to reduce the cost of alcohol on-licence. There was a concern about keeping public houses and so on going as social hubs and so on. So we did look at it very much from the lens of trying to do something that would benefit on-licence sales. Now that that is there, obviously there is an opportunity for people to work with the tap relief to adjust their business models.*

The Panel notes from the feedback received from the JHA that it appeared taken aback that proposals in the Budget include a tap-relief system modelled on the UK and an increase in excise duty.

Jersey Hospitality Association:

In previous years we have lobbied hard to remove the planned increases in alcohol duty. While we've been successful in reducing the blow businesses faces every time an increase is announced, we were given assurances by the government that work would start on reforming and replacing the current duty system. A complete overhaul of the licensing system is nearing completion and will help the industry survive, but next to no progress has been made on resetting alcohol duty. Instead, we have been presented with a tap relief system that's modelled on the UK and an increase in excise duty.

The Panel sought to explore the work to reform the licensing system further, considering the feedback of the JHA.

Deputy H.M. Miles:

You talk about the on-trade and the off-trade and that is something that was raised with us again by the Jersey Hospitality Association and certainly they have been proposing about a split duty rate. Have you done any work this year on how that might work?

Comptroller of Revenue:

We are still doing thinking around that. The real difficulty is that, if you are a brewer or a distiller, you do not know the end use of your product until it gets to the ultimate point of retail. So you can only really differentiate for tax purposes at the point of retail and that makes it very difficult to construct an effective excise duty. I think when we look at it in further depth, a more likely outcome is some sort of end-use taxation. So, for example, and I am not suggesting this is a good idea because we do not really want to complicate the G.S.T. system, but a higher rate of G.S.T. on alcohol sold in an off-licence, for example. It is very difficult otherwise to construct an effective form of taxation because of the risk of diversion.

The Minister for Treasury and Resources:

The likelihood is that they will be very burdensome in terms of administration for everybody. So everybody will have a much higher level of administration, including the retailers, and we do not think anybody else does it, which there may be good reason for that. So I think we have previously thought it would be very administratively difficult for everybody.

Comptroller of Revenue:

Yes, we are not aware of anyone that does it.

The Panel discussed the public health issues relating to alcohol consumption and the drive to change Islander's behaviours by using price as a lever. The Panel sought to understand whether other alternative approaches were also being considered to balance the impact on the on-trade and still encourage safe social drinking environments. It was the view of the Minister for Treasury and Resources that there were limits to what could be achieved in terms of fiscal policy to drastically change behaviour. It was her view that larger impact is needed through health messaging to impact change in behaviour. It was the Panel's view that strong evidence suggests that cost does also affect behaviour change.

The Minister for Treasury and Resources:

… I mean there is limits of what we can do in terms of tax because I am not sure, I believe there to be limited evidence as to what, if you apply minimum price per unit, it does not necessarily have any impact and it will impact those on low incomes more than it impacts the people that are quite happy to pay £10 for a bottle of wine. It will not impact them but it will impact people who are drinking at the much lower end of the market. So there is where the impact sits, and people at the higher end may be drinking just as much if not more than the people at the lower end of the income scale.

Deputy H.M. Miles:

Although there is good international evidence to show that price and consumption are intrinsically linked, you increase the price of consumption, and it reduces ...

The Minister for Treasury and Resources:

But how far do you have to, in an Island where a lot of people cannot afford to drink, I think that is difficult.

KEY FINDING 24: The Budget seeks to balance supporting the hospitality sector through tap relief with moderate alcohol duty increases, while recognising the limits of fiscal policy in influencing alcohol consumption in Jersey.

RECOMMENDATION 15: The Treasury and Exchequer should conclude its review of the alcohol licensing and duty system, engaging with the hospitality sector regarding off-licence and on-licence taxation, to develop measures that balance public health objectives with the economic sustainability of licensed venues. This review should consider the cumulative impact of duties, operational costs, and market competitiveness to ensure policies effectively support both responsible drinking and the viability of the local hospitality industry. This work should be completed and any proposals brought forward in the subsequent Budget.

Tobacco

It is noted within the Budget that Ministers recognise that smoking represents a significant threat to the health and wellbeing of Islanders and continues to place a burden on Jersey's health care system. The rationale for proposing increases for tobacco duties is to support public health objectives. It is proposed to increase duties on tobacco products by 7.6%, which is the sum of the forecasted June 2025 RPI (3.6%) and an additional 5% escalator. Cigars will be subject to an increase of 10.6% and an 8% escalator, in line with existing policy to close the gap between the duty charged on cigars and cigarettes.

The Panel received a submission from the Channel Islands Tobacco Importers and Manufacturers Association - CITIMA[84] with their views.

The Budget notes that tobacco duty has seen fluctuations with changing behaviours and is challenging to forecast. The Panel sought to understand the challenges and trends noticed in Jersey and discussed this during the review hearing with the Minister for Treasury and Resources.[85] The Panel heard that tobacco sales volumes continue to decline, and forecasts

[84] Submission - CITIMA
[85] Transcript – MTR – 29 October 2025 – Pg

assume this trend will persist. Government policy is to increase tobacco duties above inflation, as part of its health and fiscal strategy. The Minister emphasised that Government followed international guidelines of the World Health Organisation to prevent consultation with the tobacco industry when setting duty rates.

The Panel sought to understand whether duty-free limits could be changed as a policy measure or to raise revenues.

Deputy A.F. Curtis:

> *Have there been any conversations about changing the legal duty limits, either as a revenue raising measure or as a policy measure with Customs?*

Comptroller of Revenue:

> *The duty-free limits are governed by international conventions.*

Deputy A.F. Curtis:

> *So there is no flexibility on that?*

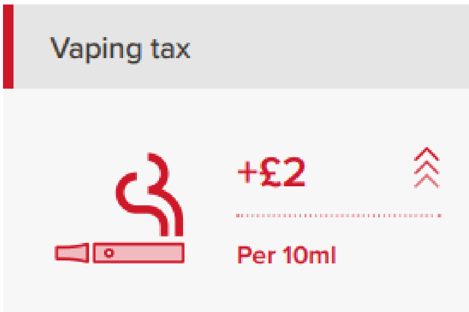
Comptroller of Revenue:

> *It is not very easy to achieve a change. The manufacturers pretty much produce a standard 200 box for duty free shops.*

It was identified that duty free limits are governed by international conventions and would not be easy to change.

KEY FINDING 25: Tobacco duty policy in Jersey increases tobacco duties above inflation, as part of its health and fiscal strategy. However, opportunities to adjust duty-free limits are constrained by international rules and industry practices.

Vaping Liquid



The Budget proposes to introduce a new excise duty on all vaping liquid at a rate of £0.20 per millilitre in 2026. The rationale provided is to discourage young 'never-smokers' from taking up vaping. It is the view that a balance has been struck to support current and former smokers to transition away from smoking. In addition, proposals allow for a duty-free amount of vaping liquid to be brought into Jersey by travellers for personal use.

During the review hearing[86] the Panel explored the analysis undertaken to develop the proposals to meet the policy aims.

Deputy A.F. Curtis:

> *…What analysis has been taken on vaping proposals to ensure they balance discouraging uptake of smoking by those who have never smoked and supporting the transition, but also trying to deter people from vaping perhaps in the first place?*

The Minister for Treasury and Resources:

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[86] Transcript – MTR – 29 October 2025 – Pg

Well, I think there has been quite a lot of work done. We are following generally what other countries are doing. We are following international initiatives on that. I think it is very difficult to say, if you put the price up. I think the work that public health did with young people did disclose that a price increase would deter younger people. So it is trying to set a balance at a rate that will not deter people who are using vaping as a means of stopping smoking. So the vaping, subject to people's usage, of course, should still be significantly less than the cost of tobacco.

The Panel sought to understand whether implementing the proposal would be burdensome.

Deputy A.F. Curtis:

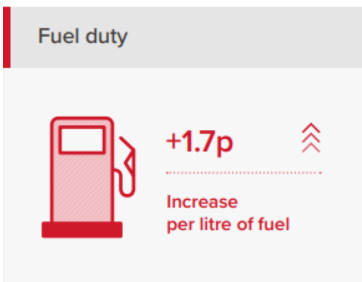
Are you aware of any impacts expected on Customs resourcing and enforcement being Treasury adjacent?

The Minister for Treasury and Resources explained, should the proposal be approved as part of the Budget approvals, that Custom's systems would require development to implement the proposals. Moreover, engagement with industry would need to take place as well as some training. The intention was for the proposals to be delivered in Quarter 2 of 2026 (April). It was further confirmed that growth funding was allocated in the Budget to this for 2026 through the Department for Justice and Home Affairs (I-JHA-B26-001 Vaping Tax). The Minister also highlighted that the Budget forecasts a lower revenue amount for 2026 compared to the following years, and that was not a reflection of increased taxation in 2027, but recognition of the fact that in 2026 the entire year is not accounted for due to delivery of the proposals in Quarter 2. [87]

Vaping tax is designed to support public health goals by preventing uptake among youth while facilitating smoking cessation. The rate aims to strike a careful balance between deterrence and support, with some operational implications for enforcement and administration to be managed by relevant authorities.

KEY FINDING 26: Vaping liquid tax seeks a balance to support public health goals by preventing uptake of vaping among youth while facilitating smoking cessation. The increase in vaping liquid tax shown in the Budget for 2027, 2028 and 2029 is not a reflection of increased tax in those years but recognises that the tax will only be implemented in Q2 2026. This will follow the development of Custom's systems, engagement with stakeholders and training in early 2026.

Fuel



The Budget explains that following the freeze on road fuels duty to assist with the cost of living in 2023, 2024 and 2025 that it is proposed to increase fuel duty with RPI growth to maintain its value in real terms. However, it is proposed to maintain the duty freeze on Hydrotreated Vegetable Oil (HVO) to support increased uptake of the low emission transition fuel.

The Panel endeavoured to explore the impacts of the previous fuel duty freezes to alleviate cost of living pressures and raised

[87] Transcript – MTR – 29 October 2025 – Pg 32

this in a public review hearing[88] with the Minister for Treasury and Resources. The Panel identified that it is difficult to monitor the impacts of tax. The view of the Minister was that *'you can either do something or you can do less and spend the money monitoring it'*[89] furthermore, *'people are still driving their cars; it may make it easier for people to drive their cars'*. In light of that view, the Panel sought to explore the rationale for increasing duty for 2026, while Islanders continue to feel the pressures of cost of living and sought to understand why this course of action was deemed appropriate under those circumstances.

Deputy J. Renouf:

> *It is a general; it will make things slightly better for people.*

The Minister for Treasury and Resources:

> *Yes, we are trying to make things slightly better, and we also said as part of the C.S.P., it was very clear, we said very clearly as part of the C.S.P. that we would endeavour to minimise increases to Government duties and levies as much as we could to help the cost of living and that is the possibly relatively small thing that we can do is to not increase duties.*

Deputy J. Renouf:

> *But you have.*
>
> *…So what was that decision-making process? Why have you decided to reintroduce cost-of-living increase in fuel duty?*

The Minister for Treasury and Resources explained the rationale to re-introduce increases in fuel duty for 2026, which was to restore pre-2023 policy of adjusting it in line with inflation. It was the view that the proposal was appropriate for 2026 as inflation is now much lower (down from 10% previously), fuel prices have fallen from previous peaks, and there are wide variations in pump prices (providing consumer choice), which also means that the duty increase should have minimal consumer impact. It was also emphasised that the duty increase would support the Carbon Neutral ambitions through a percentage of it being transferred to the Climate Emergency Fund.

In respect of HVO and the proposal to freeze the duty on it for 2026 to increase its uptake, the Panel sought to understand the impact of the proposals to date in changing the behaviour of Islanders to meet the proposal's aims.

Deputy J. Renouf:

> *Just on a niche subject, but one I have a particular interest in, which is the H.V.O. (Hydrotreated Vegetable Oil), there was a measure to freeze duty on that and in fact to cut it, I think, last year. Have you seen any changes in behaviour? What is the uptake?*

Comptroller of Revenue:

> *I do not have the volumes. We can ask for the volumes and let you have those.*

The Minister for Treasury and Resources:

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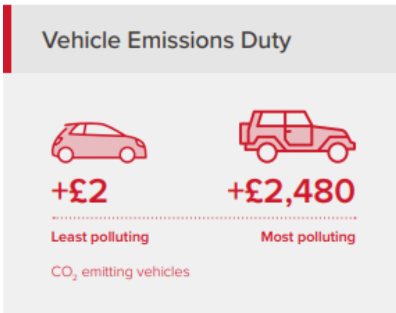
[89] Transcript – MTR – 29 October 2025 – Pg 32

I do not recollect them growing. I think there are issues, there are concerns about H.V.O. and its effectiveness.

KEY FINDING 27: The Budget seeks to balance restoring fuel duty in line with inflation with ongoing support for low-emission alternatives including Hydrotreated Vegetable Oil (HVO). Although Islanders continue to face Cost of Living pressures, it is the view of the Council of Ministers that fuel duty increases are justified in 2026 due to lower inflation and lower and varied fuel prices across Jersey, so consumer impact should be minimal.

Vehicle Emissions Duty



The Budget notes that Vehicle Emissions Duty (VED) is charged when a vehicle is first registered in the Island. The amount of VED payable depends on the vehicle's CO_2 emissions, meaning that the charges are higher for the most polluting vehicles. It is noted that the increase in income (estimated at £520k) from VED proposals is transferred into the Climate Emergency Fund. The Carbon Neutral Roadmap established the principle of annual increases to VED for all standard (non-commercial) petrol and diesel vehicles, including hybrids. It proposed higher increases for higher polluting vehicles, until at least 2030, when the ban on the importation and registration of internal combustion engines is planned to be phased in. The Budget proposes the VED increases as follows:

Vehicle Emissions Duty – Standard vehicles

CO_2 Mass Emissions (grams)	2025 Actual	2026 Proposed	Proposed Increase %
0	-	-	0%
1-50	35	37	5%
51-75	73	77	5%
76-100	240	252	5%
101-125	422	464	10%
126-150	715	787	10%
151-175	1,435	1,650	15%
176-200	4,830	5,796	20%
201 or more	9,921	12,401	25%

Table 5: Vehicle Emissions Duty

The Panel sought to understand the impact of the proposals to date and what trends were being identified to demonstrate that the policy objectives were being met through the annual VED increases.

The Panel heard during the review hearing[90] with the Minister for Treasury and Resources that sales of high-polluting vehicles appeared largely unaffected by the VED rises, meaning that these vehicles continue to generate more revenue for the Climate Emergency Fund (effectively by applying the 'polluter pays' principle). The Panel questioned whether that meant that the VED levels for those vehicles could actually be increased further if that market is insensitive to higher rates. However, it was further noted that Government received lobbying from owners and importers of petrol collectible and vintage cars, which would complicate VED policy decisions for further increasing VED levels for those high-polluting vehicles.

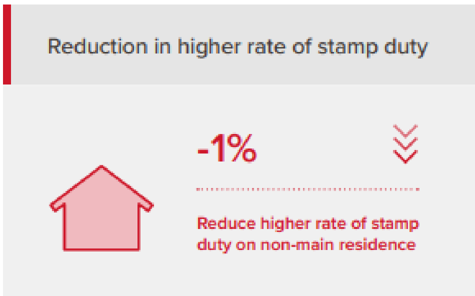
[90] Transcript – MTR – 29 October 2025 – Pg

VED continues to function as both a fiscal and environmental tool, generating funds for the Climate Emergency Fund and incentivising lower emissions. However, the remaining demand for high-polluting vehicles limits its effectiveness in changing consumer behaviour, and adjustments must consider the interests of niche vehicle markets.

KEY FINDING 28: The principle of annual increases to Vehicle Emissions Duty (VED) established under the Carbon Neutral Roadmap continues to function as both a fiscal and environmental tool, generating funds for the Climate Emergency Fund and incentivising lower emissions. However, the remaining demand for high-polluting vehicles limits its effectiveness in changing behaviour and any further VED adjustments to those vehicles must consider interests of niche vehicle markets like collectable and vintage cars.

Stamp Duty

Stamp duty is levied on the purchase of properties bought on the Island and the registration of wills of Jersey immovable property. The Budget explains on page 32 that *Stamp duty has been revised to incorporate the updated FPP economic assumptions. The stamp duty forecast has increased in 2025, due in particular to the sale of high-value properties in the first six months of the year. Forecasts for 2026 onwards, have been revised down, based on FPP assumptions predicting a slower return to pre-2019 housing market activity than previously expected. The forecast for stamp duty in future years remains uncertain in a period of housing market correction and remains volatile subject to individual high-value transactions.*



The Panel sought to understand what analysis was undertaken to support the proposal.[91]

Deputy A.F. Curtis:

> *…Could you explain the rationale for the revised stamp duty forecasts, including that reviewed 2025 increase and the 2026 reduction in forecast?*

The Minister for Treasury and Resources:

> *The stamp duty for this year generally was positive. We thought that was a positive outcome. We are reducing the second-home stamp duty, proposing that by 1 per cent as being an affordable reduction, and also recognising what we are hearing in the market.*

Deputy A.F. Curtis:

> *What analysis supports that decision?*

Group Director of Strategic Finance:

> *I think it is important to note that when we look at stamp duty forecasts, we are very much informed by the F.P.P. economic assumptions, both in terms of what house prices will do and what housing transactions will do. That is the basis for the forecast that the Income Forecasting Group looks at in drafting that forecast. That is why - you have talked about drops in 2026 and 2027 - some of that is driven by what the F.P.P. are now expecting the housing market to do. 2025 has increased and since the Budget,*

[91] Transcript – MTR – 29 October 2025 – Pg

we have seen another quarter's worth of stamp duty data. We are currently looking like the forecast that is in the Budget, which was elevated from in the previous Budget, is not looking unreasonable, I think, is fair to say. It does seem to be that there is more activity in the market. However, the F.P.P. were cautious in terms of what that meant in longer years and we will continue to heed that advice. Whether or not things change in the market will come through in later sets of economic assumptions.

The Panel questioned what involvement the Minister for Housing had and whether he was in agreement that the proposals would be the appropriate decision to take.

Deputy A.F. Curtis:

…From what the Group Director was saying, the finance is not the need for the change here. The stamp duty model is stable. To what extent is this area of policy owned by the Minister for Housing and is he in full agreement that this is the right step to make?

The Minister for Treasury and Resources:

I believe so.

The Panel understands that the 1% reduction in second-home stamp duty for 2026 is based on evidence from housing market trends and FPP guidance, balancing revenue stability with affordability and market signals. The Panel heard that the decision aligns with both Treasury analysis and Housing policy oversight.

KEY FINDING 29: The 1% reduction in second-home stamp duty for 2026 is based on evidence from housing market trends and Fiscal Policy Panel guidance, balancing revenue stability with affordability and market signals. The decision aligns with both Treasury analysis and housing policy oversight.

Civil Penalties for GST infractions

The Budget notes on page 36 that *the Revenue Administration (Jersey) Law 2019 (RAL) provides for civil penalties where a taxpayer carelessly or deliberately provides an income tax return that is materially incorrect. These penalties currently do not apply to incorrect GST returns, which are subject to a separate penalty regime. For parity across tax types, it is proposed to expand the civil penalty regime to cover incorrect GST returns. The change is not expected to have a significant net fiscal impact*.

The Panel wrote[92] to the Minister for Treasury and Resources requesting further detail on the rationale for the proposal and to understand any associated impact. The following response[93] was received:

There are existing civil penalty provisions in the GST Law. These penalties use different terms and are applied on a different basis to other tax types. This has led to complexity, inconsistency and is a source of confusion for those impacted. The proposal is to replace the existing GST civil penalties. The report accompanying the Revenue Administration (Jersey) Law 2019 ("the RAL") when it was first lodged stated that the RAL would be introduced in tranches, and that it would be built upon in future Budgets. The existing civil penalty regime in the RAL provides a clear framework in which penalties are applied for tax returns that are materially incorrect. The level of penalty depends on whether the error was careless or deliberate. The law also provides that penalties can be mitigated (e.g. when good cooperation

[92] Correspondence – MTR – 20 October 2025
[93] Correspondence – MTR – 28 October 2025

has been shown during an audit) and increased (e.g. for repeated errors). This regime is supported by Revenue Jersey's Code of Practice on compliance activities. Currently, the civil penalties apply in respect of income tax returns but not GST returns. Extending the civil penalty regime to GST will ensure there is equity across the tax types for the same noncompliant behaviour. The transparent framework should help GST taxpayers better understand what may happen during an audit and when a penalty might be due. In terms of the impact on the Treasury, no additional resources will be needed as the penalties will be administered by the existing GST team. There are negligible impacts expected on revenue, on the basis that these civil penalties are replacing the existing GST penalties.

The proposal aims to simplify and standardise penalty regimes across tax types, providing clarity and equity for taxpayers while maintaining operational efficiency and negligible fiscal impact.

KEY FINDING 30: The proposal to expand the civil penalty regime to cover incorrect GST returns aims to simplify and standardise penalty regimes across tax types, providing clarity and equity for taxpayers while maintaining operational efficiency. It has negligible fiscal impact.

Future Tax Measures

The Budget notes on page 37 updates on tax reviews and potential future measures:

- Interest Deductions for Landlords
- Fuel Duty Replacement Policy
- Carbon Tax or Charge on Private Aircraft
- Review of International Services Entities Fees
- International Tax Reform – OECD Pillar Two
- Forecasting Pillar Two Tax Receipts
- Liquid Waste Charges
- Domestic Compliance

As these remain to be considered and not proposed in this Budget for 2026 approval, the Panel did not seek to fully review these areas. However, briefly considered some of them as appropriate to its remit and the Panel's scrutiny of them to date.

In respect of ***Interest Deductions for Landlords,*** the Panel notes that it has been kept abreast of this workstream during 2025 and received a briefing on the consultation results following the public consultation. This remains an area under review.

In respect of the ***Fuel Replacement Policy*** the Panel highlighted concerns raised by the Jersey Motor Trades Federation[94] (JMTF) regarding the workstream when reviewing the preceding Budget, and its request that genuine consultation with the trade be carried out at every stage of the policy research and planning to avoid a situation where *consultation is little more than the trade being presented with a "fait accompli".* At that time, the JMTF requested the Panel to seek assurance from the Minister for Treasury and Resources that meaningful consultation will be undertaken with the trade. The Panel recommended that careful consideration should be given to the impact of any chosen policy on all stakeholders and transparent and timely engagement on any changes must be ensured.

The Panel discussed this policy area with the Minister for Treasury and Resources during the review hearing and observed that the policy work was paused because the fuel duty revenues

[94] Submission - JMTF

have not fallen as sharply as expected, therefore, as the decline in revenue was gradual rather than steep, the issue was no longer deemed as urgent to address. The complexity of designing a replacement policy was acknowledged. It was confirmed that, although deferred, a lot of the policy groundwork has been undertaken and preserved for future use. The position remains under review, and it was thought likely that the next Government may need to progress this workstream.[95]

KEY FINDING 31: The work to develop a Fuel Replacement Policy has been deferred however, a lot of the policy groundwork has been undertaken and preserved for future use. The complexity of designing a replacement policy has been acknowledged. It is likely that this workstream may need to be progressed by the next Government.

RECOMMENDATION 16: When a future Government progresses the development of the Fuel Replacement Policy meaningful industry consultation must be undertaken at all stages of policy development.

The Panel understands that policy for ***Carbon Tax or Charge for Private Aircraft***, previously under development, is no longer being pursued by Government. At the time of reviewing the preceding Budget, Ports of Jersey was also considering this area. Since then, Ports of Jersey has introduced a decarbonisation charge effective from 2026. As such a separate measure under the excise duty system will not be pursued. The Panel heard that Ports of Jersey was progressing well toward its targets for decarbonisation. The Panel sought further detail on this during its review hearing with the Minister for Treasury and Resources and whether any other similar carbon related measures were being considered by Government for areas like private yachts or marine diesel. Regarding measures relating to private yachts and marine diesel, it was confirmed that Government was not considering those measures presently and further highlighted that when marine diesel was considered previously, it was discounted for several reasons relating to potential impact it would have on the economy.[96]

The Panel wrote[97] to the Minister for Treasury and Resources about the ***Review of International Services Entities Fees*** to understand the rationale and implications, and received the following response:

The Government of Jersey has committed to reinvesting revenues from the introduction of Pillar Two to enhance the competitiveness of the financial services industry, which remains central to the Island's economy. As part of this commitment, a review of ISE fees was announced in Budget 2025. Stakeholder representations in 2025, particularly from the funds industry, have identified two main areas where the ISE regime could be improved: one administrative and one policy based.

Administrative simplification: The annual ISE return form, which requires filers to declare entities according to their JFSC licences and permissions, assumed a high level of familiarity with the regime and new or junior staff at financial services providers were having difficulty navigating it. In response, a new version of the form was introduced in 2025 as a "quick win" of the review and was refined further with feedback from the funds sector throughout the year. The revised form provides clearer guidance and better contextual information, making the process significantly more user-friendly. We are continuing to engage with stakeholders on further refinements and automations of the form.

[95] Transcript – MTR
[96] Transcript – MTR – 29 October 2025 – Pg 37
[97] Correspondence – MTR – 20 October 2025

Policy review: The more substantive review concerns the classification of ISE fees. The original policy intention was that fully staffed businesses providing fund administration services to a wide client base (administrators) should pay a higher ISE fee than structures that are managed under a service contract (administered entities). However, a subset of entities sits between these two categories—fully fledged fund administrators that operate under another administrator's licence. There is ongoing debate among industry participants about whether such entities should pay higher or lower ISE fees.

The overarching purpose of the ISE regime was to provide a simplified mechanism for charging GST-equivalent fees to financial services businesses, not to fully or partially exempt them from GST. Any review will revisit this principle to ensure clarity and fairness. Regardless of whether the current practice is aligned to the original purpose of the ISE regime, we will revisit the level of ISE fees relative to competitor jurisdictions. There may be room to reduce fees without a substantial loss in revenues, or with costs that are within the funding envelope we've earmarked to promote competitiveness. This review forms part of a broader effort to ensure that Jersey's tax and regulatory framework remains competitive, proportionate, and easy to administer for both businesses and government.

The ISE fees review addresses both administrative usability and policy clarity, ensuring that the regime is fair, competitive, and simple to administer. Changes aim to support financial services while maintaining revenue neutrality and alignment with Jersey's broader tax and regulatory framework.

The Panel has remained abreast of ***International Tax Reform – OECD Pillar Two*** and ***Forecasting Pillar Two Tax Receipts*** following its review on Pillar Two Implementation in 2024 (P.53/2024 and P.54/2024). The Panel notes that since the adoption of those Propositions by the States Assembly in October 2024, global uncertainty has developed in respect of the regime, which is being carefully monitored by Government. Pillar Two introduces a global minimum corporate income tax of 15%, applicable to Multinational Enterprises (MNEs) with annual global revenues of at least €750 million. The minimum effective rate is calculated using the OECD Model Rules, which are specifically based on financial statements and determined on a country-by-country basis. Due to the uncertainty, forecasting of future Pillar Two receipts is complicated. Therefore, Jersey has developed a 'base case' approach for forecasting future revenues. Pillar Two tax receipts are included in the Budget for 2026. The Budget forecast is as follows:

Forecast Additional Pillar Two Taxes				
£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Base Case Forecast Pillar Two	49,000	48,000	52,000	55,000

Table 7: Pillar Two Forecast Revenues

The Budget sets out how it proposes to use the revenues from this Corporate Income Tax as follows:

Receipts from the base case have been applied in this Budget to fund the following priorities (as set out in the Public Sector Expenditure section):

- *Servicing of borrowing for the NHF Phase 1 (as set out in the section "New Healthcare Facilities Programme")*
- *Funding investment to improve the competitiveness of Jersey's financial and professional services sector.*
- *Funding the costs of implementing and administering Pillar Two.*

It is also proposes that *any upside revenues (i.e. receipts in excess of the base case) are used to strengthen reserves, and a contingent transfer of £50 million to the Stabilisation Fund is included in this plan. Any additional funds could be applied in future budgets to further strengthen reserves, provide investment in the competitiveness of the Island, and for investment in infrastructure, in particular meeting part of the capital costs of the first phase of the New Healthcare Facilities.*

The Panel has not considered the growth allocation for Investment in Competitive (I-RES – B26-004)[98] as part of its review, as this would be reviewed under the remit of the Economic and International Affairs Scrutiny Panel. The Panel notes, however, further work is needed to inform this, so funding for this will be held in the Central Reserve initially and will be allocated in year to relevant heads of expenditure as appropriate.[99]

The Panel discussed the corporate tax measure further during the review hearing[100] with the Minister for Treasury and Resources to determine the updated position and whether there was any further certainty regarding the forecasts under the current global conditions.

Deputy J. Renouf:

> *I wondered whether you could tell us anything about the forecast revenues for Pillar 2 now that we are getting closer to the implementation and whether you have any updates for this new corporate tax?*

Assistant Minister for Treasury and Resources:

> *We may be getting nearer to the end of the financial year in which liabilities arise for in-States companies for Pillar 2 and Revenue Jersey have been working hard to ensure registrations and that process is happening. They are also working on the technology more widely for payments to be received. The base case scenario remains as is in the Budget and the reason that I cannot give you any further certainty is, of course, because post the G.7 (Group of 7) declaration that they would like to see the U.S. (United States) regime sitting side by side with the O.E.C.D. regime, there has been ongoing negotiations between the U.S. and the O.E.C.D. Those conversations are ongoing and all of the detail of how that will work and the implications of that are not yet finalised.*

The Panel observed that Government was confident regarding the forecasted base case revenues. However, the Panel sought to understand what measures were being taken for longer-term recurring spending, which is not guaranteed as a funding source. Moreover, whether the base-case revenues could be relied upon sufficiently to become part of Government business-as-usual revenues.

Assistant Minister for Treasury and Resources:

> *Bearing in mind these are forecasts and bearing in mind no final agreement has been made around side-by-side, I think I am as comfortable as I can be that that base case forecast will continue to be appropriate, certainly for the lifetime of this plan. I am not just taking the one-year, I am taking the lifetime of the plan, the rolling plan, but as I say, there may be some small implications around the edges. I think because we took a prudent approach from day one in the way we calculated the base case, we can*

[98] R.139/2025 – Page 53
[99] P.70/2025 – Page 45
[100] Transcript – MTR – 29 October 2025 – Pg 38

> *continue to be confident in that but there are still these moving parts that may impact it.*

The Panel understands that it is not possible to estimate potential revenues above the base case at this stage. Given the uncertainty around the developing side-by-side agreement, however, it is Government's view that any such additional income should only be used for one-off or time-limited purposes, not for ongoing government spending.

Deputy J. Renouf:

> *The base case money is a £50 million windfall effectively for Government. The upside money should be reserved for one-off expenditures or time-limited expenditures.*

Assistant Minister for Treasury and Resources:

> *Yes, and the budget currently talked about upside monies being used to support the hospital. Let us just say we are having ongoing conversations about use to support the hospital. That currently would seem sensible but in changing economic times you could also argue that any upside should go into reserves. I would personally argue, of course, and I have not been here for the whole of the hearing for which I apologise, but there is a need for us - and I think Deputy Curtis asked this question about the economy and diversification - to support the economy in times of global instability in targeting one-off matters*

The Panel understands that Revenue Jersey is progressing with the implementation, which includes the registrations and payment systems. It is noted that the forecast for the Budget cycle remain consistent with the base case, however, uncertainty persists due to ongoing negotiations between the United States and the OECD over the approach of their respective regimes. There is confidence in the base case forecast as it largely relies on the banking groups, which are seen as stable. It was acknowledged that some implications may occur once the global rules are finalised. It was highlighted that while the base case revenue of £50 million can be treated as part of normal Government income, any additional upside revenues should only be used for one-off or time limited expenditures, not ongoing spending commitments. It is thought that any upside funds could be used to support the NHF, build the reserves or support the diversification of the economy.

KEY FINDING 32: Revenue Jersey is progressing with the implementation of the Pillar Two regime, including registration and payment systems. While the Budget cycle forecasts remain aligned with the base case, uncertainty continues due to unresolved negotiations between the United States and the Organisation for Economic Co-operation and Development, which may influence the final structure of global minimum tax rules. Confidence in the forecasted revenue is underpinned by the stability of banking groups, which contribute most significantly to the base case estimate.

RECOMMENDATION 17: Government must maintain the adoption of a clear fiscal rule governing the use of Pillar Two revenues, ensuring that only base case income is incorporated into standard budgeting processes while any excess or volatile revenues are directed exclusively towards one-off investments. This approach will help safeguard fiscal sustainability and prevent the creation of new structural spending pressures linked to an uncertain and evolving global tax framework.

The Panel sought to understand beyond Pillar Two whether there were any plans in train to broaden the tax base.[101]

Deputy J. Renouf:

> *… Are there any plans, reviews, or any similar kind of work going on to try to broaden the tax base beyond Pillar 2?*

The Minister for Treasury and Resources:

> *No.*

Deputy J. Renouf:

> *So there is no current intention to try to broaden the tax base?*

The Minister for Treasury and Resources:

> *I think that could be very counterproductive. Jersey's reputation relies on its tax stability. As soon as we start changing tax, we would have to really, really need to do that. The bottom line is, we are still spending more than we should, or we are spending a lot of money that we need to try to rein in. You could say you either tax everybody more, which will not be popular, and if you say we are just going to tax the wealthy, that would be utterly counterproductive, because those people are very mobile and would not stay in the Island. It creates a reputational risk, and we have talked about this a lot with people. Jersey's reputation is for stability. When we start changing the tax system, that will affect that reputation for stability. So, for me, it would be a last resort.*
>
> *…The Minister for Treasury and Resources: I do not think the public would accept it anyway, because they see wasted funds.*

KEY FINDING 33: There are no current plans to broaden the tax base beyond Pillar Two taxation.

In respect of ***Liquid Waste Charges***, the Panel received comments from the JHA[102]. However, the Panel's review did not focus on this area as it would be covered by the Environment, Housing and Infrastructure Panel as part of its review.

The Panel wrote[103] to the Minister for Treasury and Resources seeking confirmation that the proposed amount of £31.5 million will be achieved for ***Domestic Compliance*** and the following response[104] was received.

The 2024 Revenue Jersey Compliance Programme slightly exceeded its £31.5 million forecast. The Comptroller tells me that the 2025 Compliance Programme will not be completed until the end of the year and that it is broadly on track. Actual out-turn will depend upon the rate at which Revenue Jersey settles additional assessments with taxpayers over the next two months. Additional yield from the annual compliance programmes largely arises from additional income tax assessments arising from under-declarations in earlier years and related penalties. This measure of additional assessments is the narrowest financial measure of the effectiveness of Revenue Jersey's Compliance Programme: other activities within the

[101] Transcript – MTR – 29 October 2025 – Pg 14
[102] Submission - JHA
[103] Correspondence – MTR – 20 October 2025
[104] Correspondence – MTR – 28 October 2025

Programme prevent revenue losses in real time (during the process of assessing 2024 income tax); scrutiny and correction of repayment claims; and the wider deterrent and preventive impact of running such programmes. The Compliance Programme for 2026 is currently being constructed and aims to continue to achieve the ongoing forecast of £31.5 million over the life of the Budget and Government Plan.

The Domestic Compliance Programme is performing slightly above target, generating revenue through additional assessments, penalties, and preventive measures. The programme remains central to maintaining forecasted compliance income in the medium term.

Expenditure

Public Sector Spending

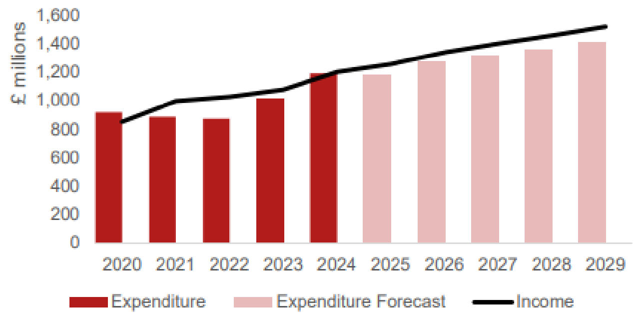


Figure 17: Income and expenditure trends before depreciation

In summary, The FPP in its Annual Report for 2025[105] notes that *the Budget 2026 proposes both an increase in day-to-day spending that exceeds revenue growth and a larger capital investment programme. Total proposed spend exceeds income and relies on borrowing and reducing reserves. Increasing spend at a time when Jersey's economy is operating at capacity is likely to exacerbate domestically generated inflation. It is prudent for governments to save more during periods of strong income so that spending can still be covered during downturns.*

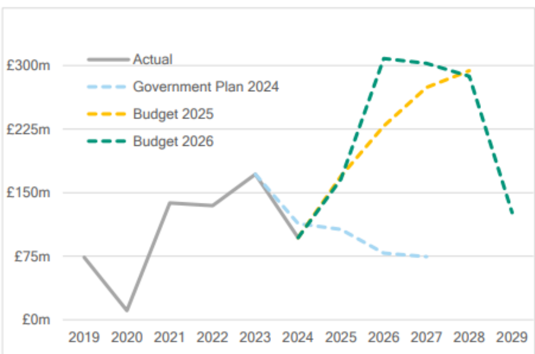
It is further noted that *the Budget proposes a capital programme of £308 million in 2026, £303 million in 2027, £287 million in 2028 and £126 million in 2029. Over 2026-2029, total planned capital spend (including New Hospital Facilities) (NHF) increases by £102 million (12.8%) compared to Budget 2025. Excluding NHF, the capital programme increases by £93 million (44.1%).*

Figure 1.15

Capital Expenditure Budgets
£ million

Proposed funding for the capital spending budget varies year to year, before dropping in 2029 in line with NHF completion.

Source: Treasury and Exchequer



Capital spending is materially higher than programmed in previous Budgets and occurs earlier, peaking at £308 million in 2026.

[105] FPP – Annual Report 2025

More generally, the Panel explored why total revenue expenditure continued to grow through the Budget period despite Government's efforts to contain the size of Government.

Deputy J. Renouf:

> *…if I could just talk about the total revenue expenditure for a moment, total revenue expenditure continues to grow through the planned period. How does this square with the aim to try and contain the size of Government?*

The Minister for Treasury and Resources:

> *We are still trying to contain the size of Government. I mean there will always be things that we have to spend money on, health, education, all these kinds of things but we are still trying to curb growth. There will be various initiatives. We are talking about that at C.O.M. That will feed into an all-Members workshop in February where we talk about various things that we could do to reduce the size of the public sector, which has grown dramatically, and that will go beyond reducing our spend on consultants, reducing unnecessary management. There are some proposals as to how we take out layers of management which will be discussed with all States Members in February as that thinking all comes together but I think essential services, they are still there.*

The Panel questioned whether the goal to contain the size of Government to reduce spend was feasible.

Deputy J. Renouf:

> *In terms of that goal, it is just not possible.*

The Minister for Treasury and Resources:

> *It depends how far you want to cut. I mean if you think we can cut back-office functions, if you like, what are the things that we do not really need? What are the essential services? We do not want consultants. We do not want unnecessary layers. If you start cutting services, what services do you cut? Because that is the next option, cutting services, and it will be 5 minutes before somebody is jumping up and down shouting: "Austerity." We are trying to reduce spend and there are elements of Government that we are looking at how we can reduce those elements. At this stage, they are not sufficiently advanced where you can say: "We will save by doing this", because it has to meet general agreement and it will then feed into future years' budgets but I think we all have to agree that we need to try to stop spending or stop the growth in spending, such as creating new bodies and giving them independence.*

The Panel sought to understand why Government has not been able to pinpoint the causes for recent increased spending or the non-essential services that could be cut, considering its narrative that the public sector has grown and needs to be reduced in size.

Deputy A.F. Curtis:

> *There is a narrative, and I think it would be fair to say it was earlier in this hearing and other leaders within the civil service and politicians are saying: "Spending has dramatically increased", and there is now a narrative saying: "We need to cut spending; we need to reduce the size." Why is it so hard to pinpoint which recent spending that has increased is suitable for cutting or suitable for degrowth?*

The Minister for Treasury and Resources:

I think it really comes down to what are the essential services that Government have to do? Is there overreach in Government? Is Jersey, which is a small jurisdiction with relatively low tax, behaving like a large jurisdiction with 45 per cent tax? We keep creating bodies and structures that are perhaps not suitable for Jersey because people think: "Let us do that." Every time we sign up to a convention, that creates a cost. It does create a cost because it creates work that we all have to do. I am not saying we are going to come out of any conventions, that is not what I am saying, but I am just saying, for example, every time we set up an independent body, which is a cost. They start off with: "We will set up this body. It will be one man and a secretary in a cupboard somewhere", and before you know it, they are in big, glossy offices with a huge staff and the wage bill has trebled.

Deputy A.F. Curtis:

It is just there is a very strong narrative that growth has been too fast and unnecessary. It feels like that is being backpedalled and that is the wrong thing but is it prudent to have that message if it cannot be pointed to which growth was too fast and necessary? Is that the right way to go about addressing the cost and the size of the public sector?

The Minister for Treasury and Resources:

I am not saying it is too hard. I do not think we are saying it is too fast and unnecessary. We are saying there has been growth and we need to really stop and think when we introduce various mechanisms, various bodies, are they the right things to do? It would be absolutely inappropriate for me to start to point to certain groups or bodies or services because that will create uncertainty in that group or body or service and that is not right. These things have got to be discussed, they have got to be agreed, and they have to be communicated properly to politicians, to colleagues, to our staff, to the employees and to the wider public. We cannot just throw things out and say: "Well, we are going to stop doing that or stop doing that", because it will create anxiety and uncertainty. It is not that it cannot be done but it has to be done in a careful and considered way.[106]

While Government acknowledges growth in revenue expenditure and the public sector, containing the size of Government is complex due to essential service requirements and incremental structural growth. The Panel heard that current efforts focus on careful, planned measures to reduce non-essential spending without creating disruption or uncertainty, with broader strategies to be developed through further consultation and internal review.

Revenue Heads of Expenditure

The Assembly is asked in the Proposition to approve the proposed amount to be appropriated from the Consolidated Fund for 2026, for each Head of Expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.

Departmental heads of expenditure are aligned according to lines of accountability under the Public Finances Law. Where there are differences in alignment to Ministerial Portfolios, Ministerial mapping[107] is provided to show this.

[106] Transcript – MTR – 29 October 2025 – Pgs.40-42
[107] R.139/2025 – Table 3 – Page 5

The Budget proposes £1.28 billion of spending on delivering public services in 2026, an increase from 2025 driven largely by inflationary pressures, funding for investment in the CSP (growth allocations) as well as Health and Care Jersey.

	Revenue Heads of Expenditure				
2025 Amended[14]	£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
	Departmental Heads of Expenditure				
26,188	Cabinet Office	18,361	18,237	18,237	18,237
39,790	Digital Services	34,549	34,549	34,548	34,548
14,107	People Services	13,303	13,274	13,233	13,233
175,502	Education and Lifelong Learning	187,893	189,404	189,903	190,143
50,077	Children and Families	58,029	58,158	58,828	58,547
109,135	Employment, Social Security and Housing	113,299	116,429	119,601	122,576
62,900	Infrastructure	63,269	59,899	59,524	59,524
11,763	Environment	11,107	11,456	11,456	11,456
322,065	Health and Care Jersey	381,382	387,982	394,685	401,522
22,221	Jersey Overseas Aid	21,844	22,726	23,566	24,427
42,425	Justice and Home Affairs	36,658	37,686	37,666	37,668
30,185	States of Jersey Police	31,142	31,121	31,121	31,121
3,407	Ministry of External Relations	3,445	3,445	3,445	3,445
37,016	Economic Development, Tourism, Sport & Culture	38,056	38,308	38,535	38,541
10,886	Financial Services	11,948	11,923	11,923	11,923
46,699	Treasury and Exchequer	46,580	47,830	47,512	47,517
69,821	Grants to States Funds	63,128	93,608	96,501	99,302
10,000	Living Wage Transitional Support	10,000	-	-	-
13,783	Past Service Pension Liability Refinancing	-	-	-	-
9,000	Financing Costs	33,449	43,533	47,967	47,976
1,106,970	**Departmental Net Revenue Expenditure**	**1,177,442**	**1,219,568**	**1,238,251**	**1,251,706**
	Non-Ministerial and Other States Bodies				
3,800	Bailiff's Chambers	3,961	3,963	3,966	3,966
1,196	Comptroller and Auditor General	1,187	1,215	1,247	1,289
9,968	Judicial Greffe	10,714	10,430	10,434	10,434
14,015	Law Officers' Department	14,754	14,754	14,754	14,754
913	Office of the Lieutenant Governor	949	949	949	949
784	Official Analyst	815	865	865	865
3,324	Probation	3,475	3,543	3,472	3,472
10,932	States Assembly	11,719	11,400	11,485	11,485
2,616	Viscount's Department	2,721	2,721	2,721	2,721
47,548	**Non-Ministerial Net Revenue Expenditure**	**50,295**	**49,840**	**49,893**	**49,935**
1,154,518	**Departmental and Non-Mins Total**	**1,227,737**	**1,269,408**	**1,288,144**	**1,301,641**
	Reserves				
34,197	Central Reserve (including inflation provisions)	50,025	57,403	90,733	133,216
34,197	**Reserves Expenditure**	**50,025**	**57,403**	**90,733**	**133,216**
-	Future Savings	-	(11,304)	(11,304)	(11,304)
1,188,715	**Net Revenue Expenditure**	**1,277,762**	**1,315,507**	**1,367,573**	**1,423,553**
58,934	Depreciation and amortisation	73,373	74,812	77,960	79,699
1,247,649	**Net Revenue Expenditure after Depreciation**	**1,351,135**	**1,390,319**	**1,445,533**	**1,503,252**

Table 9: Revenue Heads of Expenditure

Jersey Public Services Ombudsperson

The Panel recalls its Fourth Amendment - Jersey Public Services Ombudsperson made to the preceding Budget and approved by the States Assembly.

The below extract has been taken from the Panel's Scrutiny Report (S.R.8/2024) following its review of the Preceding Budget 2025-2028 regarding the Jersey Public Services Ombudsperson: Fourth Amendment [108]

Jersey Public Services Ombudsperson
The Panel identified that no funding or narrative is present within the Budget in respect of the establishment of the Jersey Public Services Ombudsperson. The Panel investigated the rationale for this and as a result of the evidence gathered has proposed an Amendment to include narrative within the Budget. The purpose of the Panel's Amendment is to bring this workstream to the forefront and make it visible within the Budget. By doing so, the Amendment ensures that the significant level of work already undertaken, and progress made in respect of the JPSO is not wasted. In addition to this, reflects within the Budget 2025-2028 the continuing work being undertaken in this area. Furthermore, the Panel wishes to ensure that the Government's review must be fully informed by current consultation responses and outcomes including from the Jersey Law Commission and the Complaints Panel. This ensures that its decision-making reflects the complete evidence base, so that any proposals brought to the States Assembly for approval are well informed and appropriately aligned with the previous decisions of the States Assembly. The Panel's Amendment aims to ensure that the proposals are finalised and brought to the States Assembly in 2025 and detailed in the successive Government Plan. The Panel's Amendment and accompanying report can be viewed in Appendix 2 of this report.

The Panel has kept abreast of Government's review of the complaints handling mechanism during 2025 and notes that although the COM has been presented with proposals and recommendations on how to progress, no final decision has been made (at the time of writing) on the Jersey Public Services Ombudsperson (JPSO) and the review process continues.

From correspondence[109] the Panel understands that the JPSO budget for 2026 is £398,000, which is recurring funding and falls under the Cabinet Office budget. The current position is that the COM considered proposals for a JPSO on 16th September 2025 and has now commissioned a financial assessment (including a cost benefit analysis), which will be examined before a final decision is taken.

The Panel was surprised to observe that the Budget provides no narrative to inform or update on the JPSO workstream, even in the absence of any agreed proposals or way forward. Neither is there any identifiable detail on the funding available to the JPSO, which the Panel has identified totals £398k. The Panel has therefore proposed an Amendment to the Budget – *Jersey Public Services Ombudsperson – Head of Expenditure*. In summary the Panel's Amendment proposes to:

[108] P.51/2024 - Budget 2025-28
[109] Correspondence – CM – 6 October 2025

- Create a new head of expenditure for the JPSO.
- Ring-fence funds in the Budget for the purpose of establishing a JPSO.
- Ensure that previous decisions of the States Assembly, including to establish an Ombudsperson and to bring forward detailed proposals for the establishment of an Ombudsperson in 2025, are reflected in this Budget.

Further detail on the rationale for the Panel's Amendment and supporting information can be found in the accompanying report to the Amendment. This can also be found within the Annex of this report.

Revenue Expenditure Growth

The Budget continues to prioritise delivery of the CSP priorities and growth allocations have been made to support this in 2026, increasing from £5.8 million in 2025 to £8 million in 2026. Where possible existing allocations have been reprioritised to deliver on these aims. As mentioned previously, the Panel did not focus its review on the delivery of the CSP priorities in the knowledge that this would be addressed through a separate review.

Expenditure Growth Allocations				
£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Investment in competitiveness	7,000	6,000	8,000	10,000
Nursery 2-3-year-olds	3,000	3,000	1,800	1,900
Teachers' terms and conditions	1,800	1,800	1,800	1,800
Children's service improvement programme	7,615	7,953	8,623	8,342
Supporting islanders and strengthening communities	1,800	1,800	1,800	1,600
Assisted Dying	525	727	688	718
Digital health	8,000	8,000	8,000	8,000
Preventative health	4,000	4,000	4,000	4,000
Health deficit	15,600	15,600	15,600	15,600
NHF - Facilities Management & Clinical Costs	-	-	-	10,500
Emergency Services Control Room	300	460	460	460
Fire and Rescue Service Workforce	413	1,306	1,306	1,306
Vaping Tax	146	100	80	82
Pillar 2 Tax Team	1,748	2,998	2,680	2,685
Non-Ministerial requests	756	333	268	310
Total	**52,703**	**54,077**	**55,105**	**67,303**

Table 11: Revenue Growth Allocations

However, the Panel considered the Growth Allocations which fall under the Treasury and Exchequer, non-ministerial departments and States Assembly as part of its review. Business Cases for the Growth Allocations were provided to Scrutiny in confidence. No Growth allocations for the Cabinet Office are included in the Budget. Further detail on the Treasury and Exchequer allocation for *I-T&E-B26-001 Pillar 2 Tax Team* can be found in Chapter 4 of this report.

The Panel understands from its review of the preceding Budget that the Growth Allocations requested by the non-ministerial departments are required by Law to be included in the Budget and that the business cases with supporting evidence are provided to the COM.

The Panel wrote to the relevant departments seeking feedback on the Revenue Expenditure Growth workstreams as set out below. Confidential responses were received from the Judicial

Greffe, Probation and the States Assembly. The Panel has not identified any pressing concerns regarding the 2026 allocations. Further detail on these can be found in the Annex[110]

Revenue Expenditure Growth					
£'000		2026	2027	2028	2029
Reference	Description	Estimate	Estimate	Estimate	Estimate
	Bailiff's Chamber				
I-BAC-B26-001	Judicial Remuneration Review	122	122	122	122
I-BAC-B26-002	Jersey Family Justice Council	46	46	46	46
I-BAC-B26-003	Civic and National Events	60	60	60	60
	Comptroller and Auditor General				
I-CAG-B26-001	Contractual Inflation	-	-	-	42
	Judicial Greffe				
I-JUG-B26-001	Rent Tribunal	59	40	40	40
I-JUG-B26-002	Election 2026	269	-	-	-
	Probation				
I-PRO-B26-001	Probation Service Inspection	-	65	-	-
Total		**556**	**333**	**268**	**310**

Changes to Net Revenue Expenditure

	Changes to Net Revenue Expenditure				
2025		2026	2027	2028	2029
Amended[15]	£'000	Estimate	Estimate	Estimate	Estimate
1,162,591	**Base Budget**	**1,188,715**	**1,277,762**	**1,315,507**	**1,367,573**
	Adjustments for net changes to Base Budget;				
(4,872)	Adjustment from previous Budget	(2,081)	(1,618)	1,648	-
30,205	Inflation	40,864	33,958	34,735	33,274
32,429	Formula Driven/Technical Growth	24,876	13,816	13,470	8,859
38,666	Other Expenditure Growth	52,703	1,374	1,028	12,198
(20,304)	Savings	(19,715)	(29,216)	(466)	-
1,238,715	**Net Revenue Expenditure**	**1,285,362**	**1,296,076**	**1,365,922**	**1,421,904**
(50,000)	Adjustment to the SSF States grant	(7,600)	19,431	1,651	1,649
1,188,715	**Net Revenue Expenditure (after states grant)**	**1,277,762**	**1,315,507**	**1,367,573**	**1,423,553**

Table 10: Changes to Net Revenue Expenditure

Inflation

The Budget sets out that it is both prudent and good financial management to plan for the impact of economic influences on Government finances, as such it allocates amounts to cover inflationary pressures on pay (centrally), social benefits and non-pay expenditure.

The Panel notes that the FPP has raised concern regarding the inflationary position and that an element of increased spending in 2025 has also been attributed to inflationary pressures by Government. The Budget allocates £40,864 million to inflation for 2026. Noting that inflation contributes to the changes to net revenue[111], the Panel sought to explore this element further.

The Connétable of St. Mary:

[110] R.139/2025 – Page 61-71
[111] P.70/2025 – Page 43

… on the question of growth and spending, one factor must be inflation. My question is: to what extent have inflationary pressures, including domestic inflation, affecting Government spending in 2025 being considered in the 2026 Budget?

… Was inflation last year considered in relation to the 2026 Budget?

Group Director of Strategic Finance:

When looking through the Budget, inflation provisions are made in 2 ways. Paid provisions are generally held centrally and then issued to departments once the amounts are known, so 2025 pay award has been funded. It has been given to departments and that has now been reflected in their base budget across the period. There were also provisions made in the Central Reserve based on ... well, for 2026 it is based on R.P.I. plus one per cent in line with the already agreed pay deal. For future years, it is based on R.P.I., which was the preceding policy. Obviously, that is subject to agreement both politically and with the unions et cetera. We also make provisions for non-pay. That has been allocated to departments in 2026 based on the F.P.P. assumption for inflation in the same way that in 2025 they received inflation in line with the F.P.P. assumption. Departments should have had the provisions that would allow them to meet the inflationary costs in both 2025 and in future years.

The Connétable of St. Mary:

…how was the £40 million-plus allocation for inflation calculated and distributed across departments and what contingency plans exist to manage higher than expected inflation?

Group Director of Strategic Finance:

Staff pay inflation is based on what we expect the staff budget to be times by the appropriate inflation rate, similarly with non-pay as well. When we look at non-pay, we do also bear in mind the policy of not increasing fees by more than 2½ per cent without approval. We do limit the amount that income in departments would go up, so that is factored in. There is a detailed calculation that is used but is all based on F.P.P. assumptions.[112]

The Budget incorporates inflationary measures through central provisions for pay and non-pay costs, reflecting both agreed pay deals and assumptions from the FPP. Staff pay inflation is calculated based on departmental budgets multiplied by the relevant rate, while non-pay inflation considers departmental expenditure and limits on fee increases. Departments received allocations to meet expected 2025 and 2026 inflationary costs. Contingency plans for higher-than-expected inflation are managed centrally, with the flexibility to adjust allocations as needed. Overall, the Budget demonstrates a structured approach to factoring inflation into departmental planning and fiscal management.

Formula Driven Growth

The Budget sets out the allocation of £24,876 million for Formula Driven/Technical Growth in 2026 to a number of areas of expenditure by pre-agreed formulae.[113]

The Panel wrote to the Minister for Treasury and Resources for further detail on how Technical and Formula Driven Growth is determined and the formulae assessed. The response

[112] Transcript – MTR – 29 October 2025 – Pgs.42-44
[113] P.70/2025 – Page 47

explained that *technical growth includes allocations for finance costs, which vary depending on the level of borrowing and interest rates, as well as other adjustments to rebuild the court and case costs contingency reserve and to allocate an increase in the JFSC annual confirmation fees (received through general revenue income and not departmental income) to the Department for the Economy.*[114]

The Panel identified that reviews of formula driven expenditure are instigated at least annually through the Budget process, with the requirement in the Public Finances (Jersey) Law 2019, that the COM cannot lodge a Government Plan with at negative balance in the Consolidated Fund for any of the four years. As to how these formulae are assessed the following table was provided as part of the response:[115]

Arts, Heritage and Culture	States Assembly decision to spend 1% of total net revenue expenditure on arts, heritage and culture, reviewed annually as part of the Budget process. Can only be revoked through a standalone proposition agreed by the Assembly.
Grant to Long Term Care Fund	Formula set in the Long-Term Care (States Contribution) (Jersey) Regulations 2013 Law. Reviewed every year as part of the Budget process and every 3 years through the actuarial review into the Long-Term Care Fund.
Grant to the Social Security Fund	Formula set in the Social Security (Jersey) Law 1974. Reviewed every year as part of the Budget process and every 3 years through the actuarial review into the Social Security Fund.
Jersey Overseas Aid	Council of Ministers commitment to spend 0.3% of GVA on development aid. Reviewed each year as part of the Budget process.
Maintain health and care standard	Council of Ministers commitment to increase the Health and Care Jersey Budget by at least 2% each year (over and above RPI). Reviewed each year as part of the Budget process. An additional 1% £3.6m has been allocated to Health and Care Jersey in Budget 2026, with the formula under review as part of the ongoing work into the sustainability of healthcare funding.

KEY FINDING 34: Reviews of formula driven expenditure are instigated at least annually through the Budget process, with the requirement in the Public Finances (Jersey) Law 2019, that the Council of Ministers cannot lodge a Government Plan with a negative balance in the Consolidated Fund for any of the four years.

Savings

The Budget notes an amount of £19,715 million allocated to savings for 2026 to allow reprioritisation. The CSP outlines the COMs approach to reprioritise budgets where appropriate to deliver on the objectives. The below table sets out the proposals for delivery on these savings:

[114] Correspondence – MTR – 7 November 2025
[115] Correspondence – MTR – 7 November 2025

2025 Approved	Savings Proposals £'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
1,000	Arm's Length and Regulatory Organisations	-	-	-	-
1,719	Office Consolidation	1,715	481	466	-
3,133	Growth Reductions	-	-	-	-
6,000	Roles	9,000	-	-	-
452	Non-Ministerial and Other Bodies	-	-	-	-
8,000	Financial Recovery Programme (HCJ)	9,000	-	-	-
-	Pay Management	-	17,431	-	-
-	Future Savings	-	11,304	-	-
20,304	**Total**	**19,715**	**29,216**	**466**	**-**
20,304	***Budget 2025 Savings Profile***	***24,000***	***2,500***	***466***	***-***

Table 13: Saving Proposals

The Panel wrote[116] to the Chief Minister for further detail on the impacts of the saving's proposals. The response explained that in addition to the information provided in the Budget on page 112, it was noted that *the Financial Recovery Programme for Health and Care Jersey was introduced in 2023 and has, to date, delivered £10 million in recurring savings and is forecast to deliver £8 million in 2025. The £9 million savings estimated in 2026 focuses on making efficiency gains through improved planning and control, better use of staff and resources, procurement and contract management and income optimisation.* It was further noted that *savings are targeted and phased to protect frontline services and release resources for investment where it is needed most.*

Adjustments to the Social Security Fund States Grant

2025 Amended	Adjustments to the grant to the Social Security Fund £'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
90,368	**States grant formula value**	**97,027**	**94,272**	**99,727**	**100,876**
-	Rebase grant at £50m and index with AEI	(46,659)	(42,073)	(45,877)	(45,377)
90,368	**Rebased States Grant**	**50,368**	**52,199**	**53,850**	**55,499**
	One-off grant adjustments;				
(10,000)	Better business support – Budget 2025	(10,000)	-	-	-
(50,000)	Amendment to Budget 25	-	-	-	-
-	Capital funding	(17,600)	-	-	-
30,368	**Rebased States grant (after one-off)**	**22,768**	**52,199**	**53,850**	**55,499**

Table 12: Adjustments to the States Grant

The Budget proposes reductions to the States Grant to allow resources to be reprioritised to identified needs including investment in health and children. As such, it proposes the temporary rebasing of the States grant to £50 million in 2026. Alongside a further one-off adjustment of 17.6 million is proposed to support funding the capital programme in 2026. In addition to this, in agreement with the preceding Budget, the States Grant in 2025 and 2026 (£10 million each year) will also be adjusted to provide one-off support funding to support the transition to the living wage.

[116] Correspondence – CM – 16 October 2025

Further detail relating to the viability of the Social Security Funds was reported by the Minister for Social Security outlining the advice of the Government Actuary's Department.

Reserve Head of Expenditure

2025 Approved	Central Reserve Expenditure £'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
7,000	General Reserve	5,000	5,000	5,000	5,000
-	General Reserve - Court and Case Costs	7,000	2,000	2,000	2,000
-	General Reserve - Expenditure Growth	7,525	6,727	8,688	21,218
25,197	Inflation Reserve	30,500	61,107	92,476	122,429
-	Pay Management	-	(17,431)	(17,431)	(17,431)
2,000	First Step Scheme	-	-	-	-
34,197	**Total Central Reserve Expenditure**	**50,025**	**57,403**	**90,733**	**133,216**

Table 14: Central Reserve Expenditure

Contingency Funding

The Panel explored contingency funding during the review hearing[117] with the Minister for Treasury and Resources.

Deputy J. Renouf:

> *… What other contingencies are there if resources do not match what are expected? What are the contingencies?*

Treasurer of the States of Jersey:

> *In terms of in-year contingencies, they are within the plan, a £5 million contingency against expenditure, which is an historically low number. We have also contingencies in place for pay, so pay is provided for. In other parts of the world you do not necessarily have pay provided for within central budgets or on top of central budgets. They have to be found from departmental budgets, so there is provision there for those. We have mostly provisions that relate to expenditure rather than income. What we have said, and it is said within the budget document this year, is we think that we are convinced that we need to move back to 3-year plans, so that you have in place contingency across the 3 years. Departments know their budgets for 3 years. Those in receipt of funds from those departments know what their budgets will be for 3 years, and you therefore have to build a bigger contingency, as we used to have in place, against income fluctuations across the 3-year period.*

Deputy J. Renouf:

> *What is that contingency, that bigger contingency against income fluctuations?*

Treasurer of the States of Jersey:

> *We used to have a bigger contingency within the Consolidated Fund, that has been spread across a number of Governments, and in particular has been considerably impacted during the COVID years. While we did borrow during COVID, we also ran down the size of the Consolidated Fund rather than borrowing increased funds as we*

[117] Transcript – MTR – 29 October 2025 – Pg 42

came out of COVID, rather than maintain that debt in place, we used to balance on the Consolidated Fund. So that level of shorter-term contingency is not what it has been historically.

Deputy J. Renouf:

So we do not have much contingency if income continues to underperform?

Treasurer of the States of Jersey:

Obviously, on a year-by-year basis, that is easily dealt with, or relatively easily dealt with comparatively, by adjusting the budget. We would rather move back to a system in which you reset the finances, have a contingency amount, and you give certainty to departments.

The Panel identified that £5 million contingency is allocated centrally in the General Reserve for unforeseen expenditures in-year. It was highlighted that the £5 million allocated for 2026 is low compared to previous years, when a much larger contingency was maintained in the Consolidated Fund. However, this was reduced post-Covid. Concern was raised that the current Budget cycle limits flexibility to in-year adjustments and that multi-year planning is being considered to restore a more robust buffer for both expenditure and income variability.

KEY FINDING 35: £5 million contingency is allocated centrally in the General Reserve for unforeseen expenditures in-year in 2026, which is very low compared to previous years. Previously contingency funding was maintained at a much higher level in the Consolidated Fund, however, was reduced post-Covid. The current Budget cycle limits flexibility, whereas multi-year planning enables a more robust buffer for both expenditure and income variability.

Government Plan Cycle

Recalling the reference made to moving back to a three-year Government Plan cycle so that contingency is in place across the three years, the Panel explored this further.

Deputy J. Renouf:

Do you, Minister, prefer the idea of a 3-year budget cycle, rather than the single-year cycle, on the same principle that you are making commitments that are harder to break?

The Minister for Treasury and Resources:

I think the 3-year cycle, I think it will make it easier for officers to manage their budgets over the 3- year period, and we will not have, have we got an underspend that has to be rolled over, it will make it easier for officers. It means that we should not have people coming in every year asking for more money, because people are being asked to look at a medium-term view. It will make life easier for everybody. We have the budgeting pain once every 3 years instead of once every year.

Deputy J. Renouf:

Is that the plan going forward, that we will have a budget for a new Government, and then a budget the following year, and then that is it?

Treasurer of the States of Jersey:

Okay, we are working through that. Therefore, there were disadvantages to the way that it used to work with the 3-year budgeting. What we are trying to do is work through the pros and cons of both models. We do think that you would have an annual budget in the sense of setting your income plans, but also that might also be the tool through which you would adjust your capital plans, and that is merely about phasing of capital rather than reducing funding. It is just to say that is what we used to do. We used to come back every year with a change to the capital plan in addition to the income-raising measures that underpin that 3-year financial plan. So, we would say that part and parcel of it would be to come back at some point, whether that is about capital, I do not know. We could build the flexibility into the 3-year plan. But what we are saying is for departmental revenue spend, the current system, while you could say that the aims were to have 3- to 4-year budgeting, the current system as it is in legislation means that it drives people towards wanting security of growth in the first year rather than a 3-year plan over which any growth available could be deployed, for example.

Deputy J. Renouf:

Is there a timetable for bringing forward proposals for changing the budgeting process?

Treasurer of the States of Jersey:

We have 2 phases of the changes we are looking at. The first would be the Capital Investment Fund, which will be available to be decided before the period of election sensitivity. The second phase we will be working on is working through how we see the pros and cons of the 2 models, having experienced the 2 models, what we would propose changes would be, not just in terms of the legislation, but in terms of how it would work in the background through the finance manual.[118]

The Government is actively exploring a return to a three-year Government Plan cycle to improve financial management and predictability. However, it would still involve an annual Budget element to set income plans and tax measures. It is felt that such a process would better balance long-term stability with short-term adaptability, especially for capital investment and income management. The current annual process incentivises departments to seek Growth Allocations in the first year rather than planning sustainably across multiple years. While the approach for its operational benefits is supported, the practical and legislative implications are still being assessed, with reforms being considered for phasing in commencing with the establishment and implementation of the Jersey Capital Investment Fund, followed by wider structural changes to the budgeting framework.

KEY FINDING 36: Government recognises limitations in the current annual Government Plan process, which encourages short-termism and drives departments to seek growth funding upfront rather than planning sustainably over multiple years. A return to a three-year Government Plan cycle is being actively considered to improve financial predictability, support long-term capital planning and strengthen income management. However, the shift requires significant operational and legislative changes and Government has not yet set out a clear timeline or framework for implementation.

[118] Transcript – MTR – 29 October 2025 – Pgs. 12 -13

4 Investing in Jersey – Capital Projects

Investing in Jersey[119] proposes to set out a framework for investment in capital through a long-term coordinated plan for renewing and maintaining the Island's infrastructure and public assets between 2026-2050. It aims to ensure that successive Governments prioritise investment in the Island's infrastructure. It is underpinned by the proposed Jersey Capital Investment Fund (JCIF), which is a dedicated Fund aimed at safeguarding funding for capital investment in this way.

In a review hearing, the Chief Minister explained the rationale for proposing Investing in Jersey, the need to underpin the programme with a dedicated Fund and how this approach forms part of COMs priorities to address the pressure on capital expenditure, which has suffered by monies being diverted to increased revenue expenditure.

The Chief Minister:

> *Okay, so if we take a step back, and when this Government came into office, it was almost intuitive that there was an exponential growth happening that had been happening for some time, and the cost of running the Government had grown exponentially since 2018. Since then, we have done a significant amount of work to understand that, and we started to react to it in relation to recruitment freezes, consultancy freezes, and so forth. But the Government, our small Island status, it is a bit like an oil tanker, and it is going to take time to turn that around. What we have done with this Government, we have curbed the growth in certain areas, and we have directed funds to the key areas, such as health, education, public safety, and so forth. The Capital Investment Fund also is a proposal to address the pressure on capital expenditure in the public realm and the infrastructure, which I think has suffered because we have tended to divert monies that could have gone into that to deal with the increased revenue expenditure. So we see this budget as a starting point. We realise we cannot deal with it just by curbing the growth in public expenditure. If we look back, if we go back, I think it was to 1996 when it was Terry Le Sueur was Social Security Committee President, of the foresight that went into establishing the funds that we have now. I think we need to start going back to a position, a more thoughtful place of how we do that now for the next 25 years.*[120]

The Panel understands that the COM has framed the Budget and the proposed Jersey Capital Investment Fund as key first steps in reversing unsustainable expenditure growth and rebuilding long-term investment capacity. While short-term containment measures (such as recruitment freezes) have been implemented, the emphasis is shifting towards structural reform and the institutional protection of capital spending, ensuring Jersey's infrastructure is adequately maintained and developed for the future.

The Chief Minister:

> *So, the Investing in Jersey programme will rely upon the States approving the Jersey Capital Investment Fund. Law drafting is being worked on now so, we hope before the budget to provide a lot more detail around that fund as requested by scrutiny and other Members. When that fund is put in place, it will ringfence capital expenditure, so when the budget is agreed, the capital expenditure will be placed into the Capital Investment Fund, only to be changed by a States Assembly decision rather than be able to be*

[119] Investing in Jersey – August 2025
[120] Transcript – CM – 10 October 2025 – Page 3

changed at, shall we say, the whim of a Minister. That will provide the security we need to maintain a strong capital programme because it is clear that our infrastructure and public realm has been underinvested in and that is starting to show its age now in certain areas

The Chief Minister proposes that the Jersey Capital Investment Fund represents a structural reform to how Jersey manages and protects capital investment. Through legally safeguarding infrastructure funding, improving accountability and transparency, it will address the historic underinvestment in the Island's public assets. The Fund is positioned by the Chief Minister as a cornerstone of the Government's Investing in Jersey programme and a critical step towards long-term financial resilience and infrastructure renewal.

KEY FINDING 37: The Investing in Jersey vision relies on the States Assembly approving the Jersey Capital Investment Fund. The Council of Ministers considers both the Budget and the Jersey Capital Investment Fund to be foundational steps in addressing unsustainable expenditure growth and restoring long-term investment capacity. The shift in focus towards structural reforms intends to ensure that investment is protected and prioritised.

Jersey Capital Investment Fund

The Panel understands, should the principle for the JCIF as shown in the Budget be approved by the States Assembly, then legislation will need to be lodged by the Minister for Treasury and Resources for States Assembly approval, before the Fund can be established and implemented. The timeline provided for this work is outlined in the Budget as follows:

- **Q4 2025**
    - Initiate consultation on proposed legislative amendments with Scrutiny and stakeholders.
    - Begin law drafting process with the Legislative Drafting Office.
- **Q1 2026**
    - Lodge draft Regulations to amend the Public Finances (Jersey) Law.
    - Further engagement with Scrutiny and stakeholders on details as part of the legislative process.
    - Debate and, subject to approval, adopt the Regulations in the States Assembly.
- **Q2 2026**
    - Finalise governance arrangements and operational protocols.
    - First transfers to the Fund to be implemented in Budget 2027-2030 in line with the Investing in Jersey framework.

The Panel noted that the FPP is supportive of investment in productive capacity and recognises that the creation of a ringfenced Capital Fund may protect capital investment budgets from being reprioritised and used to fund other, non-investment, spending pressures.[121]

The Budget sets out the purpose and objectives of the JCIF and the rationale for the long-term planning through Investing in Jersey. It further explains that Investing in Jersey will be underpinned by a 25-year Long-Term Capital Plan to ensure that decisions are well-informed and properly sequenced to support core public services and meet future challenges. The objectives of the JCIF are outlined as follows:

- Protect infrastructure investment from short-term pressures.

[121] FPP – Annual Report 2025 -Pg 20

- Provide long-term visibility to sustain and enhance the Island's assets.
- Strengthen strategic decision-making.
- Promote Transparency, Accountability, and Delivery Capacity.

Considering that limited information is provided at this stage on the final structure and governance model for the potential JCIF, the Panel discussed its development process with the Minister for Treasury and Resources during a public hearing[122] to gain a better understanding of the current position and intended final framework.

Deputy J. Renouf:

> *Minister, the Jersey Capital Investment Fund is a big new feature. Can you just start by briefly outlining what role you played in the proposals coming forward?*

The Minister for Treasury and Resources:

> *Well, I have been involved at the kind of key decision points in terms of agreed role, direction and structure, including discussions at the Regeneration Steering Group that we have had over the course of the year and Council of The Ministers where we have agreed that officers should then proceed with developing the detailed proposals. The Treasury Officers have been closely involved. A lot of it builds on the long-term capital plan, which has been one of our key objectives for some time to develop a long-term capital plan looking at what we need in terms of what we need to maintain, property depreciation and maintain assets and that has provided a very helpful foundation for the work in the fund.*

The Panel sought to understand what in particular would be considered as key for inclusion and what might be disregarded, when considering the JCIF in terms of the Long-Term Capital Plan.

Deputy J. Renouf:

> *Were there any things in particular that you were keen to establish, any red lines around it and what were the key things that you might have said: "I do not want" or "I do want"?*

The Minister for Treasury and Resources:

> *I think there is a recognition of where money needs to be spent and there is the recognition of what we need to spend, whether that is infrastructure or new developments of the Fort and then where we fund that. Then the obvious way to do that is through the fund. Obviously the experts are better at structuring finance and payment and we will be developing - and we were just talking about that recently this morning - and looking at bringing in some more changes to establish the fund and that will be happening in the early part of next year.*

The Panel observed that the JCIF is being designed as a central, structured mechanism to finance long-term infrastructure and capital projects and that the Minister for Treasury and Resources has been involved at major decision points. It is the Minister's view that the Fund would be an essential tool to ensure strategic, sustainable investment. The Panel notes that the final structure, governance model, and detailed operational framework are still in development, with further updates expected in early 2026.

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[122] Transcript – MTR – 29 October 2025 – Pgs. 18 -28

The Panel sought clarity on the approval process of the JCIF in order for it to be established and become operable.

Deputy J. Renouf:

> *To clarify and to be sure about that then, the sequence is the Budget gets approved, hopefully, and then the primary legislation to create the fund is brought next year with a view to it becoming operable when? …*

Treasurer of the States:

> *The backstop would be that the next Budget would be framed in such a way to make use of the new funds that would follow with the legislation in place at the time you undertake the budgeting process, so we are planning to get that in place for then. We have been asked to look at whether, through doing so, we would establish the fund and make any changes to the Government Plan to bring it in place for 2026. That will be an in-year change in 2026 if we were to get to that stage, but the default position is that it is ready for the Budget in 2027.*

Deputy J. Renouf:

> *Are there going to be any amendments needed to the Public Finances Law to bring it into being?*

Treasurer of the States:

> *Yes, so that work will lead to the law changes in the New Year that we will need and we are also working on what the changes to the Public Finances Manual would have to be because the law obviously will be at a high level. How that will operate will be enshrined in the Public Finances Manual. The law will establish those elements that are clear and pretty much in line with the existing provisions of Assembly approval. Then how we get the underlying mechanisms to work will be in the Public Finances Manual. It obviously needs changing because it does not make any mention of a fund that does not currently exist.*

The Panel identified that the JCIF is planned to be established through new legislation in 2026, with a default operational start date aligned to the 2027 Budget. Amendments to both the Public Finances Law and the Public Finances Manual will be required to formalise the Fund's structure and ensure it functions within Jersey's existing financial governance framework.

The Panel sought to understand how the new mechanism would align with the Long-Term Capital Plan.

Deputy J. Renouf:

> *The principle here is one that has been long established, as the Minister said. There has been a long-term capital investment programme for a while.*

The Minister for Treasury and Resources:

> *Well, we have been developing one, and it has been for years and years, but it has been rolled into the new fund.*

Treasurer of the States:

> *So, as the Minister said, it is the first time we have a long-term capital plan that is informed by the condition of the assets with an overlay of demographics in terms of*

how that will affect it. That indicates to us the level of capital funding we will need over that 25 years. That is a separate issue, but related to that issue is that we were looking to find a mechanism by which, if you like, capital funding could be protected to a greater degree than it is at the moment. At the moment when the pressure comes down, you will see through successive budgets that priority goes to department spend at the expense of capital spending capacity. So the overriding position will be to create a mechanism by which the funding available for capital is better protected. Now that is informed by the long-term capital plan in that that sets out when assets need to be replaced as time goes by. Some assets might last longer than you originally intend or think they will do but the central ethos is around that protection of funding for capital.

The Panel heard that the JCIF is designed to operationalise and safeguard Jersey's Long-Term Capital Plan, ensuring sustained investment in infrastructure through a dedicated, legislatively backed Fund.

The Panel sought to understand whether consideration was given to alternative mechanisms prior to deciding on the JCIF as a way forward.

Deputy J. Renouf:

Were any alternatives considered?

Treasurer of the States:

There is whether we can think through the status quo. It was early on in terms of what measures might you bring through. We could bring through fiscal rules that relate to capital spend. We could carry on with the existing position whereby depreciation provides that floor for capital spend in the way that we look at the finances, so we had started thinking about the alternatives, but this was where our thinking was going we were asked to look at ways by which we could protect the funding.

The JCIF was selected over fiscal rules and other existing mechanisms as it was felt that it provides the most robust means to protect capital funding when faced with short-term budgetary pressures. It also aligns with the Island's longer-term ambitions as it would provide a dedicated, protected and transparent funding structure for capital expenditure.

The Panel sought to explore whether an investment strategy would be tied to the JCIF.

Deputy J. Renouf:

Will there be an investment strategy tied to it in terms of it will hold money and what will be done with the money?

Treasurer of the States:

There would be. I wouldn't anticipate significant balances being available in the fund for long-term investment. It would more relate to short to medium-term investment while the funds are being spent or deployed so I would think that they will be largely wholly liquid investments.

It is the Panel's understanding that the intention is for the JCIF to have a clear investment approach designed to safely manage and preserve liquidity of funds, ensuring availability for planned capital projects without exposing the Fund to undue risk.

The Panel sought to understand how the JCIF would be funded.

Deputy J. Renouf:

Can you talk a little bit, either Minister or Treasurer, about how the funds will be capitalised and how it will get its money? There is a broad outline in place in the Budget with some borrowing coming from other sources. How clear are you, in your mind, of where you will draw the money from apart from the loan element, which is obviously a flexible thing you can pull in or not?

Treasurer of the States:

Much of that will obviously be key decisions for the incoming Government in terms of the balance of fiscal pressures. I do not envisage that a great deal of that will change from where we currently receive money from. For example, we will transfer the budget that equates roughly and this is part of how we think through the legislation. The budget that equates roughly to depreciation goes into the fund so there will be an annual transfer from what is currently called the consolidated fund - which will obviously need a different name - into the capital fund. Then more on a project or programme basis, you will look at other funding routes on top of that, whether they are assets that lend themselves well to borrowing and whether, as you will see, the I.I.J. (Investing in Jersey) programme looks at potentially, using for investment purposes, balances on funds or further borrowing that gets repaid through the funds. So the fund becomes a holding fund, if you like, if the States were to decide to invest in housing beyond social housing.

It is the Panel's understanding that the JCIF will be primarily funded via planned annual transfers tied to depreciation, supplemented by targeted borrowing or other funding sources as projects require. It acts as a holding mechanism to protect and allocate capital funding strategically.

The Panel sought to understand how borrowing would be used to facilitate the Fund's objectives.

Deputy J. Renouf:

In terms of perhaps the most controversial funding source of borrowing, which is briefly outlined, can you explain how that time limited borrowing will be implemented? What will be the process for deciding it and why would that be deemed the appropriate method as opposed to using anything else?

Treasurer of the States:

We have a framework that we currently use and we will issue updated debt strategies. Ultimately, the decision to increase the total amount of borrowing in the States will be a decision for the Assembly, so that level of governance would still be there. We are increasingly getting to the point of having an accumulative number which is the limit for borrowing. It will separate here the decision to borrow from over a long term with what means of borrowing you might approach or you might use on a short, medium or long-term basis. So it would see that that would evolve as some of that borrowing comes to maturity certainly in the current market. We might look for more medium-term borrowing as part and parcel of a long-term borrowing strategy but you might look at instruments in the short to medium term.

Deputy J. Renouf:

You mentioned a limit there. Are you saying that we are approaching a limit in terms of what we might consider the upper limit for borrowing by the States of Jersey or Government of Jersey?

Treasurer of the States:

I would say we are closer to it than we were previously, but by "limit" what I am referring to is that the authorisation for departments, for the Treasury to borrow is set by the Assembly.

Deputy J. Renouf:

When you talk about a limit, are you talking about a limit that the market might set?

Treasurer of the States:

No, I am talking about the authorisation for the Treasury to go and borrow in the markets to be set by the Assembly. You cannot borrow over and above that.

Deputy J. Renouf:

I will leave it there for that one. When do you anticipate lodging the legislation for debate in 2026, which is the key?

The Panel identified that borrowing for the JCIF will be carefully controlled, Assembly-approved and time-limited, providing a flexible mechanism to fund capital priorities while maintaining oversight and fiscal prudence.

The Panel sought further clarity on the purpose of enshrining in Law the use of funds of the JCIF and whether Government was in a position to commit to ringfencing funds for that specified purpose, considering previous experiences where funds committed to specific purposes have been repurposed anyway. The Panel wanted to ascertain the viability of the proposals in practice and whether Government had the mentality to be diligent regarding the use of Funds.

Deputy J. Renouf:

Several times you have said these things already exist or the money is already there and allocated and now it is going to go through this fund. So what is the key difference, in your mind?

Treasurer of the States:

The key difference in my mind, because you need to go through the budgeting process, is enshrining rules will be there in the legislation or handover rules in the public finances whereby which money will be put into the fund. We are going to be informed underneath that by the long-term capital plan, which will obviously be available to the Assembly. The newer parts of the wider I.I.J. will relate to other things that need to come through that that are not necessarily part of the capital programme currently and, in particular, among that will be housing.

Deputy J. Renouf:

Is the ringfencing then the key element?

Treasurer of the States:

Yes.

Deputy J. Renouf:

Politically, are you prepared to fight for that ringfencing? We set up a principle, do we not, and it is in law?

The Minister for Treasury and Resources:

> *The whole purpose of the fund is to ring fence it, so when we bring in the legislation to establish the fund, it has to be explicit that the funding source will be there. Otherwise, there is no point in setting up a plan.*

Deputy A.F. Curtis:

> *Could I ask about that, Minister, because it is proposed in this Budget that this is a time to, I think as the Treasurer said, protect money and adopt this? But is it your feeling that we have got that mentality for other funds because I notice, for example, a further reduction from the Technology Accelerator Fund is proposed in this Budget? Again, that was money ringfenced for a policy aim that is now being somewhat diverted. Is it your feeling that we have further work, as an Assembly, to do to be diligent to our funds or where do you feel that we are politically in ensuring that ringfencing is the aim?*

The Minister for Treasury and Resources:

> *This is trying to, I think, stop capital budgets being eroded for revenue spend, which is what happened historically. We need more money so we will take it out of the capital budget and that is one of the reasons why we have possibly underinvested in infrastructure and certainly on the capital projects. I think it is important that we do set the money aside and this is clear that the money is - and again ringfenced is probably not a good word - there and designated for the purpose of a capital project, if you like, in the wider sense. I think there has been an issue, it seems to me, because I have seen a list of various funds that have been set up historically and they have sat there. So I think we obviously need to be careful when we set up funds why we are setting them up and what they are intended to do. I am talking generalities and not particularly in relation to the technology fund that you mentioned. There will come times when that fund is either really not operating the way people thought it might or it has passed its sell by date, if you like. The purpose it was originally set up to address has been addressed or has been addressed in another way. So I think we just need to discipline around funds where they are set up for those purposes but there will always be times when needs must, I expect.*

The Panel understands that the JCIF is intended to legally protect capital funds, enforce disciplined allocation and prevent erosion of budgets for essential infrastructure. Ringfencing is central, with legislative and procedural safeguards to ensure funds are used as intended, while it was acknowledged that flexibility may occasionally be required for exceptional circumstances.

The Panel sought to understand what governance framework was being considered for the JCIF and where accountability would lie.

Deputy J. Renouf:

> *Strategic oversight of projects is, according to the I.I.J. report, going to be provided by the Council of Ministers but what oversight are you, as Minister for Treasury and Resources, going to have? Is it purely going to be at the level of Council of Ministers or are you going to have a role in overseeing how the money is spent on different projects?*

The Minister for Treasury and Resources:

Well, I imagine if it is capital projects, some of them will go through the Regeneration Steering Group. So to the extent they are going through the Regeneration Steering Group, then, yes, I am on that body. It is not necessarily Treasury's role to stand over every Minister's shoulders to see what they are doing with the budget. The Minister is responsible with his team and his chief officers for the spending of the budget that is allocated to them and when they do not do that properly, that is then the time when we may have to be consulted. But I do not have an oversight role for every Minister and a lot of these projects will sit with other Ministers; they may sit with Housing or they may sit with Andium depending on the project; it may be the Fort. So a lot of it is that it will be infrastructure projects that sit with the Minister for Infrastructure and they are then responsible for delivery with the budget that has been allocated for that project.

Deputy J. Renouf:

There is a fund. Who is the accountable officer for the fund?

The Minister for Treasury and Resources:

It would be the Treasurer.

Treasurer of the States:

Early thinking would be that it would be the Treasurer, speaking of myself in the third party, but that will be for the assets within that fund, as it were. Individual accountable officers would then be allocated for individual projects rather like the situation for the consolidated fund now.

Deputy J. Renouf:

So each project will have an accountable officer in terms of the spend?

Treasurer of the States:

Yes, or there will be a rolling vote for them, yes.

Deputy J. Renouf:

Going back to the fund itself, will there be any independent audit function tied to the fund? It is going to be large sums of money.

Treasurer of the States:

Yes, I do not envisage that we will dilute any of the audit functions as they currently relate to the consolidated fund. We will look at replicating those across. I am probably more focused on the actual spend from the fund rather than the fund itself in that regard. But as is the case now, there is a rolling programme of internal audits for large projects that will obviously sit within the financial boundary and, therefore, be subject to the external audit as well.

The intention is that the JCIF governance framework balances central financial oversight by the Treasurer of the States, strategic oversight via the Council of Ministers, and project-level accountability with individual Officers. In addition, audit functions are maintained and replicated to ensure transparency and proper use of funds. This structure will be designed to protect the integrity of the Fund while enabling Ministers to deliver capital projects efficiently.

The Panel sought to understand how the governance framework would be used to measure project delivery progress.

Deputy J. Renouf:

How will progress be measured in terms of the projects which are agreed to be funded from that fund? How will progress be reported?

The Minister for Treasury and Resources:

Each individual project will follow a project management structure depending on its scale. The project structure for something like the Fort, for example, will be different, I expect, from the project structure of the hospital, which is a much bigger spend. So it will depend on the nature of the project what the project management structure is and whether they use the Blue book, Green Book or whichever coloured book is appropriate.

Deputy J. Renouf:

Are there going to be key performance indicators or any other measures with which the Assembly could potentially hold the management to account on?

Treasurer of the States:

As is the case now in terms of individual projects, they will be accompanied by business cases that will set out the reason and the rationale for choosing to do a specific project as well as K.P.I.s (key performance indicators) which could be used to judge the success or otherwise of the project.

Deputy J. Renouf:

… When do you anticipate lodging the legislation for debate in 2026, which is the key?

The Panel identified that the JCIF will use structured project management, business cases, and KPIs to monitor delivery and report progress.

Regarding the lodging timeline, the Panel identified Government's intention to lodge the Proposition for States Assembly debate during this Government term. However, notes the possibility of potential delay.

Group Director, Strategic Finance:

… We will lodge it as soon as possible but obviously we need to bring into account multiple factors, law drafting time, et cetera. So, at the moment, now that the Budget is lodged, we are planning out exactly what that timeline looks like but we will try and do it as soon as we can so that the States has a chance to scrutinise it and debate it before everything stops for the election.

…*So I think, to be realistic, it will be lodged in Q1. I would not like to commit to a date because it is not just the work of our team to do it. It is obviously the work of the Law Draftsman's Department as well. So we would need to talk to them about exactly how much lead time they will need for them to produce it, but we will be working quite hard to get it done, and the incentive is paramount in respect of that.*

KEY FINDING 38: The Jersey Capital Investment Fund (JCIF) is being designed as a centralised, legislatively backed mechanism to safeguard and finance long-term infrastructure and capital projects. The Fund aims to operationalise the Long-Term Capital Plan, provide strategic protection for capital budgets, and ensure sustainable investment while mitigating short-term budget pressures. The JCIF is considered a more robust mechanism than fiscal

rules or existing processes for ensuring disciplined, sustainable and transparent capital investment. While the JCIF's structure, governance framework and operational details are still being developed the Fund intends to:
--protect and ringfence capital funding, with legal and procedural safeguards,
--be primarily funded through annual transfers tied to depreciation and supplemented by borrowing,
--employ structured project management, business cases, Key Performance Indicators and audit functions to monitor delivery,
--maintain central financial oversight (Treasurer of the States), strategic oversight (Council of Ministers), and project level accountability (Officers).

RECOMMENDATION 18: Should the States Assembly approve the establishment of the Jersey Capital Investment Fund in principle, the Proposition lodged for States Assembly debate must include explicit detail for:
--the governance and operational framework, including investment principles and risk management measures,
-- the interaction between the JCIF and the Long-term Capital Plan,
-- the reporting mechanisms and prioritisation process,
-- transparency of the funding sources, planned transfers and borrowing arrangements,
-- how performance will be measured and reported to demonstrate the effectiveness of the JCIF in delivering on the Long-term Capital Plan, protecting long-term infrastructure investment and delivering on the Jersey Island Outcomes.

Capital Projects

The Panel undertook high-level analysis of the Projects as applicable to the remits of the Chief Minister and Minister for Treasury and Resources. The Panel raised questions with the Chief Minister[123] and Minister for Treasury and Resources[124] during public hearings and via correspondence. The evidence gathered provides an outline of the progress made to date, the rationale for changes in projected funding, and any impact on department budgets and resourcing.

The Assembly is asked in the Proposition to approve each major project that is to be started or continued in 2026, 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 Government Plan Report.

Projects and Programmes: Chief Minister

The Budget notes the following as areas of key risk relating to Information Technology, which need addressing in the Budget.

[123] Transcript – CM
[124] Transcript – MTR

Failure of frontline IT services	Budget 2026, through the capital programme invests £25 million into information technology and digital services in 2026, with £41 million invested in total over the plan period. In addition to the above investment in information technology, the Budget includes funding of £8 million per annum to invest in digital health, providing a modern digital platform for health that can be accessed by all care sectors.
Cyber defence	The funding for information technology includes specific funding for cyber security to respond to the continued and heightened threat of cyber-attacks.

The Panel explored the highlighted risk during the review hearing with the Chief Minister.

Deputy A.F. Curtis:

> *…We are going to move on to looking at some of the capital, in particular Information Technology. The budget 2026 allocates funding to a failure of front line I.T. and digital services, £25 million in 2026 and across this plan £41 million, and cyber defence. I think we have mentioned that these are key risks though on your risk register.*

Chief Executive Officer:

> *A growing risk, yes.*

Deputy A.F. Curtis:

> *A growing risk. Coud you then take some time to explore how that level of risk has been assessed and given you are using the term "growing", Chief Executive, how the funding then is going to be used against those risks.*

Chief Information Officer, Digital Services:

> *… Much analysis and much thinking this year with the increased external threats, what we have seen in other organisations. Part 1 I mentioned earlier, we undertook quite a comprehensive health check of our system so we looked at our infrastructure, looked at our applications, looked at the service management across the piece. We developed a programme plan that we now call I.I.I.P. (I.T. Infrastructure Improvement Programme). This is replacing old systems, poor integration, overall increasing the resilience and improving the estate. That is driven by a very structured risk management approach in the programme. We have a number of senior architects looking at each area of the system and diverting the spend in the appropriate places, so prioritisation. The third element on the cyber side is increase in defences. We are very happy to come back with a detailed private hearing presentation to go through that. It would not be appropriate in a public forum because there are commercial sensitivities to some of those plans and some of those details but it is comprehensive and I am confident that we are putting the right effort in the right places but a lot of focus and a lot of effort this year. It has been a very concerning year for a large number of organisations and we have looked very deeply as a result at our infrastructure in our estate. We are also working with our partners. Some of our key suppliers have given particular practical advice which has been very well received of where we put our efforts and our focus.*

The Panel understands that the Government has recognised the increasing cyber and IT infrastructure risks and is responding through a structured improvement and defence programme. The investments in 2026 are aimed at addressing the identified risks by ensuring resilience, modernising legacy systems and protecting critical services from emerging threats.

KEY FINDING 39: Information Technology (IT) has been recognised in the Budget as an area of increasing risk. The funding being proposed for 2026 intends to address areas of risk for failure of frontline IT services and cyber defence through modernising legacy systems and protecting critical services from emerging threats.

Projects – 2026

The Panel considered the following projects during its review of the Budget:

- Cyber Programme 2.0 (Major Project) – continuing
- IT Infrastructure Improvement Programme – continuing
- Digital Government Platform - continuing

The Panel sought an update on the progress of these projects during the review hearing with the Chief Minister.

Cyber Programme 2.0

The Budget sets out that *Investment in the Cyber Security 2.0 Major Project continues in the Budget. The project seeks to ensure that Government is able to adequately respond to the increasing complex cyber threat, which has grown in recent years due to the challenging geopolitical risk landscape. It builds on the successful implementation of the earlier Cyber Programme.* The Panel sought further detail on this programme.

Deputy A.F. Curtis:

> *… You have pre-empted where I was going, which is the cyber programme and its delivery in 2025, noting there is a level of sensitivity but spend allocated was £2.5 million for this year and it would be good to know whether as a department you have been able to operate the programme in line with your expectations during this year for the cyber programme.*

Chief Information Officer, Digital Services:

> *So because of what I have just said there has been an increase in tactical spend on what we called the operational security enhancements so practical things, changes in particular use of configuration and tooling, monitoring how we use our security operation service that we have talked about before at previous hearings. We have not spent as much on assets in this year, 2025, so we deferred some of the spend to the back end of the programme in 2027 because we wanted to get the focus on the tactical things with how the external threat analysis has increased very significantly particularly this year.*

Deputy A.F. Curtis:

> *Okay and there is a small increase against what the 2025 budget predicted for 2026 moving from £3.6 million to £3.714 million. It is a small amount but it would be good to understand given the competing pressures how that assessment of the programme and how the need for change was formulated.*

Group Director, Strategic Finance:

> *… We have added, so we have taken the overall programme and just moved the cash into the right years to make sure that Jason has got the money when he needs it, so that is set out towards the back of the budget.*

Deputy A.F. Curtis:

> *So it is a phasing plan to ensure that you can deliver.*

Group Director, Strategic Finance:

> *It is phasing. It is not new money.* [125]

The Cyber Security 2.0 project represents a continuation and enhancement of the Government's cyber resilience efforts. In light of heightened geopolitical and security risks, the focus has shifted towards immediate, tactical defence improvements, supported by phased funding adjustments to maintain long-term programme objectives without increasing overall expenditure.

KEY FINDING 40: The major project Cyber Programme 2.0 continues in 2026 to enhance Government's cyber resilience. Focus has been on tactical defence enhancements in response to heightened geopolitical and security risks. Although funding has been rephased to prioritise immediate protections, the overall programme remains within existing expenditure limits, ensuring continued progress on long-term resilience objectives.

IT Major Upgrade and Replacement

IT Infrastructure Improvement Programme - Breakdown of Grouped Head of Expenditure						
£'000	Spon Dept	Supp Dept	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Service Delivery Improvements	DS	DS	1,338	758	-	-
Networking Infrastructure Improvements	DS	DS	689	390	-	-
Applications Infrastructure Improvements	DS	DS	2,116	1,199	-	-
Infrastructure Improvements	DS	DS	1,857	1,052	-	-
IT Infrastructure Improvement Programme			**6,000**	**3,399**	**-**	**-**

Table 28: IT Infrastructure Improvement Programme - Breakdown of Grouped Head of Expenditure

The Budget sets out that *funding continues for upgrades to Government's digital systems. The programme is intended to upgrade Government's aging digital infrastructure, simplify digital systems and improve the reliability of the IT network across government. To provide greater flexibility within this programme of work, the IT Infrastructure Improvement Programme grouped head of expenditure has been established and Table 28 sets out the indicative allocation for each of the underlying projects. The allocation of resources between projects has been revised this year to ensure funds are being used in a manner that maximises outcomes.* The Panel sought further detail on the Programme.

The Panel identified that the Programme for 2025-2026, with a funding allocation of £6 million per year, has made good progress so far. The four key areas progressed in 2025 have been infrastructure, networks and service delivery to deliver on consolidation of shared services, modernisation of file services and removal of aging hardware, which is improving resilience and simplifying the estate.

[125] Transcript – CM – 10 October 2025 – Pg 47

However, it was acknowledged that the programme delivery has a high reliance on external consultancy due to specialist skills shortages, elevated cyber risks and an ageing, complex I.T. estate. Therefore, to manage this, an exceptions policy is applied for short-term specialist roles, while the department pursues a longer-term strategy to grow internal talent through a planned I.T. skills academy and apprenticeship framework. This aims to reduce dependency on third parties over time and enhance on-Island capability.

Considering the intention to develop an in-house academy and in house skills, the Panel sought to understand what assessment had been undertaken to ensure that was the best approach. Particularly, considering previous examples where this model was established and then dissolved (Government in-house Communications).

Deputy L.K.F. Stephenson:

> *I just wanted to follow up quickly on the change of model to having an in-house academy and development of skills in house, just given the experience, one example, of the Communications Department. I would like to know in this case what assessments have been carried out that this is the best way to go. Is it the most cost effective, is it about quality? How have you determined that that is the right model to follow and also I would just add into that again because of the experience of the Communications model and the undoing of it a few years later, has the impact on local companies of that decision been taken into account?*

Chief Information Officer, Digital Services:

> *Yes, it has. We are not saying that with a skills academy that we are going to bring all the skills in house, so for example cyber at the moment, the best example, we have a security operations centre. It is a service provided by a company in the U.K. It is a 24/7 operation, it is very fast changing, the tools, the methods, the skills. [12:00] We could not keep up with them here in Jersey as a whole Island let alone the Government. Our plan is to keep using that as an external managed service. I gave the other example of our system architects. At the moment we are quite happy with the plan to use it from on-Island companies. We are thinking about project managers, scrum masters so a more modern version of a project manager to move into a more agile approach. It is a horses for courses approach. We are developing what we call a sourcing strategy as part of the technology, our overall technology strategy plan, and that will answer your question in a bit more detail. That will probably be ready early 2026 with the work that my team are working on now for that.* [126]

The Panel heard that the strategy being developed will ensure a balanced approach, combining internal talent growth with targeted use of external services where necessary, mitigating risks and maintaining continuity. The approach also considers the impact on local companies, aiming to complement rather than replace them. No funding concerns were highlighted and it was confirmed that the allocated budget was sufficient to deliver on the aims of the project and was rebalanced to prioritise efficiency and resilience in Government IT operations.

KEY FINDING 41: The IT Major Upgrade and Replacement Programme continues in 2026. Government is developing a strategy to balance in-house capability with selective use of external providers, aiming to strengthen resilience, retain internal expertise and avoid

[126] Transcript – CM – 10 October 2025 – Pg 48

displacing local companies. The project is sufficiently funded, with the budget rebalanced to prioritise efficiency and continuity in Government IT operations.

Digital Government Platform

The Panel identified that the Digital Government Platform (GDP), the Government customer portal, is nearing full implementation. It was noted that the platform was essentially ready for production in April 2025, however, that final operational testing involving Government employees and States Assembly Members was scheduled for 4-6 weeks to gather feedback before public release. It was noted that a firm go-live date has not been set to ensure all feedback is considered.

Chief Information Officer, Digital Services:

> *… We presented the new system, the Digital Government Platform, to States Assembly Members on Wednesday and we had some good questions and good receipt. We have been very carefully testing the platform, not rushing it. It was essentially ready for production in April and we have taken it through different stakeholders and different departments. We are intending to release the final part of operational testing for the Digital Government Platform next week and we will invite all Union Street colleagues and all States Assembly Members. That is an operational system and part of that process is to receive feedback whether it is now ready for the public. We are expecting 4 to 6 weeks for that exercise to take place and receive the feedback appropriately. We have not committed to a final go live date deliberately because we want to get the feedback from the States Assembly Members and Union Street colleagues but this year is our expectation for it. As for the £600,000 question, that is funded by the Transform programme and that is to deliver the enhancements to the Digital Government Platform the Transform programme needs. There may be another project which is being considered to reuse the platform, which is very much part of our strategy, reuse to simplify systems and that funded capital project might provide some extra cost for it but it would not change the funding plan as you see it written that is here. It is basically reuse of the technology with some new function enhancements on what is already called G.D.P.* [127]

The Panel identified that expenditure in 2025 is in line with the £600,000 forecast, funded through the Transform Programme to deliver the necessary enhancements. Although, potential additional projects may involve reusing the platform to simplify other systems, these would not alter the existing funding plan. Furthermore, it was confirmed that funding to operate and maintain the GDP in 2026 and beyond is sufficient under the current assumptions, with the caveat that any significant additional use or expansion (which cannot be predicted) will need extra funding, likely connected with those relevant capital projects.

KEY FINDING 42: The Digital Government Platform is technically ready and nearing full implementation, with final testing underway. No firm go-live date has been set. While current expenditure aligns with the Budget forecast and ongoing operational funding is considered sufficient, any future expansion of the platform is likely to require additional funding.

[127] Transcript – CM – 10 October 2025 – Pg 51

Service Level Analysis: Chief Minister

Table 5i - Revenue Heads of Expenditure			
2026			Head of
£'000	Income	Expenditure	Expenditure
Departmental Expenditure			
Cabinet Office	(410)	18,771	18,361
Digital Services	(1,410)	35,959	34,549
People Services	(6,101)	19,404	13,303

The Revenue Heads of Expenditure for the Chief Minister includes Cabinet Office, Digital Services and People Services.

The Panel requested[128] further detail on the Service Level Analysis[129] for each service and sought to establish their capacity to deliver services within the budgets allocated, any resourcing or staffing challenges and how these might impact upon service delivery. In a written response from the Chief Minister further detail on each service area was provided as requested by the Panel. Further breakdown of projected income, earned expenditure, staff employment levels and open vacancies for each service area were also provided and can be found here.

The response also explained that all departments have undertaken a process of prioritisation to focus their expenditure on delivering key services and policies. Assurance has been provided that the 2026 Budget allocations will be sufficient. Further detail on how Cabinet Office, Digital Services and People Services have prioritised delivery of key services can be found here.

Regarding any funding pressures, the response acknowledges that:

> *It is recognised by the Council of Ministers that funding pressures arise from 'trying to do too much' which has meant that the demands on the organisation far exceed the capacity of the staff and funding available and has created the pressure for continued and unsustainable growth in the public sector and its budget. This applies across the organisation and has included the Cabinet Office, Digital Services and People Services. For example, the funding pressures in Digital Services result from having had a list of pending projects totalling 333 items, which has been reduced down to an achievable 102 through a prioritisation exercise. A similar position has existed in respect of the law drafting programme. The Budget addresses this by aligning the financial resources to delivery of the Common Strategic Policy, our major business-as-usual activity and frontline services, whilst demonstrating fiscal prudence.*

Further detail on resourcing challenges specific to each service area was provided:

- *The Cabinet Office applied the Government-wide restrictions on external recruitment and use of consultants. The headcount of the department has reduced through this process of vacancy management. There are no resourcing and staffing challenges because the workload of the department was prioritised accordingly, as set out in the response to question.*
- *Digital Services as with the Cabinet Office, the Government-wide restrictions on external recruitment and use of consultants has been applied within Digital Services.*

[128] Letter – CM – 16 October 2025
[129] R.139/2025 – Pg.9

The budgeted headcount of the department has been reduced through vacancy management across roles which are predominately not in the sphere of technical specialisms.

- *People Services restructured in Q4 2024 to ensure that budget savings would be made. There has been prioritisation of staff in line with the People Services Business Plan. The role-saving target has been met via a review and restructure of the People Services staff model, from which a number of vacant roles have been removed.*

Funding and staffing pressures have arisen from the Government's historically ambitious workload relative to capacity. The 2026 Budget is to rebalance priorities, tighten resources management and stabilise spending.

In respect of the department's ability to deliver on the Budget's savings proposals, the response outlined that *the Cabinet Office made savings through reductions in the use of consultants and vacancy management during 2024 and 2025. The latter involved the removal of vacant posts and the decision not to backfill posts as staff left the department. The 2024 and 2025 savings were necessary to meet the savings needed from 1st January 2026. The Cabinet Office is forecast to deliver an underspend of approximately £1.3m in 2025, which is the same amount that the Budget will reduce by in 2026. Therefore, the department's 'run rate' is already at the levels needed for 2026 and there have been no adverse impacts.*

In correspondence[130] it was further outlined that the combined savings target for payroll reduction across the Cabinet Office, Digital Services and People Services is £1.8m for 2025 and that a further £2.7m of savings is planned in 2026, broken down as follows:

- Cabinet Office £1.3m
- Digital Services £1.0m
- People Services £0.4m

The Panel also reached out to the Bodies as reflected as a service under the Cabinet Office[131] to understand their capacity to deliver their functions with the funding allocations provided for 2026. Non-confidential responses were received from the Jersey Care Commission and Jersey Advisory and Conciliation Service. From these responses it is clear to the Panel that the organisations have worked to achieve savings in 2025, and this continues for 2026, they endeavour to demonstrate a responsible and measured approach to financial management. The Panel has observed that they are delivering their core services at capacity with no room for flexibility, should they be faced with change in 2026.

The Jersey Care Commission explained that:

The proposed allocations for 2026-2029 will allow the Commission to maintain core service delivery in the short term. While we plan in detail, uncertainties and risk will remain especially in areas new to regulation. We continue to mitigate our risks by applying sound financial principles and risk-based planning to ensure that our resources are directed where they are most needed. It is essential that the regulation of high-risk services including the hospital, ambulance, and adult mental health services continue to be adequately funded. These areas are critical to public safety and wellbeing, and effective regulation must be maintained.[132]

[130] Correspondence – CM – 6 October 2025
[131] R.139/2025 – Pg 9
[132] Submission – Jersey Care Commission – 24 October 2024

The Jersey Advisory and Conciliation Service explained that:

> *The proposed uplift contained in the budget for 2026 means we can show a balanced budget - with a tiny surplus of £9k - if approved. Without this the JACS budget for 2026 was showing a shortfall of around £3k. The proposed increase is 2.6%, which is the RPI uplift applied to departmental non-pay budgets for 2026 (JACS is paid as a grant, so is shown as non-pay in the Cabinet Office budget). If a similar uplift is allocated in 2027 and beyond, this will also apply that to JACS grant. However, if over the next few years there is no further injection of funds JACS will have to look at service delivery against our statutory requirements under the legislation, along with the impact of any additions to either/both the employment and discrimination legislation on such a small team.*[133]

Likewise a submission received from the Office of the Children's Commissioner (OCCJ) explained that it faces a further £61,000 saving requirement for 2026, bringing total reductions to £139,000 over three years - an amount considered significant given its already small budget. The OCCJ argues that additional staff cuts are inappropriate after already losing one post from a team of nine, especially following a recent restructure which was agreed in 2025. Meeting the savings target will leave the Office operating on an extremely limited non-staff budget, with essential operating costs consuming nearly half of it and restricting core activities. Reduced funding will also limit the OCCJ's ability to commission external expert advice, which is essential due to limited local human rights expertise on-Island, thereby threatening its independence, a key principle for OCCJ. The OCCJ warns that undermining its capacity and independence for a relatively small saving risks long-term damage and has raised these concerns with senior officials and Ministers. The OCCJ explains that:

> *If the ambition of the States of Jersey is to provide the minimum in respect of the offices role and functions in achieving children and young people's human rights, then based on the proposed budget for 2026 the OCCJ is confident that it can provide this level of core services. However, it is the view of the OCCJ that is an unambitious aim for a jurisdiction to have in terms of both its Children's Commissioner and human rights.*[134]

A further submission was received from the OCCJ to clarify the impact of the proposed reduction of £61,000 on their allocated budget for 2026 on operations and work.

The Panel has proposed an Amendment to the Budget to reinstate the 2026 savings allocation of £61,000 for the OCCJ to ensure that the OCCJ is sufficiently resourced in 2026 to fulfil its statutory requirements, principally to include 'promoting and protecting the rights of all children and young people in Jersey. Further detail on the rationale and purpose for the Panel's proposed Amendment can be found in the Amendment's accompanying report and in Appendix 2 of this report.

KEY FINDING 43: The proposed 2026 budget allocations for the Office of the Children's Commissioner, Jersey Care Commission and Jersey Advisory and Conciliation Service are barely sufficient to maintain core services which risks compromising service delivery.

RECOMMENDATION 19: Government must review the funding requirements for the Office of the Children's Commissioner for Jersey, Jersey Care Commission and Jersey Advisory and Conciliation Service to ensure they are adequately resourced to fulfil their statutory responsibilities, maintain independence and support the effective delivery of critical regulatory

[133] Submission – JACS – 23 October 2025
[134] Submission – Children's Commissioner – 14 November 2025

and human rights functions. Consideration must also be given to provision for necessary external expertise where on-Island capacity is insufficient. The funding review must be undertaken by Q3 2026 and ahead of the subsequent Budget.

Projects and Programmes: Minister for Treasury and Resources

Projects – 2026

The Panel considered the following projects during its review of the Budget.

- Revenue Transformation Programme Phase 3 (Major Project)
- Revenue Transformation Programme Phase 4 (Major Project)
- Pillar 2 Implementation (M)

The Panel sought an update on the progress of these projects during the review hearing[135] with the Minister and in written correspondence.

Revenue Transformation Programme (Phase 3 and Phase 4)

In a hearing[136] with the Minister for Treasury and Resources the Panel explored the progress of the Revenue Transformation Programme to date, and the further intended aims and funding requirements. The Panel identified that Phase 3 of the Programme was now complete, and Phase 4 was progressing as planned. The following key achievements were provided:

Phase 3 (complete) included the delivery of the Revenue Jersey modernisation programme, which implemented several major reforms aimed at improving efficiency, compliance and service quality. This included the delivery of:

- Introduction of the Jersey Tax Professional Qualification – the first-ever Jersey-specific tax law qualification, with three cohorts of trainees completed. Plans are underway to extend it to the private sector, supporting professional development and local expertise.
- Combined Employer Return (CER) – now implemented for all employers, enabling monthly consolidated filings covering income tax, social security, and workforce data. This has simplified processes and improved data consistency.
- Launch of the Online Form System – a major digital transformation improving taxpayer engagement; average enquiry turnaround time reduced to 3.5 days, exceeding the 5-day target.
- Implementation of the Economic Substance Law – reinforcing Jersey's international tax compliance framework.
- Enhanced Compliance Activities – strengthened systems and resources have generated a compliance yield of several tens of millions per year, demonstrating a tangible return on investment.

135 Transcript – MTR – 29 September 2025
136 Transcript – MTR – 29 September 2025 – Pgs.7-11

Phase 4 (continuing) intends to build on the reforms delivered through Phase 3 and focuses on integration, contract renewal and international reporting obligations. This includes delivery of:

- Integration of Contributions Function – completed in February 2025, consolidating social security contributions into the revenue management system. This integration allows Social Security to develop a new NESSIE successor system without the contributions module.
- Renegotiation of Major System Contracts – two key contracts renewed for:
- The Revenue Management System (covering domestic taxes: income tax, GST, etc.).
- The Giant System, which manages international operations.
- Continued upgrades to support Automatic Exchange of Information (AEOI).
- Implementation of new OECD reporting requirements, notably the Crypto Asset Reporting Framework (CARF), to strengthen compliance for virtual asset service providers (15–20 currently in Jersey).

The Panel sought to understand whether the projects for the programme were being delivered within budget and whether any challenges were identified.

The Connétable of St. Mary:

> *…you say phase 3 has been completed, but phase 4 … or in respect of both projects are they being delivered or have they been delivered within the timeline you envisaged and within budget?*

Comptroller of Revenue:

> *… I think overall the whole of the revenue transformation programme has very largely been delivered within budget. It has not always been delivered on time and, as I say, if you took the contributions function integration, that was because we had a very low risk appetite for making changes to the contribution system without it being as good as it possibly could be. Some of the delays to the C.F.I. were down to us wanting to make sure it passed all of the smoke tests and the detailed user requirement testing. Then even towards the end it could have been introduced around November time last year but the whole of our digital services colleagues were pretty much heavily engaged in equipping out the new building of the Union Street office, so that was what pushed it into 2025.*

In correspondence[137] from the Minister for Treasury and Resources it was confirmed that no concerns were anticipated regarding delivery of the Programme.

The completion of Phase 3 and progress in Phase 4 reflect significant modernisation of Jersey's tax administration infrastructure. The reforms have streamlined processes, enhanced compliance and strengthened international reporting capability. This is positioning Revenue Jersey as a more efficient, integrated and digitally enabled service. The Programme has been financially disciplined but timeline adjustments were necessary to manage risk, ensure system quality and accommodate competing operational priorities. Despite minor delays, the programme remains on track to deliver its intended outcomes.

KEY FINDING 44: The completion of Phase 3 and progress in Phase 4 of the Revenue Transformation Programme represents substantial modernisation of Jersey's tax administration infrastructure. The reforms have streamlined processes, enhanced compliance,

[137] Correspondence – MTR – 30 September 2025

and strengthened international reporting capability. Delivering these improvements is positioning Revenue Jersey as a more efficient, integrated and digitally enabled service. The programme remains on track despite minor timeline adjustments.

Pillar 2 Implementation (M)

In correspondence[138] from the Minister for Treasury and Resources an update was received for project progress made during 2025 and the intended aims for 2026. It was explained that Government *is currently in the tendering phase to procure services for the development of a Pillar Two tax system. This programme will support Jersey's implementation of the OECD's global minimum tax framework. It is expected to run for a minimum of two years and will include the design, build, and delivery of a digital service to support compliance and reporting obligations under Pillar Two.*

The Panel also sought to understand whether any changes in policy direction had been taken and identified that:

> *Following the proposed "side-by-side" approach to Pillar Two (in which U.S.-headquartered multinational groups would be excluded from the scope of aspects of the Pillar Two regime), Jersey is closely involved in the current discussions at the OECD Steering Group. Jersey remains agile and responsive to international tax developments and remains committed to preserving Jersey's overall competitiveness. Regardless of the US position and ongoing discussions, the Pillar Two tax rules were implemented in Jersey from 1 January 2025, with affected entities currently in the process of registering for reporting and payment beginning in 2026.*

In correspondence from the Minister for Treasury and Resources it was confirmed that as Pillar Two is a complex programme of work, a range of understandable risks are being actively mitigated for the following identified challenges, which otherwise could impact upon delivery:

- Availability of skilled resources within Jersey.
- Securing sufficient input from taxpayers and tax agents across Jersey in user research activities.
- Management of dependencies between teams.

Furthermore, due to its complexity the following mitigation measures have been implemented:

- The adoption of industry-standard delivery approaches towards building software for users.
- User-centred approach where we co-create solutions with users, for users.
- Engagement of a skilled local delivery partner to augment our existing resources.

Work continues to deliver on Jersey's obligations under the global OECD Pillar Two regime. The Government of Jersey has made substantive progress toward implementing the Pillar Two tax system. While the system remains in the tendering phase as of 2025, the project is aligned with OECD global minimum tax requirements and is expected to run for at least two years. Policy direction remains agile, reflecting Jersey's engagement with international discussions and its commitment to preserving competitiveness. The Pillar Two rules have been implemented from 1 January 2025, and affected entities are preparing to comply with reporting and payment obligations starting in 2026. Overall, the project is on track to meet its

[138] Correspondence – MTR – 30 September 2025

objectives within the intended timeline. Due to the complexity of the project, challenges have been identified and mitigation measures put in place.[139]

Revenue Growth Allocation

I-T&E-B26-001 Pillar 2 Tax Team

Revenue Expenditure Growth					
£'000		2026	2027	2028	2029
Reference	Description	Estimate	Estimate	Estimate	Estimate
I-T&E-B26-001	Pillar 2 Tax Team	1,748	2,998	2,680	2,685
Total		**1,748**	**2,998**	**2,680**	**2,685**

The Annex[140] notes that *Jersey is implementing the OECD's Pillar Two reforms, reinforcing its commitment to international tax cooperation and introducing a global minimum tax for large multinational enterprises. This positions the Island as a trusted, competitive financial centre, meeting global standards while fostering a stable business environment. To support these reforms, the Government will invest in a modern IT system, delivered in phases. This will include a secure portal for multinational groups and tax agents to register, file returns, and make payments, alongside tools for Revenue Jersey to manage new tax types, monitor compliance, and exchange data internationally. Essential elements, such as the registration form, have been delivered early, while larger investments will align with greater clarity on the number of impacted entities and global trends. The project is expected to enhance competitiveness through improved digital services, strengthen Jersey's reputation for transparency and regulation, and build internal capability thereby reducing reliance on external vendors and retaining intellectual property.*

The Panel has kept abreast of this workstream during quarterly hearings with the Minister for Treasury and Resources in 2025. The Panel is aware that work is progressing to fulfil the implementation of the OECD Pillar Two reforms and that specialised skills are needed to facilitate this and would need to be recruited in stages. Due to the type of skills needed and current global uncertainties, a prudent approach has been undertaken when recruiting to these roles at all stages of the workstream. The Panel is of the view that recruitment will continue in a similar vein.

The Connétable of St. Mary:

> *… On the question of resources to recruit the team to deliver the work stream, has the uncertainty affected that in any way?*

Assistant Minister for Treasury and Resources:

> *Yes. As I indicated, right across the board we are currently implementing from a minimalist resource perspective. We are in the process of recruiting one individual where we would have expected to have recruited 3 or 4 and we will see how that works*

[139] Update received on 26 November 2025 from the Department for Treasury and Exchequer: *The work on the system has started in Q4 2025 and is forecast to run for two years. The system will be released gradually as required for industry and internal stakeholders to use. Once the Pillar Two elements of the system are built, it will then progress into the creation of a business portal for companies and their tax agents. The Pillar Two standalone registration form is already in place and is assisting groups in meeting their registration requirements, meeting the first deadline under the MCIT Law.*

[140] R.139/2025

out throughout the coming months. Of course I am not involved in the recruitment because it is done by officials. As I understand it, is another world class individual like Jonathan here who will not just be able to do this work if it goes ahead but will be able to do other work in Revenue Jersey if this does not go to plan.

Deputy Director - International, Revenue Jersey:

I think it is important to add that we have been extremely prudent with recruitment, given the uncertainty. For instance, my position has been extended to be involved with Pillar Two implementation and it is part of my existing role. We have also moved a couple of existing Revenue Jersey members of staff. An implementation manager has been appointed from 1st January this year. She has experience of implementing new taxes in other jurisdictions, so was deemed the best person for that. We have had somebody from our domestic policy team being moved into a business analyst role to help support with Digital Services. We have got the support of our international tax policy colleagues. We have been trying to split the work as best possible throughout Revenue Jersey with the existing resources, given that uncertainty. The offer that will be going out very shortly is to fill an existing post in the policy team, so it is not a new post that is being created. It is a case of the preparation is there. We have got everything in place to go. We have also got ownership of process maps of talented individuals who have gone through screening to make sure that they are suitable candidates, et cetera. We would be prepared to take up those conversations when need be so we can be mobile at the time that is relevant.[141]

KEY FINDING 45: The major project *Pillar Two Implementation* has made significant progress in implementing the OECD Pillar Two regime, with the system aligned to global minimum tax requirements. Implementation was operational from 1st January 2025 and is on track to meet reporting and payment obligations in 2026. Revenue Growth funding is proposed for 2026 to grow a *Pillar 2 Tax Team* to further facilitate this workstream. The successful implementation of the Pillar Two reforms relies on specialised skills. To date, a cautious and staged approach for recruitment to roles has been adopted, reflecting the uncertainties and the complexity of the workstream.

Service Level Analysis: Minister for Treasury and Resources

The Revenue Heads of Expenditure for the Minister for Treasury and Resources include those shown in the table below:

Table 5i - Revenue Heads of Expenditure

2026 £'000	Income	Expenditure	Head of Expenditure
Departmental Expenditure			
Treasury and Exchequer	(5,192)	51,772	46,580
Grants to States Funds	-	63,128	63,128
Living Wage Transitional Support	-	10,000	10,000
Past Service Pension Liability Refinancing	-	-	-
Financing Costs	(174)	33,623	33,449

[141] Transcript – MTR – April 2025 – Page 26

The Panel requested[142] further detail on the Service Level Analysis[143] for each service and sought to establish their capacity to deliver services within the budgets allocated, any resourcing or staffing challenges and how these might impact upon service delivery. In a written response from the Minister for Treasury and Resources further detail on each service area was provided as requested by the Panel. Further breakdown of projected income, earned expenditure, staff employment levels and open vacancies for each service area were also provided and can be found here.

The response also explained that all budget allocations were sufficient to deliver on the key priorities of the department, although some lower priority activity may need to be deferred or progressed at a slower pace.

Further detail on staffing and resourcing challenges was highlighted in the response. It is the Panel's understanding that the department has successfully implemented strategies to attract high-quality candidates despite challenges posed by a competitive labour market and an ongoing recruitment freeze. Initiatives such as the launch of a dedicated careers microsite and targeted recruitment campaigns have proven effective, as demonstrated by the trainee accountant campaign receiving 75 applications. The department anticipates filling all current vacancies and remains committed to reprioritising work to ensure delivery of its key objectives within available resources.

Regarding the role savings target for 2025, in correspondence[144] it was noted that had been met in full by the department utilising vacancy management optimisation. The response further explained *this has resulted in the removal of 9.0 roles, which includes 2.0 Director (Tier 2) roles (Risk and Assurance / Investments) (pending a restructure), 2.0 vacant roles within the Corporate Portfolio Management Office and 5.0 vacant roles within Commercial Services. As the role savings targets were achieved through vacancy management optimisation, opportunities were taken to review essential service delivery, ensuring minimal service impact.*

It was also outlined that savings targets allocated to the department in 2025 have all been met in full and included:

- Office accommodation property savings (£110,000).
- 20% reduction of growth allocated in the 2024 Government Plan (£335,000).
- Roles savings targets (£1,009,000).

In respect of the department's ability to deliver on the Budget's savings proposals, the response outlined that:

> *The department, being fully mindful of its allocated roles savings target in 2026, is ensuring any actions taken in 2025 in respect of vacancy management are reflective of this target. We will look to use tools such as removing vacancies or not replacing staff that leave, to minimise the human impact of the savings. We may need to reconfigure services, and will continue to look to identify extraneous activities, improve efficiency, and ensure that our processes and governance are proportionate. The detailed planning commenced in quarter 3 of 2025 which is identifying those opportunities to achieve this target. With the support of the HR Business Partner, discussions have commenced with the Senior Leadership team to develop its formulisation.*

[142] Letter – MTR – 20 October 2025
[143] R.139/2025 – Pg 56
[144] Correspondence – MTR – 30 September 2025

The department is well-positioned to deliver its key priorities within existing budgets and resources. Effective recruitment strategies, including a dedicated careers microsite and targeted campaigns, have attracted high-quality candidates despite a recruitment freeze. Vacancy management and reprioritisation of work are being used to meet 2026 savings targets, while maintaining delivery of essential services.

Non-Ministerial

The Panel also considered Information Technology projects relating to non-ministerial departments and wrote to those, as appropriate, to understand the position. Submissions were received from Probation, Judicial Greffe and the States Greffe, all of which were shared in confidence with the Panel.

- Court Digitisation (JUG)
- Replacement LC-MS System (OAN)
- Probation/Prison Offender Case Management (Major Project)
- Automatic Electoral Registration (STA)

5 Balance Sheet and States Funds

The Government's Balance Sheet includes non-current assets, working capital or net current assets, non-current liabilities, and taxpayers' equity.[145] The Budget notes that Jersey has maintained a strong balance sheet position, with net assets continuing to increase.

	Balance Sheet Forecast					
2024 Restated[24]	£'000	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
	Non-current assets					
3,014,213	Property, Equipment & Intangibles	3,115,501	3,352,975	3,581,625	3,802,243	3,854,152
4,139,517	Financial and Other Assets	4,287,510	4,352,684	4,517,574	4,487,503	4,641,522
1,821,770	Strategic Investments	1,821,770	1,821,770	1,821,770	1,821,770	1,821,770
8,975,500	**Non-Current Assets**	**9,224,781**	**9,527,429**	**9,920,969**	**10,111,516**	**10,317,444**
176,902	**Net-Current Assets**	**248,102**	**248,102**	**248,102**	**248,102**	**248,102**
	Non-Current Liabilities					
97,775	Provisions	97,775	97,775	97,775	97,775	97,775
732,040	Borrowing	873,855	1,074,574	1,274,110	1,274,110	1,274,110
14,095	Operating Lease Obligations	14,095	14,095	14,095	14,095	14,095
2,202	Pension Liabilities	2,202	2,202	2,202	2,202	2,202
846,112	**Non-Current Liabilities**	**987,927**	**1,188,646**	**1,388,182**	**1,388,182**	**1,388,182**
8,306,290	**Net Assets**	**8,484,956**	**8,586,885**	**8,780,889**	**8,971,436**	**9,177,364**
8,306,290	**Taxpayers' Equity**	**8,484,956**	**8,586,885**	**8,780,889**	**8,971,436**	**9,177,364**

Table 33: Balance Sheet Forecast

In accordance with Government's Financial Strategy, the key elements to be delivered over the medium-term financial strategy for this Budget, in respect of the Balance Sheet are:

- *Continuing to maintain our enviable balance sheet, through a restrained approach to borrowing and judicious management of our reserves. Those reserves underwrite our stability and the Budget ensures that these reserves continue to grow.*

[145] P.70/2025 – Page 76

- *Adopting our prudent approach to Pillar Two may also give us further opportunities to grow these reserves, invest in competitiveness and enhance our infrastructure.*[146]

JERSEY YOUTH ASSEMBLY

The JYA as part of its review into the Budget and considerations for how the Budget should be funded concluded:

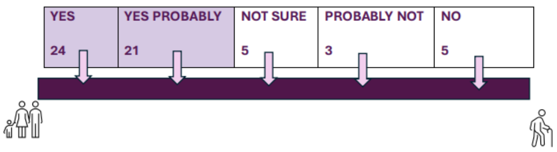
The JYA were conclusive in their findings, with the majority in favour of the Government spending more money now, particularly to benefit young people and families. It is the opinion of the JYA that, as the Social Security Fund is currently in a strong position, with reserves of more than £2.5 billion and £184 million still being added in this Budget, it is more important to invest in services and facilities that will prevent young people from leaving the island and to sustain the economy. Furthermore, in terms of how the Government Budget should be funded, the JYA members are in great support of reducing contributions to funds and instead they should use the surplus to cover additional costs.[147]

TASK 2 REPHRASED: Rank these methods in order of preference when deciding on how extra services should be funded by the Government

Funding methods	1ST	2ND	3RD	4TH	TOTAL
RAISE TAXES (To be able to spend more)	3	4	7	16	30
SAVE THE MONEY (By reducing services)	3	11	13	3	30
REDUCE CONTRIBUTIONS TO FUNDS AND USE SURPLUS TO COVER ADDITIONAL COSTS (Funds include Social Security Fund)	20	8	1	1	30
BORROW the traditional way (from banks/lenders)	4	7	9	10	30
TOTAL	30	30	30	30	
OPT OUT – I don't think there should be an increase in spending					0

Do you think the Government should reduce payments into the Social Security Fund for 4 years to increase spending on services for young people/families?

- **YES / PROBABLY** the Government should put less money into the Social Security Fund in order to spend more now on young people and families, to keep them in Jersey and sustain the economy
- **NO / PROBABLY NOT,** the Social Security Fund should be protected to ensure the elderly, sick, disabled and new parents get the support they need, particularly with an ageing population



When the JYA was asked to consider whether Government should reduce payments into the Social Security Fund for four years to increase spending on services for young people or families the responses were collated as shown.[148]

[146] P.70/2025 – Page 24
[147] Submission – JYA
[148] Submission - JYA

Borrowing

The Assembly is asked in the Proposition to approve the proposed Changes to Approval for financing/borrowing for 2026, as shown in Appendix 2 – Summary Table 2 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 Law, of up to those revised approvals.

Summary Table 2 - Borrowing for 2026			
£'000	**2025 Approved**	**Change to Approved**	**2026 Approval**
Refinancing of past-service liabilities	477,000	-	477,000
Housing bond	250,000	-	250,000
Fort Regent	-	43,000	43,000
Borrowing (before healthcare facilities)	**727,000**	**43,000**	**770,000**
Healthcare facilities	523,000	-	523,000
Borrowing	**1,250,000**	**43,000**	**1,293,000**

The FPP notes within its Annual Report[149] for 2025 that total borrowing has increased significantly in recent years and the need to service the higher debt will absorb a larger share of revenue and therefore increase sensitivity of the Budget to future movements in interest rates. The Budget proposes £43 million of additional borrowing to expand the capital programme. This is noted as in addition to the £523 million of borrowing to partly fund the New Healthcare Facilities (NHF). In 2026, total borrowing will reach its highest level of £1,293 million, which is equal to17% of GDP. The FPP notes that this is a £1 billion increase in borrowing since 2020 when the public borrowing was 5% of GDP. Furthermore by 2028, borrowing costs and the interest paid on debt are expected to reach £48 million and will be greater than some departmental budgets.

The Budget notes that the FPP continues to be responsible for monitoring the application of the fiscal guidelines. The key guidelines identified in the preceding Budget relating to borrowing is to *Borrow only to finance investment (or refinance liabilities), except under times of economic duress, and monitor the impact on net financial assets.*

KEY FINDING 46: The Fiscal Policy Panel notes that total borrowing has increased significantly in recent years and the need to service the higher debt will absorb a larger share of revenue, thereby increasing sensitivity of the Budget to future movements in interest rates.

[149] FPP – Annual Report - 2025

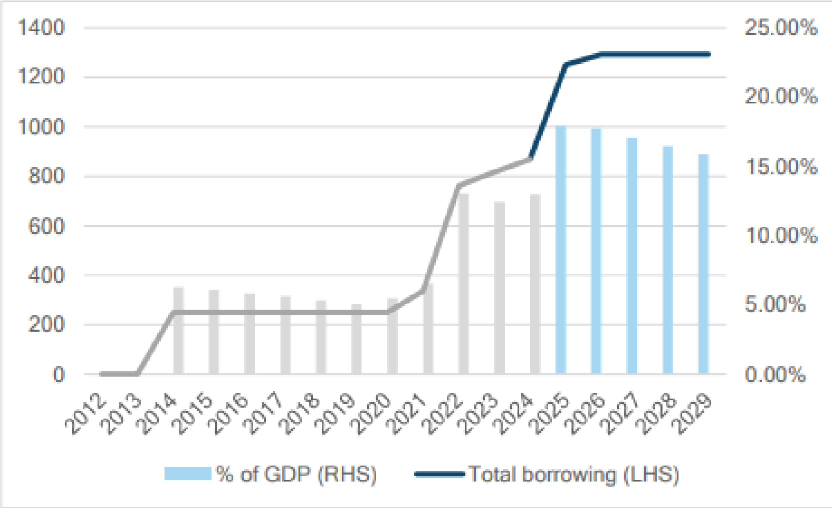
Figure 1.16

Total public borrowing: nominal (left hand side) and as a % of GDP (right hand side)

£ million

Outturn vs proposed borrowing levels in Budget 2026

Source: Treasury and Exchequer



In light of the position on borrowing, the Panel sought to understand during a hearing[150] with the Minister for Treasury and Resources how borrowing was being managed and how decisions were taken to ensure borrowing was prudent and in line with fiscal guidelines.

Deputy A.F. Curtis: Borrowing:

> *How are the States managing their borrowing prudently and in particular how are they deciding how and where to borrow, such as a use of fixed or variable interest rates and the use of the Revolving Credit Facility?*

Treasurer of the States of Jersey:

> *Currently, we are using, as you point out, the revolving credit to meet borrowing. That is part of the strategy we have in place. We are meeting often with those entities who helped us with our issuance in the past to look at rates. Of course, the market is not particularly going in the direction we would like it to be going in at the moment in terms of the cost of borrowing. We are comfortable at the moment that we continue to use the R.C.F. (Revolving Credit Facility) until such a time as we need to go out for sizeable amounts of borrowing. That is leading us to consider whether we might go out for shorter-term debt compared to the very long-term debt we have issued in the past that might be 5 to 10 years. As and when we get sufficient quantum of borrowing need, we may - instead of going for the very long debt issuance - postpone that and use bank term debt in the meantime so we keep that under regular review.*

Borrowing is managed by relying primarily on the Revolving Credit Facility for current funding needs, deferring large-scale debt issuance until a significant borrowing quantum is required. The Treasury actively monitors market conditions and engages with financial advisors to assess borrowing costs, balancing options between short-term bank debt and longer-term debt issuance. Decisions on borrowing structure including fixed versus variable rates and debt duration are kept under regular review to ensure cost-effectiveness and fiscal prudence.

KEY FINDING 47: Government's borrowing strategy primarily relies on the Revolving Credit Facility for short-term funding and deferring large-scale debt issuance until a significant borrowing quantum is required. The strategy is actively managed, with regular reviews of debt structure, duration and interest rate options with the aim to maintain cost-effectiveness and fiscal prudence.

[150] Transcript – MTR – 29 October 2025 – Pgs. 44-47

In respect of the financing strategy for the **New Health Care Facilities** the Panel understood that it used the Revolving Credit Facility and part of the receipts from Pillar Two taxation would be used as well. The Panel explored any variations to that model.

Deputy A.F. Curtis:

> *…New healthcare facility funding has access to the Revolving Credit Facility and is hoping to be in part then funded by receipts from Pillar 2. There is a model that further drawdown from the Strategic Reserve could occur if there is uncertainty over that. During 2025, modelling into 2026, what is the impact on the Strategic Reserve if that drawdown of £277 million has to come out of the Strategic Reserve and what kind of assessment has been taken of what might happen there?*

Treasurer of the States of Jersey:

> *We had undertaken that when we first established that policy back last year. Much of that has not changed by the size of the Strategic Reserve, notwithstanding the fact the Strategic Reserve has benefited from the investment returns over that period. As indicated in the conversations, still uncertain in terms of what that upside may be but, as clarified by the Assistant Minister, the plan is to use that upside for that instead of drawing down on the Strategic Reserve. The plan is still to use whatever we see on the upside. We will know more come March, May.*

Treasurer of the States of Jersey:

> *End of May next year.*

Group Director of Strategic Finance:

> *For clarity, in the Budget, the estimate provided for the Strategic Reserve assumed the money is taken out even though that is not Plan A. We have used that prudent position so the balance in the Strategic Reserve is after the money being ...*

Deputy A.F. Curtis:

> *The drawdown. The assumed drawdown.*

Group Director of Strategic Finance:

> *Assuming the drawdown, even though that is not the preferred option. The other point just to make as well is that by the end of this year we will have transferred across the right to the remaining amounts from the prior year basis taxation. It was about £290 million, so that action - following the States decision last year - increases the amount of assets in the Strategic Reserve, although as the F.P.P. have highlighted, it is not necessarily cash. It comes in over, say, the next 20 years.*

The FPP notes that the Prior Year Basis asset included in the accounting value of the Strategic Reserve is only realised in income terms over time.[151]

The Panel identified that the funding strategy for the NHF combines use of the Revolving Credit Facility with projected receipts from Pillar Two taxation. In the event that Pillar Two receipts fall short, drawdowns from the Strategic Reserve (up to £277 million) could be used as a fallback. Modelling undertaken indicates that the Strategic Reserve is sufficient to accommodate such a drawdown, although the Budget adopts a prudent approach by

[151] FPP – Annual Report 2025 – Pg 20

assuming the full drawdown, even though the preferred plan is to utilise Pillar Two receipts or investment upside. Additional Strategic Reserve assets, including prior-year taxation rights valued at approximately £290 million, enhance capacity, though these are spread over a long-term horizon rather than immediately liquid cash. The overall approach is designed to balance fiscal prudence with flexibility in financing the project.

The Panel sought further clarification on the intended borrowing for **Fort Regent**.

Deputy A.F. Curtis:

> *Can you provide an update on the borrowing arrangements for Fort Regent as well as what other options for the funding of its redevelopment were considered?*

The Panel understands that following approval of the Budget, the Debt Strategy will be revised accordingly. Thereby, the borrowing for Fort Regent will be incorporated alongside hospital borrowing, using the Revolving Credit Facility (RCF) for short-term needs, and rolling it into larger long-term borrowing as required. It was observed that the options available to fund the redevelopment of Fort Regent would either be by a drawdown from the Reserves or borrowing, however, borrowing was the preferred option.

The Panel explored why there were no funding estimates in the Budget for Phase 2 of the project.

Deputy A.F. Curtis:

> *The proposed borrowing of, I think, £43 million is only to cover Phase 1, which is water-tight and is safe. There is a full business plan. There is a predicted amount, I think, in the public domain of circa £110 million to develop Fort Regent and one would expect some of that work to be carried out in 2028 and 2029. Why is there no allocation to the delivery of Phase 2 given it is more than likely to be something that follows Phase 1 and therefore would exist within the life of this Budget?*

Treasurer of the States of Jersey:

> **…***Yes, the second phase. There could be other opportunities, including using partners, for the development of Phase 2. We would bring forward whatever the funding is probably in the next Budget.*

Deputy A.F. Curtis:

> *It is interesting that, for example, the hospital, we knew there would be budget requirements for 4 years, more than that, and so the budgeting in debt was there. It was in the plan to know that it would be a liability on the Government. Why in the case of the Fort, knowing that there will have to be a Phase 2 of some form and it will almost certainly want to be delivered during the Budget period, is there no money in the Budget for what is almost certainly a piece of capital delivery by the Government?*

Treasurer of the States of Jersey:

> *It is not currently in there for future years. At the time at which you enter into a contract to build a hospital, you need to know that the funding is in place for all of what you are entering into a contract for. In order to do Phase 1, you need to know as an accountable officer or third party, whichever is building it, that you have in place the budget to do that.*

Deputy A.F. Curtis:

Because we did not need Phase 2 in here, we did not put it in.

Treasurer of the States of Jersey:

Yes.

The funding for Phase 1 of Fort Regent's redevelopment is planned to be met primarily through borrowing, incorporated within the existing Debt Strategy, with short-term use of the Revolving Credit Facility as needed. This approach was chosen as opposed to using reserves to preserve fiscal flexibility. Phase 2 of the redevelopment does not currently have a budget allocation; alternative funding options, including potential partner contributions, will be considered once Phase 2 is approved. The decision not to include Phase 2 in the current Budget reflects the principle that funding is only secured for the contractually committed works, ensuring that Phase 1 can proceed with certainty.

KEY FINDING 48: The funding strategy for the New Healthcare Facilities (NHF) combines short-term borrowing through the Revolving Credit Facility (RCF) with projected Pillar Two tax receipts as the preferred option, while retaining the Strategic Reserve as a fallback. However, assuming the drawdown from the Strategic Reserve as a fallback, the Fiscal Policy Panel notes that the Prior Year Basis tax receipts appears as an asset in the Strategic Reserve but will only be realised in income terms over time (20 years). The funding strategy for Phase 1 of the Fort Regent redevelopment is also proposed to utilise the Revolving Credit Facility for short-term needs. However, Phase 2 funding has no current budget allocation, which reflects an approach that secures funding only for contractually committed works.

States Funds

Reviews and Winding up of Funds

The Panel recalled from its review of the preceding Budget the previous recommendation of the FPP, which recommended that the COM must ensure that the objectives and associated policies of the States Funds are clear and suitably aligned. In the preceding Budget, a revised policy for the Strategic Reserve was proposed. The Panel recommended that, *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.*[152]

Recalling that a workplan had been set out in 2024 to review the objectives and associated policies of the States Funds, the Panel followed up on this with the Minister for Treasury and Resources to understand the progress made in 2025 against that workplan. The response[153] referred to the work shown in the Budget for the ***winding up of states funds*** and explained:

The Budget 2026-2029 includes the outcome of the review of 4 funds, which are in effect redundant and will now be closed:

- *Jersey Innovation Fund (balance transferred to the Consolidated Fund)*
- *Hospital Construction Fund (assets transferred to the Consolidated Fund, balance to the Strategic Reserve*

[152] S.R.8/2024 – Rec 34
[153] Correspondence – MTR – 7 November 2025

- *Assisted House Purchase Scheme (balance transferred to the Dwelling Houses Loan Fund)*
- *99-year Leaseholders Fund (balance transferred to the Dwelling Houses Loan Fund)*

It was further noted that the workplan covered several years and therefore for 2026 and beyond, a series of further reviews will be undertaken across other Funds to ensure their objectives, policies and operations remain fit for purpose including:

- Criminal Offences Confiscation Fund (although its legal purpose is well established, internal procedures are being reviewed and updated)
- Insurance Strategy Fund (ongoing work aims to inform changes to the Fund's objectives, policies, and operations)
- Social Security Fund (the department will contribute to a review of objectives of the Fund in 2026 by the Minister for Social Security, informed by actuarial advice)
- Long-Term Care Fund (is being reviewed), Technology Accelerator Fund (planned for review as set out in the Budget) and Climate Emergency Fund (via the second Carbon Neutral Roadmap delivery plan)

KEY FINDING 49: Progress is being made to review States Funds, with four redundant funds being closed and balances reallocated through this Budget. Further reviews are planned for the Criminal Offences Confiscation Fund, Insurance Strategy Fund, Social Security Fund, Long-Term Care Fund, Technology Accelerator Fund and Climate Emergency Fund to ensure their objectives, policies and operations remain in alignment with strategic goals.

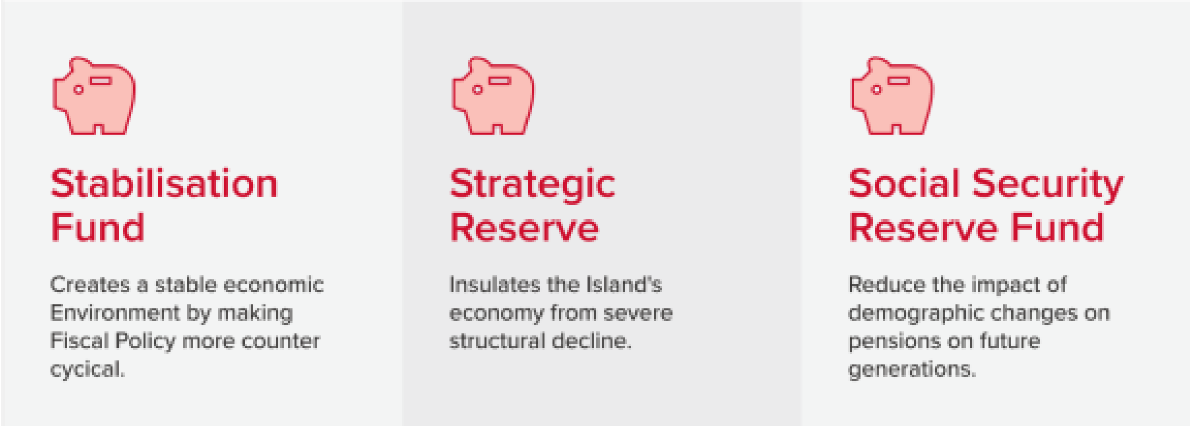
Transfers between States Funds

The Assembly is asked in the Proposition to approve the transfers from one States fund to another for 2026 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.

Table 3 - Transfer of monies between States Funds

£'000		2026 Proposed	2027 Proposed	2028 Proposed	2029 Proposed
Transfer from	**Transfer to**				
Technology Accelerator Fund	Consolidated Fund	3,387	1,387	-	-
Consolidated Fund	Climate Emergency Fund	4,493	4,427	4,363	4,300
Strategic Reserve	Consolidated Fund (Capital costs)	174,719	205,400	213,200	39,076
Consolidated Fund	Strategic Reserve (pension refinancing)	3,002	3,436	3,881	4,337
Criminal Offences Confiscation Fund	Consolidated Fund	1,700	-	-	-
Jersey Innovation Fund	Consolidated Fund	900	-	-	-
Hospital Construction Fund	Consolidated Fund	4,800	-	-	-
Consolidated Fund	Strategic Reserve (Fort Regent)	-	-	-	1,300
Social Security Reserve Fund	Social Security Fund	64,259	42,073	45,877	45,377
Hospital Construction Fund	Strategic Reserve Fund	1,200	-	-	-
Assisted House Purchase Scheme	Dwelling Houses Fund	60	-	-	-
99 Year Leaseholders Fund	Dwelling Houses Fund	170	-	-	-

Reserves



The Budget[154] notes that the FPP continues to be responsible for monitoring the application of the fiscal guidelines. The key guidelines identified in preceding Budgets are to:

- *Seek to increase the Strategic Reserve over the long term and public sector net worth, while heeding the advice of the FPP on borrowing and net financial assets.*
- *Run a structural current balance or surplus in the long-term until the Strategic Reserve is judged large enough to meet its objectives.*

The Budget notes that the Reserves remain strong and are forecast to grow across the period, after allowing for the proposed adjustments to the grant to the Social Security Fund.

Notwithstanding this, the FPP[155] notes that *the total value of the States of Jersey reserves is forecast to grow by 5% over two years to £4,636 million by 2027 (59% of GDP), before seeing a net decrease of £19 million (-0.4%) in 2028, before growing again by 3% to £4,768 million in 2029. However, the 'liquidity' value (ie the money that is available to be drawn from the funds) of States Funds is materially lower than the accounting value as the prior year basis (PYB) asset included in the accounting value of the Strategic Reserve is only realised in income terms over time. Adjusting for this the 'liquidity' value of the States Fund - £277 million less in 2026 or 4% lower as a proportion of GDP.*

The Budget notes that *the States holds three main reserves that are designed to work together to provide stability and protect public finances from both the economic cycle and external shocks and to smooth the impact of changing demographics.* It is further noted that *the impact of the pandemic, the cost-of-living crisis, and the need to invest in our infrastructure and services have meant that there have been limited transfers to the Stabilisation Fund and Strategic Reserve in recent Budgets, and both funds are consequentially at lower levels than those recommended by the Fiscal Policy Panel.*[156]

The implementation of Pillar Two presents an opportunity to strengthen the reserves if receipts are received in excess of the base case forecast. However, it is noted that the exact application of receipts to strengthen reserves would need to be determined, it proposes the following hierarchy to guide decision-making, subject to the availability of funds.

- *Replenish the Stabilisation Fund (up to a balance of £100 million) to insulate the Island from the impacts of the Economic Cycle.*

[154] P.70/2025
[155] FPP – Annual Report 2025
[156] P.70/2025 – Page 80

- *Reduce the level of transfers from the Strategic Reserve to fund the NHF, or to repay previous transfers made (up to £277 million). This improves the value of the Strategic Reserve in the medium term.*
- *Reducing borrowing for the NHF (up to £500 million) – to ultimately improve the Strategic Reserve position.*
- *Make further transfers into the Strategic Reserve to achieve the target % as a proportion of GVA faster*[157]

The FPP strongly supports the proposition that any Pillar Two income in excess of the base case forecast be used to improve the position of the reserves or invested via capital expenditure that improves Jersey's productive base. There should be a formal commitment by the States to this effect.[158]

Strategic Reserve

The Strategic Reserve is a permanent reserve, to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster. It forms a critical part of the infrastructure of financial and risk management and helps to protect the long-term financial sustainability of the Island. Further detail on its purpose is explained in the Budget.[159]

Strategic Reserve				
£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Opening Balance	**1,514,323**	**1,575,474**	**1,620,580**	**1,465,717**
Investment income	57,521	65,028	54,686	56,496
Other expenditure	(572)	(494)	(230)	(231)
Transfer from Consolidated Fund (Pension refinancing sinking fund)	3,002	3,436	3,881	4,337
Transfer from Consolidated Fund (Fort Regent sinking fund)	-	-	-	1,300
Healthcare Facilities related;				
- Borrowing Proceeds	174,719	182,536	-	-
- Transfer to Consolidated Fund (Capital costs)	(174,719)	(205,400)	(213,200)	(39,076)
Transfer from Hospital Construction Fund	1,200	-	-	-
Closing Balance	**1,575,474**	**1,620,580**	**1,465,717**	**1,488,543**
Closing Balance (excluding PYB tax debt)	**1,307,974**	**1,365,580**	**1,223,217**	**1,258,543**

Table 39: Strategic Reserve

The FPP notes in its Annual Report for 2025 that to fulfil its aims and objectives, it had previously estimated that the Strategic Reserve needs to equal 30–60% of GDP. However, it is currently at 20% and the Budget 2026 proposes no formal additional action to improve the position. The Strategic Reserve, as assessed by the FPP, is likely be insufficient in size to respond should an economic or financial shock affect Jersey. There is also a liquidity risk for the Strategic Reserve as its total asset value includes Prior Year Basis assets and the total could not be withdrawn in the event of a financial emergency.

[157] P.70/2025 – Page 81
[158] FPP – Annual Report 2025
[159] P.70/2025 – Page 85

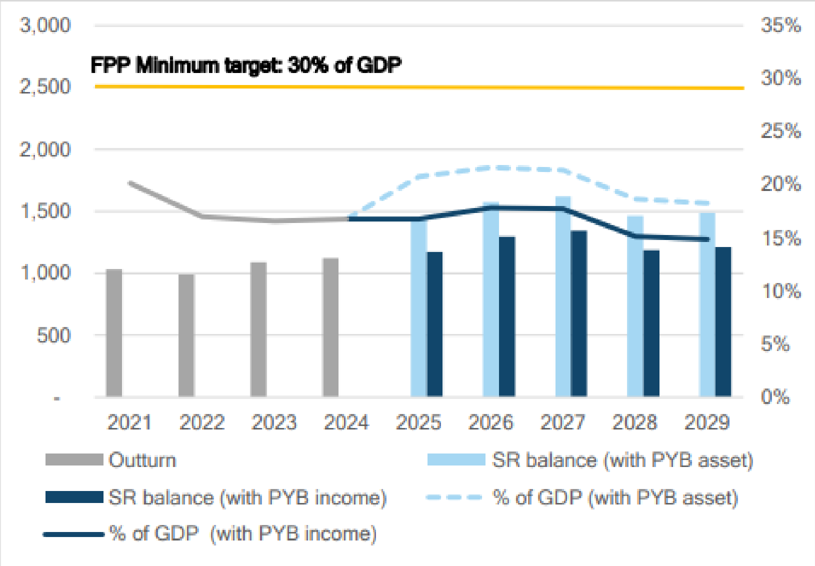
Figure 1.18

Strategic Reserve balance, with asset and cash value of PYB

£ million (current prices)

SR balance (LHS), % of GDP (RHS) with the minimum FPP recommended target indicated in yellow

Source: Treasury and Exchequer



The Panel sought confirmation from the Minister for Treasury and Resources for how Government intended to replenish the Reserves to appropriate levels in 2026. In correspondence[160] the Panel identified that the Budget reaffirms Government's commitment to apply Pillar 2 receipts above the base case to strengthening reserves. Furthermore, that work is ongoing to forecast finances in a longer-term context, which will be available to support the creation of future Budgets, including the forecast reserve position in the longer term. It was noted that Government has begun work to move back to Medium-term financial planning, which should help build more financial discipline into the planning process.

KEY FINDING 50: The Strategic Reserve remains significantly below the recommended level of 30–60% of GDP, currently standing at 20%, leaving the Island potentially vulnerable to economic or financial shocks. While the Budget commits to use Pillar Two receipts above the base case to strengthen the reserves, there is no formal mechanism or additional action in place to accelerate this, and liquidity risks exist due to the inclusion of non-immediately liquid assets (Prior Year Basis revenues) in the accounting value of the Strategic Reserve.

Stabilisation Fund

The Stabilisation Fund was created in 2006 to manage government finances through the economic cycle, where expenditure could be drawn down in economic downturns and the Fund replenished through surpluses in economic booms and periods of above-trend growth.

The Budget notes that recent plans have not resulted in the allocation of funds to the Stabilisation Fund. This plan recognises the ongoing need to rebuild the Stabilisation Fund and includes a contingent transfer, allowing any income in excess of forecast (in particular Pillar Two in excess of the "base case") be transferred to the Fund. However, before any transfers are made, it would be necessary to assess the relative merits of transfers to the Stabilisation Fund against merits for reducing overdrafts in the Consolidated Fund, the need to grow the Strategic Reserve and the need to invest in our Island through the proposed Jersey Capital Investment Fund.

[160] Correspondence – MTR – 7 November 2025

Stabilisation Fund				
£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Opening Balance	**537**	**557**	**579**	**602**
Other income	23	25	26	27
Other expenditure	(3)	(3)	(3)	(3)
Closing Balance	**557**	**579**	**602**	**626**

Table 40: Stabilisation Fund

The Panel recalled that the preceding Budget proposed that the Stabilisation Fund receive transfers of up to £25 million contingent on the availability of funding in the Consolidated Fund at the end of 2024. The Panel notes that the £25 million was not available in the Consolidated Fund to transfer into the Stabilisation fund in 2025.

This Budget proposes that the Stabilisation Fund receive £50 million contingent on the availability of funding in the Consolidated Fund at the end of 2025.

v. to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2026 of up to £50 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2025 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2026.

The Panel explored this during the review hearing[161] with the Minister for Treasury and Resources to determine whether the proposal was realistic, considering it was not possible at the end of 2024 to transfer the proposed £25 million into the Stabilisation Fund in 2025.

Deputy H.M. Miles:

This Budget proposition proposes that £50 million be transferred from the Consolidated Fund to the Stabilisation Fund in 2026 based on availability of funds in the Consolidated Fund but we have seen in recent years that the Consolidated Fund is usually in a cash negative position. Previous year's proposal to transfer the £25 million was not available to be transferred so that never happened. Minister, really, the final question: how confident are you that this transfer that is proposed of £50 million will be possible in 2026 if it was not possible to transfer the £25 million in 2025?

The Minister for Treasury and Resources:

That depends on how Ministers manager their budgets and accountable officers manage their budgets.

Treasurer of the States of Jersey:

In terms of upside income, it is a provision in place for utilising that upside. How confident? I would be absolutely delighted were we to get to that position. The only possibility I think of getting that position would be through Pillar 2 but nevertheless we have that in there as a contingent measure that the Minister can take to make sure that that funding, should it be there, is prioritised to, if you like, building back up the Stabilisation Fund in a way that previously, if you do not follow that route through, it just forms part of the consideration of a subsequent budget and is not prioritised towards rebuilding the reserve.

[161] Transcript – MTR – 29 October 2025 – Page 48

Deputy H.M. Miles:

The Stabilisation Fund will remain depleted in other words

KEY FINDING 51: The proposed £50 million transfer to the Stabilisation Fund in 2026 is uncertain. The past attempt to transfer funds (£25 million in 2025) was not possible due to the Consolidated Fund being in a cash-negative position. The Consolidated Fund remains in a cash-negative position, so the transfer is contingent on budget management and any potential upside income, which under the current position appears unrealistic.

Recalling that a recommendation to the preceding Budget was to review the objectives of the Stabilisation Fund, the Panel in correspondence sought an update in that regard. The response identified that the primary objective of the Fund was unlikely to change, which was to assist in making Jersey's fiscal policy more countercyclical to create a more stable economic environment. However, that background work on how to ensure that the Stabilisation Fund fulfils its purpose has commenced, to crystalise in proposals a move back to medium-term financial planning, which will change the context in which the Fund will operate.

KEY FINDING 52: Although the Stabilisation Fund's primary objective which is to support countercyclical fiscal policy and promote economic stability will remain unchanged, work has begun to review how the Stabilisation Fund can effectively fulfil its purpose. This is being given particular focus in the context of a proposed return to medium-term financial planning, which will influence the Fund's operational framework.

RECOMMENDATION 20: The Council of Ministers must strengthen its commitment to prioritise transfers to the Strategic Reserve and the Stabilisation Fund to establish them at the appropriate levels as advised by the Fiscal Policy Panel. This should also include returning to the position of the preceding Budget to allocate a portion of the base case Pillar Two revenues to increase the balance in the Stabilisation Fund.

Social Security Reserve Fund

The Panel did not focus its review on the Social Security Reserve Fund as it falls under the Remit of the Health and Social Security Scrutiny Panel. Elements of its review have touched on the Fund in respect of Government's Fiscal position, and financial and long-term sustainability, which are referenced within the relevant sections of this report.

Consolidated Fund

The Consolidated Fund is the main fund through which the States collects taxes, other income and spends money in providing services. Income received or due is accounted for in the Consolidated Fund, except where specified in Law. Expenditure from the Consolidated Fund is approved by the States Assembly in the Budget. The Council of Ministers must not lodge a Budget which shows a negative balance in the Consolidated Fund at the end of any of the financial years that the plan covers. The Budget notes several planned transfers between the Fund to and from other States Funds. Further detail can be found on Page 82 of the Budget[162].

The Budget notes that in recent years the level of working capital has grown, whilst the balance in the Consolidated Fund has decreased, which has resulted in the Fund being in a cash

[162] P.70/2025 – Pg 82

negative position, requiring an overdraft to effectively fund working capital. Furthermore, previously unspent capital amounts would have resulted in the holding of cash balances for years before needed, but the shift to a cash-flow based approvals for capital means that this is no longer the case.

The Panel explored this further during the review hearing[163] with the Minister for Treasury and Resources

It was confirmed that the Government's short-term contingency capacity has been significantly reduced compared to previous years. Historically, the Consolidated Fund provided a strong buffer against income fluctuations, but this was depleted during and after the COVID-19 Pandemic as the Government chose to use available reserves rather than maintain higher levels of borrowing. As a result, the current contingency level is lower than historical norms, leaving less flexibility to absorb unexpected income shortfalls. While short-term fluctuations can still be managed through annual budget adjustments, a preference to restore a more robust contingency system (medium-term planning), one that would reset the public finances and provide departments with greater budget certainty was expressed.

The Panel also wished to understand the impact of the JCIF on the Consolidated Fund and raised this in correspondence with the Minister for Treasury and Resources. The response[164] identified that detail would be clarified in the proposition to establish the JCIF (which would follow approval of the Budget). However, it was anticipated that the Consolidated Fund will be split into the JCIF and a General Revenue Fund (GRF). The JCIF would begin with a zero balance, and transfers from the GRF would be used to pay for spend through the Fund. It was noted that due to the Government's commitment to curbing the growth in the public sector, this approach should create opportunity for reducing the overdraft in future years. However, future Governments would also need to consider the alternative needs for capital investments and transfers to the Stabilisation Fund or other reserves when making any decisions.

KEY FINDING 53: The Consolidated Fund is currently in a weakened position, with working capital demands exceeding available balances, leaving it cash-negative and reliant on an overdraft. Historical buffers that previously absorbed income fluctuations have been depleted, reducing short-term contingency capacity of the Fund. The future of the Consolidated Fund is under review as a result of the potential establishment of the Jersey Capital Investment Fund (JCIF). Should the establishment of the JCIF be approved, the Consolidated Fund could be split into the JCIF and a General Revenue Fund which should create opportunity for reducing overdraft in future years. The proposition to establish the JCIF will clarify the detail.

Long -Term Financial Planning

The Budget on page 96 sets out *financial matters under development*, which include a number of areas under consideration.

The Panel notes that the FPP highlights that *accurately forecasting health budgets is crucial to prudent financial planning and maintaining fiscal discipline. Recurrent overspends have forced funding to be reprioritised from other services like the States grant. They also mean that the Budget presents a misleading picture of future spending.* The FPP emphasises the need for accurate health spending forecasts and in-year fiscal discipline to ensure budgets are not regularly overspent.

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163 Transcript – MTR – 29 October 2024 – Page 11
164 Correspondence – MTR – 7 November 2025

Furthermore, the FPP *supports the development of a health forecast for future funding. However, current spending growth in health cannot be sustained into the future without cuts to other areas of the public sector.*[165]

The Panel explored the progress made to date for long-term financial planning and funding (particularly in the context of Health and the Economy) during a review hearing with the Minister for Treasury and Resources.[166]

Deputy A.F. Curtis:

> *Part of the budget commits to or assesses some of the longer-term fiscal planning. So to start with, part of that is around understanding long-term costs, long-term fiscal pressures. So, within 2025, and part of the budget preparation, what work was done in assessing health, social care, pensions, some of the longer-term fiscal pressures that we are aware of, and our sustainability risks to our budgets?*

Treasurer of the States of Jersey:

> *A key piece of ongoing work that it is fair to say at this point, more in partnership with Healthcare Jersey, Health and Social Services, is the piece of work around future costs, future sustainability of costs for the health service. So we have been working, there is a ministerial group that overlooks that, which the ministry is a member of, with the Minister for Social Security and the Minister for Health and Social Services, to look at what those future costs are, to have an agreed position as between Treasury and Health as to what the current cost requirements are, and what their impact on the States finances will be. Some of that work has informed a position for increasing the amount of money over and above that which we have previously provided at 2 per cent of inflation to, in practical terms, 3 per cent above inflation for the one year while that work progresses. So that is one example. The other example would be the advancement of the Long-Term Capital Plan. So that underpins lots of what is within the Investing Jersey proposals, within which of course we have got the Capital Investment Fund, as we have just talked about. That, for the first time, will give us a plan over the long term based upon, not just the usual things you might base that upon, but also about demographics, particularly as it might affect the school estate, but also in terms of the current condition of the estate.*

In the context of health pressures, the Panel sought to understand why the Budget does not take a more pressing position on addressing this in 2026, as the pressures have been known for some time. The Panel notes from the JYA's submission that *Health is still seen as the biggest priority by the younger generation to be assessed by Government.*[167] The Panel sought to understand why this remained a 'matter under consideration', essentially for the next Government to agree a way forward.

Deputy A.F. Curtis:

> *So Health, for a start, page 96, so near the end of this: "Financial matters under development", sustainability of health funding finds itself pretty much 2 pages from the appendix. We have known there is a pressure there, subsequent budgets have always recently applied above-inflation increases to health to address that. Why in this budget is it not taking, apart from the fact that it is taking a pressure on the immediate budget*

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[165] FPP Annual Report 2025

[166] Transcript – MTR – 29 October 2025 - Page 14-19

[167] Submission – Jersey Youth Assembly

and Deputy Renouf has touched on and we have touched on obviously the pressures on expenditure over revenue, why does it not take a more pressing position within the budget as a strategic risk?

Treasurer of the States of Jersey:

Thank you for confirming it is in the budget document. This is the budget for 2026. That work will aid the Council of Ministers of the time, the Government and the Assembly in forming a view as to what long-term funding looks like as opposed to the funding for 2026. But it is in the document, it is a priority that we are working with the Health team on.

The Minister for Treasury and Resources:

We have had a position for some time where Health have an uplift, everybody has a kind of inflation uplift, Health's normal uplift is more than inflation, but it would transpire, and that was something that was agreed with them I believe some time ago, Health said this is what we need. We are not alone in this, the health costs are because we have a more ageing population, people have more complex needs, there are more treatments which are more expensive, the cost of tertiary care that we are having to send people to the U.K. (United Kingdom) is increasing and the uplift is not sufficient. The U.K. are seeing exactly these pressures as well, so there is long-term work ongoing.

Deputy A.F. Curtis:

They are well-established problems, the requirement for services is well-established by a lot of people, it is just trying to work out how much priority is being given to assessing the position and working out where this budget is for next year, it is 2026, but it is to 2029 as well. So, the fact that we find it on page 96 does feel a bit acknowledged, but not necessarily assessing the severity of the issue.

The Minister for Treasury and Resources:

I think it is a priority; it is clearly a priority.

Treasurer of the States of Jersey:

Added to which, of course, this budget does, as well as funding to deal with current pressures and additional inflation within the budget, does prioritise within additional funds. While, let us be clear, healthcare spending will continue to go up, the advice is that increased investment in preventative measures will hold down those future costs, as well as improve outcomes for patients, of course, and the investment in Health Digital is aimed towards creating greater efficiency and effectiveness in the service as well, which also helps mitigate future cost rises.

The Panel identified that Government has started detailed work to assess long-term fiscal pressures, particularly in health, social care, and pensions. Collaboration between Treasury, Health and Healthcare Jersey aims to establish a sustainable funding model for healthcare costs. The Minister confirmed health sustainability remains a key priority, with future cost control expected to come from investment in preventative healthcare and digital efficiency measures.

KEY FINDING 54: Despite long-recognised pressures on the health system the Budget 2026 does not set out immediate, concrete measures to address these challenges. While Health is a top priority for Islanders, particularly younger generations, the Government has framed responses as part of ongoing work to develop a sustainable, long-term funding model. The resolution of critical health pressures are effectively left to the next Government.

KEY FINDING 55: The recurrent overspends in health have led to the reprioritisation of funds from other services, which is distorting the Budget's portrayal of future spending and indicating that the current growth in health expenditure is not sustainable without impacting other sectors.

RECOMMENDATION 21: The Council of Ministers must strengthen its commitment to address known health system pressures in 2026 to ensure that immediate pressures are mitigated while longer-term sustainable solutions are developed. This must include the development of accurate, evidence-based health spending forecasts to ensure fiscal discipline, support sustainable allocation of resources and provide a realistic picture of future budget pressures. This work must commence immediately to lay the groundwork for the future Council of Ministers to progress. The detailed proposals should be included in the subsequent Budget.

In respect of consideration for Jersey's diversification of the economy and future planning for growth, the Panel sought to understand how this was being addressed in long-term planning.

Deputy A.F. Curtis:

> *… Turning to another part of the strategic element of the budget and Treasury's function within it, and Deputy Renouf touched on the tax base, but it is about economic diversification and it is understanding what work Treasury is doing in thinking about the long-term fiscal planning in economic diversification to mitigate economic shocks and the impact to your revenue.*

Treasurer of the States of Jersey:

> *The plan beyond the Long-Term Capital Plan is to also move to working with economists to look at the longer term, not necessarily longest term, revenue expenditure pressures as well as the forecasts. That would be based upon work that has already been done, previously published through the Economics Unit, where they have looked at those long-term pressures as they affect income as well as, top of my head, they affect expenditure. So, those are laid out in terms of very long-term estimates made or forecasts made through the Economics Unit. We work closely with the Economics Unit. Treasury is not directly the department responsible for the economy, but we do work closely with those departments responsible for that, including financial services.*

While Treasury does not lead on economic diversification, it collaborates closely with the Economics Unit and departments responsible for the economy and financial services to assess long-term revenue sustainability.

The Panel sought to explore in respect of long-term planning what was meant by the development of long-term planning to incorporate all Government finances into a holistic model. The Panel sought clarification regarding that future vision.

Deputy A.F. Curtis:

> *… One or 2 more things from this section of the budget, which is the financial matters under development. There is a phrase in here regarding the longer-term planning function, which you have just mentioned, and the final paragraph says: "It is anticipated that the development of these models, being the short-, medium- and longer-term*

models, will be a multi-year project drawing on existing work to eventually incorporate all aspects of Government finances into a holistic model." Could you explain a bit more about what the current plan is, what the holistic model refers to, and what Treasury is setting its sight on when it says this is work under development?

Group Director of Strategic Finance:

So, I think a lot of this is very complex. The idea is to build the model in stages. So, the first stage would be to look at what we currently have as the Consolidated Fund. So, what are departments spending, what is the tax revenue that comes in. You have then got other elements, which are very important to overall Government finances, such as Social Security Fund and the money they spend, Long-Term Care Fund. Those are likely to be added in subsequent stages. So, as the actuarial review completes, you will then be able to feed in what the actuarial review is saying into the model as well. So that, as well as just looking at here is our Consolidated Fund in this bit of Government, you would look at everything that is incorporated in all States funds. Most other States funds are relatively modest, so are less impactful, but Social Security Fund is the biggest one that will be added in.

Deputy A.F. Curtis:

Okay. It says that work is expected to be undertaken in 2026. What is the expectation at the end of 2026 as to the maturity of the different models that you are developing short, medium and long term?

Group Director of Strategic Finance:

So, the intention is to have an initial model, certainly for the Consolidated Fund in 2026, to inform the next budget. However, it is very complicated. So, there may be elements of that where we have taken a more simplistic approach. So, as we develop the healthcare funding, that might be a bit more sophisticated. When you look at other departments, it might be broad assumptions like tracking the economy or tracking population. As we get more detailed information, you could add in what we think the trends would be in those, which means that the model will become more and more sophisticated as time goes on. So, that is what we mean by multi-year approach is that we will get something, but then we will continue to improve it as we move forward to help inform subsequent budgets.

The Panel understands that a multi-year programme is being developed to create an integrated, holistic fiscal model that incorporates short (4-5 years), medium (5-10 years), and long-term (10-25 years) financial forecasting. The initial phase, expected to be operational in 2026, will cover the Consolidated Fund, linking departmental expenditure with tax revenues. Later phases will expand to include major funds such as the Social Security Fund and Long-Term Care Fund, integrating actuarial data and demographic trends. The model aims to strengthen long-term fiscal planning and enhance the Government's ability to respond to economic shocks. The Panel found the approach remains at an early stage and will require continued development beyond 2026 to fully capture interdependencies across Government finances.

KEY FINDING 56: A multi-year integrated fiscal model to support short (4-5 years), medium (5-10 years) and long-term (10-25 years) financial planning is being developed, which aims to strengthen long-term fiscal planning and enhance the Government's ability to respond to economic shocks. The initial phase, expected to be operational in 2026, will cover the Consolidated Fund and link departmental expenditure and tax revenues. Later phases will expand to include major funds such as the Social Security Fund and Long-Term Care Fund, integrating actuarial data and demographic trends. The approach is still in early stages and will require ongoing development to fully capture interdependencies across Government finances.

6 Conclusion

The Budget is presented at a time of significant fiscal pressure, economic uncertainty and growing demand on public services. While the Government has taken steps to improve transparency, strengthen communication and embed elements of wellbeing and long-term planning into the Budget process, substantial challenges remain unresolved.

Throughout this review, the Panel has identified a persistent structural imbalance between revenues and day-to-day expenditure, continued reliance on short-term measures, and reserve levels that fall well below recommended thresholds. These factors collectively reduce Jersey's resilience to economic shocks and constrain the Government's capacity to respond to emerging pressures, particularly in health and social care. The Budget does not set out immediate measures to address many of the long-recognised health pressures, effectively deferring key decisions to the next Council of Ministers.

The development of a long-term capital investment strategy through Investing in Jersey, the proposed Jersey Capital Investment Fund and the move towards an integrated multi-year fiscal model for longer-term financial planning represent positive progress towards strengthening strategic planning. However, these initiatives remain at initial stages and will require sustained political commitment, detailed governance frameworks and robust performance monitoring to ensure they deliver the intended benefits.

The Panel's findings consistently highlight the need for improved performance management, stronger analytical capability across departments and a more consistent evidence base to inform decision-making. Strengthening Government-wide accountability mechanisms, re-establishing a central performance function and embedding Outcomes Based Accountability will be essential to ensuring that policies and investment decisions align with Island Outcomes and deliver measurable impact for Islanders.

Decisive action from the Council of Ministers is needed to address structural pressures, rebuild fiscal resilience and ensure that long-term investment and public service delivery remain viable for future generations. The Panel will continue to monitor progress closely and hold Ministers to account for the commitments made.

The Panel has proposed **three Amendments**, which can be viewed in Appendix 2 of this report and has made **56 Findings** and **21 Recommendations** (12 of which are overarching).

Appendix 1

Panel Membership

Deputy Helen Miles (Chair)

Deputy Lucy Stephenson (Vice-Chair)

Deputy Jonathan Renouf

Deputy Alex Curtis

Constable David Johnson

Terms of Reference

1. To review components of the Proposed Budget 2026-2029 Proposition [P.70/2025] which are relevant to the Corporate Services Panel to determine the following:

    a) The impact of the Budget proposals on departmental budgets, savings and staffing levels.
    b) Whether the revenue expenditure growth, capital and other projects are appropriate and likely to have a positive impact on Islanders and Island life.
    c) How the proposed revenue expenditure growth, capital and other projects align with the Common Strategic Policy to deliver on the priorities, and in line with the Departments' Business Plans.
    d) Whether the resources allocated to revenue expenditure growth and capital and other projects are sufficient, ensure value for money and demonstrate the best use of public funds.

2. To assess the impact of the Budget proposals on the States Funds relevant to the Corporate Services Panel including the Consolidated Fund, Strategic Reserve Fund, Stabilisation Fund and Jersey Capital Investment Fund.

3. To assess the Budget and its impact relative to:

    Design, Implementation and Sustainability

    - Sustainable wellbeing with consideration for the Common Strategic Policy, Future Jersey Vision, Jersey Performance Framework, Island Outcomes and Investing in Jersey 2026-2050.
    - Gender-responsive budgeting.

    Financial Strategy, General Revenue Income and Public Sector Spending

    - The economic and fiscal context and forecasts.
    - The proposals for income and expenditure.

    Balance Sheet and States Funds

    - The governance and use of States Funds (with specific focus on the Consolidated Fund, Strategic Reserve Fund, Stabilisation Fund and Jersey Capital Investment Fund).
    - The purpose, structure and implementation of the new Jersey Capital Investment Fund.
    - The governance and use of Reserves and contingency funding including any other non-routine use of Reserves.
    - Borrowing, debt management, investing, reprioritisation and rebalancing of Government finances.
    - Savings and the delivery thereof
    - Long-term financial sustainability. With consideration for the proposed medium to long-term investment strategy and use of the Jersey Capital Investment Fund (Investing in Jersey 2026-2050).

Evidence Considered

Public Hearings

- Public Hearing with the Chief Minister
- Public Hearing with the Minister for Treasury and Resources

The public hearing transcripts can be viewed on the States Assembly website here.

The webcast of the hearings can also be viewed here up until six months after the hearing was held.

Jersey Youth Assembly

An inaugural event of the Jersey Youth Assembly (JYA) to consider specific areas of the Proposed Budget 2026-29 was undertaken in October 2025. The JYA provided a report to the Panel which covered Housing, Health and Borrowing, the report can be found here.

Meetings and Visits

- Meeting with the Jersey Hospitality Association
- Meeting with Dr Ian Skinner

Written Submissions

All written submissions received by the Panel and can be viewed here.

Written Questions

The Panel wrote to the following Ministers and received responses to written questions from:

- Chief Minister
- Minister for Treasury and Resources

The correspondence between the Panel and the Ministers can be found here.

Other evidence considered

- Public Finances (Jersey) Law 2019
- Common Strategic Policy
- Departmental Business Plans
- Fiscal Policy Panel Economic Assumptions
- Fiscal Policy Panel Report
- Income Forecasting Group Report

Review costs

The costs of this review totalled £992 for advertising, engagement, and public hearing transcription costs.

What is Scrutiny?

Scrutiny panels and the Public Accounts Committee (PAC) work on behalf of the States Assembly (Jersey's parliament). Parliamentary Scrutiny examines and investigates the work of the Government, holding ministers to account for their decisions and actions. They do this by reviewing and publishing reports on a number of areas:

- Government policy
- new laws and changes to existing laws
- work and expenditure of the Government
- issues of public importance.

This helps improve government policies, legislation and public services. If changes are suggested, Scrutiny helps to make sure that the changes are fit for purpose and justified.

The Corporate Services Scrutiny Panel, scrutinise Government on matters within the remits of the Chief Minister (excluding Financial Services) and the Minister for Treasury and Resources. To learn more about the Panel's work – CLICK HERE

Appendix 2

Panel Amendments

Jersey Public Services Ombudsperson - Head of Expenditure Third Amendment

The purpose of this Amendment to the Proposed Budget (Government Plan) 2026-2029 is to:

- Create a new head of expenditure for the Jersey Public Services Ombudsperson (Ombudsperson).
- Ring-fence funds in the Budget for the purpose of establishing an Ombudsperson.
- Ensure that previous decisions of the States Assembly, including to establish an Ombudsperson and to bring forward detailed proposals for the establishment of an Ombudsperson in 2025, are reflected in this Budget.

Office of the Children's Commissioner for Jersey – 2026 Savings Allocation Seventeenth Amendment

The purpose of this Amendment to the Proposed Budget (Government Plan) 2026-2029 is to:

- Reinstate funds for the Office of the Children's Commissioner for Jersey (OCCJ), through the reallocation of £61,000 of departmental expenditure within the Cabinet Office.
- Ensure that the OCCJ can fulfil its requirements under the Law, principally to include "promoting and protecting the rights of all children and young people in Jersey".

Statistics and Analytics – Administrative Support Funding Eighteenth Amendment

The purpose of this Amendment to the Proposed Budget (Government Plan) 2026-2029 is to:

- Increase funds for Statistics and Analytics (Statistics Jersey), through the reallocation of departmental expenditure within the Cabinet Office.
- Ensure that Statistics Jersey can fulfil its obligations under the Statistics and Census Law (as amended in 2024), that include the production of a "*separate annual report and accounts detailing the performance of functions of the Chief Statistician", a "strategy for the Jersey Statistics System (JSS) and formal co-ordination of the JSS, including secretarial functions for the Statistical Producers Group" and "conducting the ordinary programme of reviews and occasional extraordinary reviews of Tier 1 statistics*".

Appendix 3

Recommendations: Proposed Budget 2025-2028 [P.51/2024]

RECOMMENDATION 1 (OVERARCHING): The Council of Ministers must ensure for all future Budgets that supporting key information is published and provided to Scrutiny as a single document at the time of the lodging of the Budget. Information must include delivery progress updates for the preceding year as well as Ministerial priorities and Departmental Business Plans to coincide with the Budget year under review.

RECOMMENDATION 2 (OVERARCHING): The Council of Ministers must ensure that a mechanism is established to provide periodic reporting on delivery progress for the Budget. Reports must be published both in-year and annually for all future Budgets to provide the required transparency, governance and accountability for project delivery within the approved timelines and allocations of funds.

RECOMMENDATION 3 (OVERARCHING): The Council of Ministers should develop a communications plan to actively engage members of the public and raise awareness of the Budget process.

RECOMMENDATION 4 (OVERARCHING): The Council of Ministers should encourage Ministers to complete Children's Rights Impact Assessments (CRIAs) when developing the Budget as appropriate. The Council of Ministers should produce a detailed list to identify the CRIAs that were completed in relation to the Budget, which should be accessible alongside all future Budgets.

RECOMMENDATION 5 (OVERARCHING): By the end of Q1 2025, the Council of Ministers must establish a structured risk assessment and mitigation framework specifically for monitoring competing priorities within the Common Strategic Policy. This should include consideration for the criteria for identifying and categorising risks associated with each Common Strategic Policy priority, with a mechanism to periodically measure progress and risk levels to ensure adjustments can be made promptly where risks are identified or threaten long term goals. Responsibility for monitoring and reporting must be assigned to designated leads within the departments to ensure accountability across the departments. Quarterly reports must be produced to highlight specific risk mitigation strategies and be provided to Scrutiny.

RECOMMENDATION 6 (OVERARCHING): Cross-departmental collaboration must be targeted with consideration for shared planning tools and regular interdepartmental meetings focused on managing and mitigating risks identified within the Common Strategic Policy priorities. This should be implemented by the end of Q2 2025.

RECOMMENDATION 7 (OVERARCHING): To ensure that the reprioritisation process for delivering the Common Strategic Policy is transparent, efficient and minimises risk to essential services, the Council of Ministers should establish a risk assessment within the reprioritisation process. This should include a risk review protocol to develop clear assessment and documentation of the risks associated with delaying and deprioritising projects to establish the impact on essential services, the community and the Government's strategic objectives. This should be established by Q3 2025.

RECOMMENDATION 8 (OVERARCHING): A report detailing which projects have been deferred, cancelled or reprioritised, along with the rationale, cost-benefit analysis and risk mitigation strategies employed, should be published to enhance transparency and understanding of the trade-offs made to deliver the Common Strategic Policy priorities. The first report should be published by Q3 2025 with a future report to coincide with the lodging of all future budgets.

RECOMMENDATION 9 (OVERARCHING): Prior to any further structural changes or staffing reductions, the Council of Ministers must ensure that a comprehensive Impact Assessment is conducted to consider the effects on service delivery, capacity, morale and the long-term resilience of departments. The assessment should include specific measures for mitigating risks associated with the loss of institutional knowledge, particularly at senior levels.

RECOMMENDATION 10 (OVERARCHING): The Council of Ministers must ensure that measures are in place to protect critical back-office and policy functions which recognise their critical role in enabling effective service delivery on the front line. A flexible approach should be taken to ensure that expertise and capacity in these areas are preserved, particularly where expertise is vital to the delivery of Government priorities, such as health policy development.

RECOMMENDATION 11 (OVERARCHING): As the restructuring process progresses, the Council of Ministers should continually monitor its impact, particularly on service delivery and staff retention. Where gaps in capacity are identified, a clear process must be in place to address this, including through the reallocation of resources, redeployment or recruitment where required, to ensure that the Government is able to deliver on its priorities effectively.

RECOMMENDATION 12 (OVERARCHING): Succession planning processes should be strengthened, particularly at senior levels, to ensure that departments retain the necessary skills and institutional knowledge. Consideration should be given to mentorship programmes, internal training opportunities and clear career progression pathways to ensure that key functions are maintained without compromising service quality.

RECOMMENDATION 13 (OVERARCHING): The Council of Ministers must invest in enhancing data collection mechanisms to ensure data continuity for performance monitoring, and should prioritise the maintenance of high quality, timely data collection that feeds directly into key decision-making processes and supports evidence-based policy. As strategic investment in data collection and analysis improves efficiency and reduces the need for reactive decision-making based on incomplete or outdated information, the Council of Ministers must effectively balance any decision to reduce statistical outputs against long term benefits of informed policy development.

RECOMMENDATION 14 (OVERARCHING): The Council of Ministers should take appropriate steps to clarify and strengthen the mechanisms and metrics in place for the assessing, monitoring and reporting of Key Performance Indicators to ensure consistency across departments. Clear processes should be in place for managing any identified discrepancies in departmental Key Performance Indicators, with specific measures and actions for supporting departments in improving performance.

RECOMMENDATION 15 (OVERARCHING): The Council of Ministers should consider how transparency in monitoring departmental spending can be enhanced so that public service performance and spending are transparently evaluated, governed and communicated to the public.

RECOMMENDATION 16 (OVERARCHING): The Council of Ministers must be mindful that the Public Finances (Jersey) Law 2019 should demonstrate changes in practice and must ensure ongoing Ministerial engagement and take proactive measures to ensure Sustainable Wellbeing is meaningfully integrated, rather than retroactively in all future Budgets. Consideration should be given for establishing a process to embed Sustainable Wellbeing in core decision-making at all stages of the budgetary decisions. The Council of Ministers should also strengthen monitoring and reporting of Sustainable Wellbeing embedded in the Budget to assess the impact. This should include establishing a clear and measurable mechanism to identify how Sustainable Wellbeing is tied to the Budget's proposals with indicators that are specific, measurable and linked to the long-term outcomes. This should be actioned for all future Budgets.

RECOMMENDATION 17 (OVERARCHING): The Council of Ministers should consider taking meaningful steps towards exploring, developing and implementing Gender Responsive Budgeting in Jersey to ensure that public resources are distributed equitably and that the needs of all Islanders, including vulnerable groups, are met. The Council of Ministers should report back to Scrutiny and the States Assembly on the trajectory for progressing this workstream by Q2 2025.

RECOMMENDATION 18: The Council of Ministers should consider how it can improve the consultation process for revenue raising and relief measures to ensure that it is truly participatory to demonstrate that feedback is genuinely taken into account, giving stakeholders ample opportunity to influence policy decisions.

RECOMMENDATION 19: The Council of Ministers should establish a more robust framework for monitoring the longer-term effects of revenue raising measures, including excise duties, on businesses, consumers, and the economy. Ways of monitoring how specific revenue measures affect different sectors, particularly vulnerable groups, in a more granular and systematic manner should be considered.

RECOMMENDATION 20: The Council of Ministers should invest in improving data collection and economic forecasting tools to better understand the broader and longer-term implications of fiscal measures, including improving the granularity of data in key areas like inflationary pressures, employment trends and sectoral impacts. The Council of Minister should consider expanding the scope of economic modelling to include more detailed assessments of how revenue measures may interact with broader economic and social factors, such as household income levels, business growth and sector-specific productivity.

RECOMMENDATION 21: The Council of Ministers should review the long-term social, economic and fiscal impacts of freezing alcohol duties, including the potential health and public sector costs associated with alcohol consumption. This review should consider alternative measures to support both the hospitality sector and public health, such as targeted subsidies or incentives for responsible drinking practices, alongside fiscal policies that help alleviate cost-of-living pressures. Additionally, the Government should continue to actively engage with the hospitality sector, public health experts and economic analysts, to assess the effectiveness of the duty freeze and explore sustainable solutions for both industry support and reducing the social costs of alcohol for future Budgets.

RECOMMENDATION 22: The Council of Ministers must closely monitor the effectiveness of the tobacco duty increases in achieving both public health and fiscal objectives. Specifically, the long-term impacts of the increased tobacco duties on smoking prevalence, including the potential unintended consequences such as increased reliance on duty-free channels and rising consumption of vaping products must be evaluated. Alternative revenue-raising measures as smoking rates decline should be explored, ensuring a balanced approach that continues to support public health while maintaining fiscal sustainability. Key stakeholders and public health experts should be engaged with when developing policy to ensure it meets both public health and revenue goals in a sustainable manner.

RECOMMENDATION 23: The Council of Ministers must actively progress consideration for introducing a comprehensive long-term strategy to replace fuel duty revenues to support its climate neutral agenda. This strategy should focus on incentivizing the transition to low-emission alternatives, such as electric vehicles (EVs), while ensuring continued financial support for the carbon-neutral roadmap. When exploring options, careful consideration of their impact on different demographics, particularly those who are dependent on vehicles for daily activities must be considered. Any continued short-term initiatives that provide financial relief to households, should be balanced as to not undermine the Island's long term sustainability goals. Key stakeholders must be engaged with to ensure that the fiscal measures are aligned with the broader objectives of the Island's climate agenda. Proposals for a fuel duty replacement policy much be included within the next Budget for 2026.

RECOMMENDATION 24: The Council of Ministers must keep the Vehicle Emissions Duties policy under review and consider how to accommodate for vehicle size and mass (embodied carbon emissions), alongside tailpipe emissions, to reflect the full environmental cost of vehicles more accurately. In parallel, enhancing incentives for encouraging the shift to electric vehicles should be considered. The policy must be closely monitored to assess the potential for any unintended consequences to lower income consumers and small businesses. Key stakeholders must be engaged with to ensure that the fiscal measures are aligned with the broader objectives of the Island's environmental goals and economic realities of consumers and businesses.

RECOMMENDATION 25: The Council of Ministers must regularly assess the economic impact of the revised Excise Duty Relief for Craft Spirits Producers measures on small producers, local businesses and the hospitality sector. This would provide valuable data to inform any future policy adjustments and further support for Jersey's economic and cultural objectives. In doing so consideration should also be given to the potential for extending the duty relief to other relevant local businesses to expand the support to artisanal producers and potentially for industrial, medicinal and scientific purposes. (This recommendation reflects the original budget proposal).

RECOMMENDATION 26: The Council of Ministers must establish a structured and transparent consultation process for all stakeholders affected by the Fuel Replacement Policy. This should be carried out at all stages of policy development. This should include regular updates, feedback channels and ample opportunity for the industry to provide input throughout the policy development stages. Careful consideration should be given to the impact of any chosen policy on all stakeholders and transparent and timely engagement on any changes must be ensured.

RECOMMENDATION 27: When establishing the public health-oriented tax policy for vaping products, any initial excise duty on vaping products should avoid a sharp rise in costs for consumers transitioning from smoking to the reduced-risk alternative of vaping. An appropriate balance should be achieved whereby the tax can support public health by continuing to encourage the shift away from combustible tobacco. Consideration should be given to how a portion of the tax revenues can be earmarked to fund education, prevention and support programmes, which would align with the health objectives and community concerns regarding vaping among young people.

RECOMMENDATION 28: Engagement with stakeholders must be strengthened, particularly with the hospitality sector, while developing the 'Tap Relief' policy to ensure that the chosen model appropriately aligns with both the Government and business need.

RECOMMENDATION 29 (OVERARCHING): The Council of Ministers must provide to Scrutiny a list of the Revenue Growth bids that were presented, but not successful for either business case commissioning and/or inclusion within the Budget. This information should be provided to Scrutiny each year at the time of lodging of the Budget.

RECOMMENDATION 30: In alignment with the advice of the Fiscal Policy Panel the Council of Ministers must refrain from including any unspecified savings in future Budgets.

RECOMMENDATION 31: The architectural blueprint demonstrating all the digital projects across Government departments are designed to common standards must be made available to Scrutiny. The list detailing the prioritisation of all technology projects, alongside an update on any progress to a digital strategy for Government services must be made available to Scrutiny by end of Q4 2024.

RECOMMENDATION 32: A risk assessment of the digital reprioritisation of technology projects across Government departments should be conducted to monitor the potential impacts on departments, public services and customer satisfaction. These assessments should identify high-risk areas where delays could significantly affect Islanders' access to services. The risk assessments should be reviewed quarterly and provided to Scrutiny. The first to be completed by Q1 2025.

RECOMMENDATION 33 (OVERARCHING): The capital plan and longer term financial planning projects undertaken by the Treasury and Exchequer, should be used as a tool to inform the next Budget to focus fiscal policy on the medium to long term, and to align with the advice of the Fiscal Policy Panel that advised that fiscal policy needs be focused on the medium term.

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.

RECOMMENDATION 35: The Council of Ministers must strengthen its commitment to prioritise transfers to the Stabilisation Fund and Strategic Reserve to rebuild both Funds to appropriate levels and should observe the advice of the Fiscal Policy Panel. In addition to committing to transfer the Prior Year Basis receipts to the Strategic Reserve, to transfer up to £25 million to the Stabilisation Fund (contingent of available funding in the Consolidated fund at the end of 2024 and 2025), further commitment should be made to transfer any current year surpluses or underspends to the Stabilisation Fund and to invest any upside of Pillar Two revenues to the Funds.