States of Jersey Annual Report and Accounts 2024

Public Accounts Committee

31 July 2025

P.A.C.3/2025

States of Jersey
States Assembly

États de Jersey
Assemblée des États

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1. Chair's Foreword

This report examines how public money was spent by the Government of Jersey in 2024. The Public Accounts Committee's job is to ensure that our Islanders get value for money and that our government, is transparent and accountable in how it manages public resources.

The Annual Report and Accounts were delivered on time, providing a complete financial record for audit and reconciliation. We welcome the fact that the external auditors issued an unqualified ('clean') opinion and note that several previous recommendations made by the Public Accounts Committee have been reflected in this year's reporting. These improvements support greater transparency and demonstrate progress—though further steps are needed to enhance accessibility, accountability, and value for money across the board.

The Public Accounts Committee here raises broader concerns about how public funds are being used and whether the current approach is financially sustainable.

Public spending exceeded public income, with the difference being covered through in-year budget transfers, use of reserves, and delayed spending. This balancing of the books in the short term does not address the underlying financial drain, and a strategic action plan is required to address this moving forward. Delayed recruitment and postponing projects are not true savings and often increase future costs and create service delivery risks.

Meanwhile, increasing health and care costs, driven by higher demand, agency staffing, and off-Island placements further add to financial pressure. Our findings raise serious concerns regarding whether the Government can maintain our current spending, taxation, and borrowing habits and policies over the long term without incurring unsustainable debt or/and reducing essential services. The need for strategic planning and fiscal discipline has never been greater.

In 2013, the States of Jersey Group held no external borrowings. Over recent years the levels of external borrowings across the States of Jersey Group have risen. The total external borrowings for the States Group at 31 December 2024 was £1.14 billion, representing a material long-term liability that places added pressure on future public finances.

Confidence in the Island's fiscal framework is a cornerstone of economic stability—both for Islanders and for those looking to invest in Jersey. The Annual Report and Accounts are not just a compliance exercise; they are a signal to the wider world about the financial health and long-term resilience of our government. If that confidence is strained, it can deter future investment and undermine the Island's reputation for sound financial stewardship.

We are also concerned by the £64 million underspend on capital projects, including £45 million not spent on our new healthcare facilities. Other capital projects listed in the Government Plan (e.g. Le Squez Youth Centre, Dewberry House, Firearms Range, Specialist Learning Disability Accommodation delayed and the Therapeutic Children's Home) were cancelled so these funds could be used elsewhere if at all. This also reflects planning and delivery challenges that need urgent attention.

To support stable finances, the Committee makes the following key recommendations:

- Develop a more accessible, interactive version of the accounts to aid public understanding.
- Set out a clear plan for sustainable health and care spending by the end of 2025.
- Publish a 10-year financial outlook that reflects demographic changes and key risks.
- Establish a cross-government Value for Money strategy with clear and measurable targets.
- Introduce a fiscal recovery framework linking major spending to specific risk mitigation.
- And implement an action plan in response to the expert advice from the Fiscal Policy Panel.

Islanders need confidence that their public finances are being managed with prudence, purpose, and a clear view to the future. This report highlights where improvements are needed and offers practical steps to help strengthen long-term planning, rebuild resilience, and protect essential services in the years ahead. I would like to thank my fellow Committee Members, PAC Officers and Government Officials for their assistance during this review.

Deputy Inna Gardiner
Chair, Public Accounts Committee

2. Executive Summary

This report presents a detailed evaluation of the Government of Jersey's 2024 Annual Report and Accounts (ARA), highlighting a number of issues in respect of financial transparency, fiscal sustainability, and governance. It also outlines a comprehensive set of recommendations aimed at improving public accountability, financial clarity, and long-term resilience.

The review found that despite the Government's increased use of digital platforms such as blogs, social media, and local press, the ARA still lacks a dedicated mechanism for public feedback. This limits Islanders' ability to comment on the report's clarity and usability. To address this, it is recommended that the Government introduce a two-step public feedback loop, including a six-week online survey and at least one webinar or in-person session. The results and planned improvements should be reported in the 2026 ARA. Additionally, the Government should consider producing a more accessible, interactive version of the ARA.

Transparency in financial reporting should be improved in some areas. The reconciliation of approvals table currently combines centrally held pay award transfers with other reserve allocations, making it difficult to discern genuine departmental overspends. It is recommended that this table be redesigned to separate these elements and include explanatory notes for each non-pay-related allocation. While employee numbers are now disclosed by pay band, the total remuneration costs for each band are still omitted. The Government should include these figures in future reports to complete the pay band disclosure and improve transparency.

Health and Care Jersey (HCJ) overspent by £30.7 million in 2024, driven by agency staffing, drug inflation, off-Island tertiary contracts, and winter income loss, however, after the allocation of reserves this was still within the legal approval limits. This continues a five-year trend of increasing budgetary demands for the department. To improve oversight, the HCJ quarterly finance dashboard should be presented as a standalone report to the States Assembly. Furthermore, the Government should develop and present an improvement plan to the Public Accounts Committee by the end of Q4 2025, outlining how HCJ will enhance forecasting, budgetary control, long-term financial management and deliver realistic and sustainable budgets.

The Government's fiscal position has deteriorated significantly. The Stabilisation Fund is nearly depleted, and the Consolidated Fund moved from a £1.6 million surplus in 2023 to a £63 million deficit in 2024. This deficit was closed only through contingency draws and transfers from reserves, which is an increasingly unsustainable approach. To address long-term fiscal risks, the Government should publish a 10-year revenue and expenditure outlook in time for the debate on the 2026 Budget. This outlook should include alternative demographic scenarios and an integrated fiscal risk statement that quantifies major pressures and links them to departmental risk registers and budgets. Additionally, an action plan should be developed to implement the recommendations of the Fiscal Policy Panel's Spring 2025 Economic Outlook ensuring alignment between strategic planning and economic advice.

Expenditure has outpaced income growth since 2019, with group expenditure rising by 53% compared to a 42% increase in income. Pay now accounts for 35% of group and 51% of Government and Non-Ministerial spending in 2025. To support better trend analysis, the Government should identify and disclose one-off or non-recurring financial items separately from recurring results in both the financial statements and accompanying narrative.

Governance and risk management require urgent attention. The Corporate Risk Register does not quantify major long-term fiscal risks such as ageing population costs, clinical negligence liabilities, and borrowing. Cyber and IT resilience remains categorised as an extreme risk. The

Government should publish, in time for the debate on the 2026 Budget, an integrated fiscal recovery and risk management framework that quantifies key risks, sets measurable recovery milestones, and links spending or saving proposals to specific risks. Progress should be reported in each subsequent ARA. Additionally, the Government should provide the Public Accounts Committee with a written update by the end of Q1 2026 on the status of outstanding IT General Controls improvements raised by the External Auditors and provide an update on progress with articulating Government risk appetite statements.

The Government should ensure that all redundancy or severance decisions exceeding £100,000 are supported by a full business case, centrally signed off, and shared with the Public Accounts Committee. In 2024, 12 employees left the central communications team, with redundancy costs totalling £234,597.55 and annual savings estimated at £528,869.01. However, some redundancy cases remain incomplete, undermining confidence in oversight. For any grant increase exceeding 20% of the previous year's value (or £250,000, whichever is lower), a concise public summary of cost drivers, value-for-money assessment, and approval route should be published. To improve visibility of workforce arrangements and spending, the Government should include in the 2026 ARA a detailed workforce profile of business partner arrangements and detailed budgetary service line reporting for each department and areas of government expenditure across the organisation. This should include a breakdown and analysis of the expenditure for finance, communications, HR, digital, and procurement functions. States Owned Entities should also publish their Annual Reports and Accounts concurrently with the States of Jersey ARA to provide a complete picture of public finances

Finally, Capital expenditure in 2024 was £64 million below the approved budget, with £45 million of that underspend relating to the New Healthcare Facilities Programme. Several capital projects listed in the Government Plan lacked delivery updates, and delays were not clearly justified in the ARA. Current reporting also fails to clearly link budget allocations to actual expenditure and progress against milestones. To improve accountability, departmental annual reports should include a dedicated section on capital project delivery, outlining original budgets, actual spend, delivery status, and reasons for delays or reprioritisation. The Government should also publish annual cost forecasts and value-for-money summaries for all major Infrastructure and Environment subsidies to strengthen financial governance and improve scrutiny.

These findings highlight the need for stronger financial discipline, greater transparency, and a more coordinated cross-government approach to risk and resource management. The Public Accounts Committee remains committed to supporting constructive improvements, ensuring that taxpayer money is spent wisely, and that decisions are subject to effective oversight. By implementing the recommendations in this report, the Government of Jersey can rebuild fiscal resilience, restore public confidence, and secure better outcomes for Islanders over the long term.

3. Findings and Recommendations

3.1 Findings

FINDING 1
Despite wider use of blogs, social media and local press in 2024, the Annual Report and Accounts (ARA) still has no dedicated public feedback tool; Islanders cannot easily comment on its clarity or usability.

FINDING 2
The "Reconciliation of Approvals" table mixes centrally held pay award transfers with other reserve allocations, forcing readers to consult Finance Law Delegation reports to understand genuine departmental overspends. It is, therefore, currently difficult to understand whether departmental overspends have occurred.

FINDING 3
Employee numbers are now shown by detailed pay band which has improved transparency, but total remuneration costs for each band are still omitted. Treasury and Exchequer have confirmed that it follows a set of core guidance when developing the remuneration and staff which conforms with accepted accounting principles. This is noted by the PAC, however, in terms of public understanding and transparency it would suggest the total remuneration costs for each band should be included.

FINDING 4
Over the last Five Years, Health and Care Jersey have required additional budgetary increases.

FINDING 5
Health and Care Jersey (HCJ) overspent by £30.7 million in 2024, driven by agency staff, drug inflation, off-Island tertiary contracts and winter income loss. Without significant system transformation and greater financial controls this could remain above budget in 2025 risking further deficit. Recruitment delays, inflationary cost pressures (i.e. drug costs and tertiary care costs) contribute significantly to the run rate but it is the view of the PAC that there is further action required to address the system change to contain costs.

FINDING 6
The Stabilisation Fund has been largely depleted and the Consolidated Fund moved from a £1.6 million surplus (2023) to a £63 million deficit (2024), closed only by contingency drawdowns and transfers from reserves which is an increasingly unsustainable approach. This leaves the Government with very limited ring-fenced funds to cushion any future economic or unforeseen spending pressures with limited fiscal flexibility to respond to future shocks or invest in long-term resilience.

FINDING 7
Between 2019 and 2024 group expenditure rose 53 % while income rose 42 %. Employee/staff pay now accounts for about 35 % of overall group spending and 51 % of Government and Non-Ministerial spending.

FINDING 8
It is long-standing practice to regularise departmental overspends late in the year via reserve transfers or head of expenditure changes, limiting timely Assembly scrutiny as well as hindering real-time democratic oversight and decision-making on fiscal trade-offs.

FINDING 9
Gross receivables climbed to £898.9 million, and a detailed IFRS 9 review showed an increase to the expected-credit-loss provision from £13.6 million to £23.9 million and a £10 million increase in expected-credit-loss provision driven by long-outstanding tax debts, indicating risk in cash recovery.

FINDING 10
While efficiency savings are reported, there is no overarching Value for Money strategy or programme that distinguishes between temporary cost control and sustainable productivity gains.

FINDING 11
The Corporate Risk Register does not quantify major long-term fiscal risks (e.g. ageing population costs, clinical negligence liabilities, debt and borrowing); cyber/IT resilience remains categorised as an extreme risk.

FINDING 12
The voluntary release scheme yielded £800,000 in savings however some of the redundancy cases remain incomplete. This undermines confidence in oversight of Senior level exits from the Government.

FINDING 13
The Aquasplash operating grant has risen from £470,000 in 2010 to £1.3 million in 2024, with changes in this amount throughout the period. There was a significant increase between 2023 and 2024 of c.£1 million, although due to the timing of payments, some of this increase relates to 2023, however this has been reported in the total figure for 2024. The PAC has not seen a publicly detailed rationale for the increase which reduces transparency over significant cost increases for grants.

FINDING 14
From 1 January 2025 the States will adopt a statistical boundary, and de-consolidate certain States owned entities; future liabilities will appear only in note disclosures, not in the primary statements. The Public Accounts Committee notes that this model will provide greater transparency on Government spending and deficits without the additional group entities being included in the overall figures.

FINDING 15
In 2024, 12 employees left the central communications team. The associated costs of redundancy packages were £234,597.55. The total recurring saving per annum has been identified by the Government of Jersey as £528,869.01. The Public Accounts Committee understands that the communications function has been spread across the departments, potentially reducing visibility of the overall spending in this area.

FINDING 16
Capital expenditure in 2024 was £64 million below the approved budget, with £45 million of that underspend relating to the New Healthcare Facilities Programme (NHFP). This represents a significant deviation from the Government Plan and may have reduced intended economic stimulus.

FINDING 17
Several capital projects listed in the Government Plan (e.g. Le Squez Youth Centre, Dewberry House, Firearms Range, Specialist Learning Disability Accommodation, and the Therapeutic Children's Home) lacked delivery updates in the 2024 Annual Report and departmental reports, limiting public and Assembly visibility on capital delivery and delays were not clearly justified in the Annual Report and Accounts.

FINDING 18
Current capital reporting lacks a clear link between budget allocation, actual expenditure, and progress against milestones, weakening the "golden thread" from strategic priorities to delivery and performance reporting.

3.2 Recommendations

RECOMMENDATION 1
The Government should add a two-step public feedback loop for the Annual Reports and Accounts going forwards such as a six-week online survey and at least one webinar or in person session, with results and planned improvements reported in the 2026 Annual Reports and Accounts.

RECOMMENDATION 2
The Government should consider producing an interactive, user-friendly version of the Annual Reports and Accounts in the style of Canada Spends' 'Ontario Government's Revenue and Spending Report' which the Committee believes would enhance clarity and usability and promote engagement with the report.

RECOMMENDATION 3
The Government should redesign the Reconciliation of Approvals table of Annual Reports and Account from 2025 onward to separate pay award transfers from other reserve allocations and include a brief explanatory note for each non-pay-related reserve allocation.

RECOMMENDATION 4
The Government should include the total remuneration cost for every pay band in the 2025 Annual Reports and Account and future editions to complete the pay band disclosure.

RECOMMENDATION 5
The Government of Jersey should present the Health and Care Jersey (HCJ) quarterly finance dashboard presented to the Health and Care Jersey Advisory Board as a standalone report to the States Assembly. This will enhance transparency and enable real-time scrutiny of structural pressures and savings delivery. This should be implemented from the next Health and Care Jersey Advisory Board meeting.

RECOMMENDATION 6
The Government of Jersey should develop and present an improvement plan to the Public Accounts Committee demonstrating how Health and Care Jersey will deliver realistic and sustainable improvements in health and social care spending, forecasting, budgetary control and financial management. This should be completed by the end of Quarter Four 2025 to be implemented from the start of 2026.

RECOMMENDATION 7
The Government should publish, in time for the debate on the 2026 Budget, a 10-year revenue and expenditure outlook with alternative demographic scenarios and an integrated fiscal risk statement quantifying major long-term pressures and linking them to departmental risk registers and budgets.

RECOMMENDATION 8
The Government of Jersey should develop and implement an action plan in order to address the recommendations of the Fiscal Policy Panel in its Economic Outlook for Spring 2025 ensuring alignment between strategic planning and economic advice. This action plan should be completed by the end of quarter four 2025.

RECOMMENDATION 9
Government departments should flag forecast overspends to the Assembly when they are above 2 % and publicly record any reserve transfer over £5 million on gov.je. Routine contingency draws should not exceed 50 % of the annual contingency without an explanatory statement and Assembly approval.

RECOMMENDATION 10
The Government should identify and disclose one off or non-recurring financial items separately from recurring results in future Annual Reports and Accounts in both financial statements and the accompanying narrative to support trend analysis that assists with assessment of underlying performance.

RECOMMENDATION 11
The Government should introduce specific, annual targets for reducing aged tax and GST debt and publish progress against those targets in each Annual reports and Accounts from 2025 onwards.

RECOMMENDATION 12
The Government should publish by mid-2026 a cross departmental Value for Money strategy incorporating measurable productivity targets, transparent definitions of savings, and regular public reporting of the progress being made.

RECOMMENDATION 13
The Government should provide the Public Accounts Committee with a written update by the end of Q1 2026 detailing the timeline, resources and the status of outstanding IT General Controls improvements.

RECOMMENDATION 14
The Government should publish, in time for the debate on the 2026 Budget, an integrated fiscal recovery and risk management framework that quantifies key short and long-term fiscal risks (including those related to ageing population costs, clinical negligence liabilities, cyber/IT resilience and debt and borrowing), sets measurable recovery milestones, and links every significant spending or saving proposal to the specific risk it is designed to mitigate, with progress reported in each subsequent Annual Report and Accounts.

RECOMMENDATION 15
The Government should ensure all redundancy and severance decisions above £100,000 should be accompanied by full business case sign off centrally and shared with the Public Accounts Committee.

RECOMMENDATION 16
The Government should for any grant increase exceeding 20% of the total value for the previous year (or £250,000, whichever is lower), publish a concise public summary of the cost drivers, value for money assessment and approval route to maintain transparency over significant funding uplifts.

RECOMMENDATION 17
The Government should publish each year a clear cost forecast and value for money summary for all major Infrastructure and Environment subsidies so islanders can track the services ongoing expenses and efficiencies to strengthen financial governance and improve scrutiny.

RECOMMENDATION 18
The Government should ensure going forward that States Owned Entities should publish their Annual Report and Accounts where practicable at the same time as the States of Jersey Annual Report and Accounts as to give an overall picture of the public finances.

RECOMMENDATION 19
The Government should include in the 2026 States Annual Report and Accounts a detailed workforce profile of business partner arrangements and detailed budgetary service line reporting for each department and areas of government expenditure across the organisation This should include a breakdown and analysis of expenditure for finance, communications, Human Resources, digital and procurement functions across the whole organisation. This will assist in enhancing visibility and tracking variation.

RECOMMENDATION 20
The Government of Jersey should, from 2025 onwards, ensure that Departmental Annual Reports include a dedicated section on delivery of Capital projects which clearly outlines for each project: the original budget, actual spend, delivery status, and reasons for delays or reprioritisation.

4. Introduction

4.1 Background and Rationale of the Review

1. Part of the Public Accounts Committee's (hereafter 'the Committee') role is to assess whether public funds have been applied for the purpose intended by the States of Jersey and whether sound financial practices have been maintained. Therefore, the Committee has undertaken this review to examine the processes for the preparation and performance reporting of the States Annual Report and Accounts 2024.

2. The Annual Report contains a breakdown of the activities and initiatives carried out by the different elements of the States of Jersey, including government departments, non-ministerial departments, funds and some subsidiary companies.

3. The Annual Report provides information on how the States of Jersey Group has performed over the course of the year in the context of its objectives ('the Performance Report') and on how the States is governed ('the Accountability Report'). The Annual Accounts provide information on the financial performance of the States of Jersey covering both assets and liabilities and income and expenditure.

4. The Committee believes it is essential to review the Annual Report and Accounts to help the public understand how taxpayer's money is spent, and whether it is being used effectively to deliver expected outcomes to the public.

4.2 Key issues

5. The States Annual Report and Accounts is effectively the culmination of a Government Budget year and, therefore, reports on the successes or otherwise of the projects and programmes agreed within the financial envelope by the States Assembly for that year. As other Scrutiny Panels conduct reviews of proposals by Ministers within the Government Budget, the PAC ensures that this is retrospectively examined to identify whether priorities have been delivered and outcomes achieved. Furthermore, it assesses:

    - Whether the performance reporting presents clearly the Government's aims, activities, functions and performance.
    - Whether the reported risks and mitigations have been clearly articulated.
    - The transparency and timeliness of the overall report.
    - Whether consideration has been given by the States of Jersey to the recommendations of the External Auditors (Mazars), previous recommendations from the Comptroller and Auditor General and previous recommendations of the PAC.
    - Consideration of changes to the Annual Report and Accounts and rationale for doing so.
    - References and linkages within the report

6. The Review sought to address the following key issues:

- The Committee will assess how well the report serves its key audience, including whether it is clearly structured, user friendly and accessible to stakeholders. This includes consideration of the accuracy, transparency and timeliness of reporting, as well as progress made in addressing recommendations from previous reviews aimed at improving usability.
- The review will examine the financial position of Health and Care Jersey (HCJ), focusing on the causes of overspend, the effectiveness of financial controls, and procurement practices. It will also evaluate the contribution of any turnaround or change management teams and assess the sustainability of the department's financial recovery programme.
- An assessment of the consolidated financial position of the States of Jersey Group and how effectively public funds have been managed across the organisation.
- A comparison of actual departmental revenue spending against the amounts originally approved by the States Assembly, with attention to overspending and areas under pressure.
- Examination of outstanding receivables reported in the accounts, including their nature, recoverability and consistency in reporting across departments.
- Consideration of how the Government's financial performance is reported, including the transparency of the operating balance and how it reflects underlying activity.
- Review of how the Government is demonstrating value for money in its expenditure, including whether reported savings have been realised and evidenced.
- Evaluation of the robustness of internal financial controls and the quality of risk reporting and mitigation strategies included in the Accountability Report.
- Scrutiny of disclosures relating to staff pay, severance, exit payments, and redundancy costs, assessing whether these are clearly reported and justified.
- A review of the cost, rationale and value for money of the Office restructure, including whether the investment aligns with intended strategic outcomes.
- Examination of a sample of grants issued by the Government, focusing on transparency, monitoring of outcomes, and consistency in the administration of grant funding.
- Consideration of proposed changes to the consolidation of entities in the Group financial statements, and the potential impact on transparency, accountability and statutory reporting.

4.3 Work Undertaken by the Committee

7. The Public Accounts Committee gathered evidence for its review of the States Annual Report and Accounts 2024 through a combination of briefings, public hearings, and Letters. An initial briefing was held with the Treasurer of the States prior to the publication of the Report to help identify key areas for focus. This was followed by the Committee's regularly scheduled quarterly public hearing with the Chief Executive Officer on 21 May 2025. During this hearing, the Committee examined a range of relevant issues, including the implementation of C&AG and PAC recommendations from the 2023 Annual Report and Accounts review, progress on value for money initiatives, capital expenditure, exit and severance payments, and overspending within Health and Care Jersey. Following the hearing, the Committee submitted a series of

written questions to the Chief Executive Officer to seek further clarification on issues raised, in relation to the 2024 Annual Report and Accounts.

8. On 11 June 2025 the Committee held a joint public hearing with the Treasurer of the States and the Chief Officer of Health and Care Jersey. The session covered key issues in the Annual Report and Accounts 2024, including performance in the context of Fiscal Policy Panel advice, audit follow-up, internal financial controls, and plans to deconsolidate parts of the States Group. The Committee also examined remuneration and severance payments, reported staffing savings, financial controls within Health and Care Jersey, budget revisions, capital programme underspends, and the process for allocating top-up grants to Arm's Length Bodies. Following the hearing, further written questions were submitted to Treasurer of the States, Chief Officer of Health and Care Jersey, Chief Officer of Infrastructure and Environment and Chief Officer of Economy to clarify outstanding matters.

9. To gain additional perspectives, the Committee held a private briefings with Mazars, the external auditors, the Chair of the Risk and Audit Committee and Chief Internal Auditor to understand their views on the audit of the 2024 accounts.

4.4 Structure of the Report

10. This report is broken down into the following sections:

- **Implementation of previous recommendations -** this section focuses on improvements that have been made to the annual report and accounts and follows up on recommendations made by the previous PAC and C&AG recommendations. Including accessibility of the report and how key stakeholders can cross reference information within the accounts to the departmental annual reports and reported performance. It also focuses on the way the report was presented and how this was publicised to members of the public and key stakeholders.

- **Health and Care Jersey Financial Performance** – this section of the report focuses specifically on the overspend within the Health and Care Jersey Department that was identified in 2024 and the steps that have been taken since to address this.

- **Areas Considered** – this section of the report focuses on a range of financial and governance matters identified through the Committee's evidence gathering. It includes consideration of the overall financial position of the States Group, departmental revenue outturns against approved budgets, and the treatment of receivables. The section also examines the transparency of the reported operating balance, proposed deconsolidation of States-owned entities, internal financial and IT controls, and the effectiveness of risk management. Consideration was also given to the reporting of the Capital Programme and the Cabinet Office. In addition, the Committee reviewed staff remuneration and severance payments, and scrutiny of selected government grant scheme.

4.5 Declaration of Potential Conflicts of Interest

11. There were no direct conflicts of interest identified by the Committee in the undertaking of this review.

5. Implementation of Previous Recommendations

12. The Public Accounts Committee (PAC) has monitored how Government has responded to recommendations made in its review of the 2023 Annual Report and Accounts. This section outlines the key areas where progress has been made as well as areas where further improvement is still needed.

5.1 Key Audiences of the Report

13. The Annual Report and Accounts remains the primary vehicle for reporting financial performance and achievement of government objectives. Previous PAC recommendations have highlighted accessibility to key stakeholders. Although structured customer feedback and complaints mechanisms are in place and actively monitored, as confirmed by the Annual Report and Accounts, the PAC's review found no dedicated mechanism such as a survey or targeted feedback specifically regarding public perceptions of the clarity, length, or usability of the Annual Report and Accounts itself.

> ***Deputy R.S. Kovacs:***
> *Looking at the public annual report and accounts, public awareness and the recommendations from last year, can you confirm what steps you have taken to publicise the presentation of the annual report and accounts this year and what was different than last?*
>
> ***Chief Executive Officer:***
> *We obviously had a recommendation that we could and maybe should do more, which was picked up by comms team and then discussed with myself and with the Chief Minister and Minister for Treasury and Resources. Following that, we repeated everything we had done the previous year, but the conclusion of that discussion is that we could do more, or at least this year should do more in particular, to raise awareness and engagement through social media and various forms of social media. Following the recommendations of the comms team, that varied from blogs, longer articles and so forth, various things to engage with people, that is what we followed through on and pleasingly, I think, so far have seen a significant pickup year on year in terms of people going to the landing page, downloads and engagement with the content.*[1]

14. The PAC went on to ask the Chief Executive Officer what specific channels had been used to promote the report and how the was measured:

> ***Chief Executive Officer:***
> *I think we are using all of our existing social media channels, obviously our web page as well. We have not introduced new channels, if that was the question. It is more the use of existing channels and the measurement is using the normal data that we measure around social media in terms of visits, in terms of people landing on to the page, downloading material if it is downloadable and 4 engaging in that way. If you take myself as an example in terms of the social media content I was asked to do, we get feedback from the team on views and*

[1] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

so forth and how that compares to the previous year, if it is something we can compare accurately with the previous year.[2]

15. To gain further insight regarding the degree to which members of the public were aware and engaged with the annual report and accounts, the PAC asked written follow up questions to the Chief Executive Officer and received the following response:

Public Accounts Committee – Follow up Letter:
What has been done differently for the publication of the 2023 Report and Account and 2024 Report and Accounts in terms of promotion and what was the difference in the outcomes?

Chief Executive Officer – Follow up Letter Response:
This year, we took additional steps to publicise the ARA. These included a note to media, a local media interview with the Minister for Treasury and Resources and social media posts. In respect of the social media communications, there were six posts during the period 1 May – 16 May 2025. These included blogs from Minister for Treasury and Resources and the CEO, as well as posts highlighting specific performance headlines - In terms of outcomes, we have seen an increase in engagement with the Annual Report and Accounts landing page, which is outlined in more detail below.[3]

16. The PAC followed this up in the written questions by asking how public awareness and engagement outcomes was being monitored and tracked:

Chief Executive Officer – Follow up Letter Response:
Google Analytics of the gov.je ARA 2024 report page reported significant increases (compared with the equivalent for ARA 2023) in page views, active users and file downloads in the four weeks from publication dates.

Gov.je Report page activity (equiv fortnights)	**Views**	**Active users**	**File downloads**
ARA23 Landing page (3-17 May 2024)	219	87	134
ARA24 Landing page (2-16 May 2025)	318	160	175
ARA24 vs ARA23	**+45%**	**+84%**	**+31%**

As of 20 June 2025, social media posts have been viewed 46,239 times with 2,448 engagements (comments, clicks, reactions). This is 5.3% (slightly higher than average on GoJ channels). This engagement also drove 575 link through clicks to blogs and the ARA webpage.[4]

17. The PAC wished to understand the feedback that had been received from the public regarding promotion and presentation of the States Annual Report and Accounts 2024 since publication and how will this be incorporated into next year's report the PAC was advised the following:

Chief Executive Officer – Follow up Letter Response:
No feedback has been received through the Customer Feedback routes or Freedom of Information requests since publication. Any feedback received will

[2] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[3] Letter – CEO to PAC follow up response – 30 June 2025
[4] Letter – CEO to PAC follow up response – 30 June 2025

be taken into account. Comments on social media posts have not included any specific improvements that could be made to the Annual Report and Accounts content or format. However, we aim to improve the ARA each year, where possible, and plan to discuss areas for improvement with the C&AG, learning from the Jersey Audit Office best practice guides and self-assessment tools. We also seek to implement improvements where PAC recommendations are accepted.[5]

18. In assessing the accessibility of the States 2024 Annual Report and Accounts, the Public Accounts Committee compared formats used by other governments. It was impressed by the Ontario Government's Revenue and Spending Report presented by Canada Spends[6] for the 2023–24 financial year.

19. The Committee heard that Chief Officers now brief their Ministers on departmental contributions to the ARA prior to submission. This practice, which had been recommended by the PAC, was confirmed during the May hearing and illustrated by an example from the Health and Social Services Minister, who requested revisions to better reflect both health and care functions. The PAC welcomes this as a sign of improved ministerial oversight and will continue to monitor its consistent application across departments.

FINDING 1
Despite wider use of blogs, social media and local press in 2024, the Annual Report and Accounts (ARA) still has no dedicated public feedback tool; Islanders cannot easily comment on its clarity or usability.

RECOMMENDATION 1
The Government should add a two-step public feedback loop for the Annual Reports and Accounts going forwards such as a six-week online survey and at least one webinar or in person session, with results and planned improvements reported in the 2026 Annual Reports and Accounts.

RECOMMENDATION 2
The Government should consider producing an interactive, user-friendly version of the Annual Reports and Accounts in the style of Canada Spends' 'Ontario Government's Revenue and Spending Report' which the Committee believes would enhance clarity and usability and promote engagement with the report.

[5] Letter – CEO to PAC follow up response – 30 June 2025
[6] Making Government Spending Clear | About Us | Canada Spends

5.2 Accuracy, Transparency and Timeliness of Reporting

20. The Committee examined the processes underpinning the preparation of the States of Jersey Annual Report and Accounts 2024 (ARA), with a particular focus on whether the report provides a fair, balanced, and timely account of government performance and financial position. The Committee sought clarity on how content is selected, the robustness of budget forecasting, and the alignment of supporting material such as subsidiary accounts.

21. During the public hearing on 11 June 2025, the Committee questioned whether the ARA accurately reflects the broader fiscal context, particularly concerns raised by the Fiscal Policy Panel (FPP) in its 2024 report. These included long-term structural risks such as rising healthcare costs, demographic change, the depletion of the Stabilisation Fund:

> ***Mr. P. Taylor:***
> *This last year we have had other financial policies of the Fiscal Policy Review Panel report which has talked about the increased and ongoing demand for health services, the fact that the Stabilisation Fund has now been depleted and that the demographic changes will continue and that maybe our reserves are not as sufficient as they should be in their view. Over the last 5 years we have accumulated a group deficit of £576 million. Given your role as being responsible for managing the long-term financial stability of Government finances, I am wondering what your view and your comment is on that analysis and, also, where that context is specifically referred to in this annual report.*
>
> ***Treasurer of the States:***
> *They may be behind in respect of the Strategic Reserve, that which the Fiscal Policy Panel set a target of, based upon work that they have done in the past relating to other places. That does ignore to a degree a scale of a Social Security Reserve Fund, which is way beyond its original target, now is the order of 7 plus years of expenditure within it and does insulate us well from one of the cost areas arising from the ageing population; that is one of 3 I would say.*[7]

22. The 2024 Annual Report includes a breakdown of the number of employees by pay grade a reporting format previously recommended by the PAC but initially rejected in 2023. This change has now been adopted and is in line with good practice standards. It was furthermore confirmed by the Treasury and Exchequer that it follows a set of core guidance when preparing the pay and remuneration report which conforms with generally accepted accounting principles.[8] The pay and remuneration reports are produced under the guidance of Treasury colleagues and the appointed auditors, who provide advice on how best to apply the principles in reporting across government as well as People Services.[9] The revised table (page 136 of the report) provides a clearer picture of the public workforce and improves accountability in how pay structures are reported. The PAC is happy that this changed has been made but would query this given that the recommendation is made was rejected in the first instance.[10]

23. The Committee welcomed the reintroduction of employee headcount data in the ARA, which had previously been presented as percentages. This was a recommendation made in the PAC's review of the 2023 accounts and was confirmed during the hearing

[7] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[8] Confirmed during factual accuracy checking
[9] Confirmed during factual accuracy checking
[10] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

as a permanent feature. However, Members also noted that the 2024 Remuneration and Staff Report no longer included pay-cost breakdowns by grade bracket. This had previously provided a clearer picture of staff cost distribution and its omission reduces transparency. The Committee has asked for clarification on whether this format will be reinstated in future reports.

Deputy R.S. Kovacs:
Okay. Yes, thanks. We have the number of employees rather than the percentage.

Chief Executive Officer:
Yes, exactly. I think the intention is that that is a permanent feature.[11]

24. On timeliness, it was implied by the Treasurer during the hearing when discussing arm's length organisation annual reported accounts. That the states accounts take round four months to complete and that there is an ambition to move back to 3 months

Mr. P. Taylor:
When would you expect the accounts of those wholly owned subsidiaries to be published? Are they published now for last year?

Treasurer of the States:
I can only set them out to our standards. I am looking 4 months. I would prefer it for us to move back to 3 months. I think my preference is to get us back to 3 months. We did touch on 3 months for a couple of years. There has, however, been a bit of a trade-off sometimes there between getting the quality as good as we would like to deliver in the time.[12]

25. One area that the PAC examined in relation to the transparency of the accounts was the reconciliation of approvals which can be found on page 149 of the Annual Report and Accounts.[13] The reconciliation of approvals is found within the political accountability section of the overall Accountability Report and sets out the approved funding for each department from the Government Plan (in this instance the Government Plan 2024 as approved by the States Assembly), the allocation of reserves to each department, departmental transfers, returns to the consolidated fund, transfers to/from projects and the approved budget near cash position for the year.[14]

26. This is an important section of the report to highlight to the public the areas where there have been allocations from central reserves. The following table (which is an extract and not the entire table) notes the Government Plan as amended allocations alongside the allocation of reserves for each department within the Government and Non-Ministerial departments: [15]

[11] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[12] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[13] States Annual Report and Accounts 2024 – p. 149
[14] States Annual Report and Accounts 2024 – p. 149
[15] States Annual Report and Accounts 2024 – p. 149

Department	2024 Government Plan As Amended	Carry Forward from 2023	Allocation Of Reserves
	£'000	£'000	£'000
Ministerial Departments			
Cabinet Office	(77,268)	-	(13,292)
Children, Young People, Education and Skills	(206,467)	-	(18,242)
Customer and Local Services	(106,827)	-	(1,031)
Infrastructure	(57,165)	-	(5,432)
Environment	(10,899)	-	(2,749)
Health and Community Services	(286,235)	-	(47,074)
Jersey Overseas Aid	(20,041)	-	-
Justice and Home Affairs	(40,069)	-	(4,008)
States of Jersey Police Service	(27,335)	-	(5,453)
Ministry of External Relations	(3,377)	-	(181)
Economic Development, Tourism, Sport and Culture	(37,119)	-	(4,590)
Financial Services	(11,215)	-	(44)
Treasury & Exchequer	(159,588)	-	(2,121)
Past Service Pension Liabilities Refinancing	(13,790)	-	-
Total Ministerial Departments	**(1,057,395)**	**-**	**(104,217)**
Non-Ministerial and Other States Bodies			
Bailiff's Chambers	(3,208)	-	(999)
Comptroller and Auditor General	(1,152)	-	-
Judicial Greffe	(8,859)	-	(305)
Law Officers Department	(12,881)	-	(2,839)
Office of the Lieutenant Governor	(905)	-	(56)
Official Analyst	(735)	-	(42)
Probation	(2,951)	-	(212)
States Assembly	(9,904)	-	(449)
Viscounts Department	(2,413)	-	(196)
Total Non-Ministerial and Other States Bodies	**(43,008)**	**-**	**(5,098)**
Departmental and Non-Ministerial Total	**(1,100,403)**	**-**	**(109,315)**
Reserves and Other Heads of Expenditure			
Central Reserve	(62,188)	(37,723)	97,347
Net Revenue Expenditure	**(1,162,591)**	**(37,723)**	**(11,968)**
Healthcare Facilities - Financing Costs	(7,820)	-	-
Total Net Revenue Expenditure	**(1,170,411)**	**(37,723)**	**(11,968)**

27. It is important to note that the extract of the table above does not include the departmental transfers, returns to the consolidated fund, transfers to/from projects and the approved budget near cash position for the year which can be found on page 149 of the 2024 Annual Report and Accounts.[16] However, for the purposes of this area of the report, the PAC will focus specifically on the allocations of reserves.

28. It has been well documented that there was a considerable departmental overspend within Health and Care Jersey (HCJ, formerly Health and Community Services as noted within the Annual Report and Accounts). It should, however, be noted that whilst there was an overspend against the original Government Plan allocation, the allocations from reserves meant that the department spent within its legal approval. The following is explained within the notes following the reconciliation of approvals:

> *In 2024, Health and Community Services received allocations from the Central Reserve to support various funding requirements. Of the total received, £18.3 million was allocated for pre-agreed expenditure, consistent with allocations made to other departments. An additional £28 million was provided to address emerging cost pressures faced during the year.*[17]

29. The PAC notes that allocations from reserves include pay awards for each department during that reporting period. It is also important to note that pay awards are held in

[16] States Annual Report and Accounts 2024 – p. 149
[17] States Annual Report and Accounts 2024 – p. 150

reserves and then distributed to the respective departments after the approval of the Government Plan. In the case of HCJ, the PAC notes that the amount allocated from reserves for the purposes of the pay award was £16.5 million.[18]

30. The C&AG report Financial Management and Internal Control was presented on Wednesday 22nd July 2025 and included a section specifically on HCJ budget reconciliation. The following table was provided which outlined the different aspects of the overspend:

Exhibit 7: HCJ expenditure additional to initial Government Plan budgets

	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000
Initial Government Plan approved expenditure	**221,387**	**227,435**	**226,290**	**249,032**	**286,235**
Adjustments for carry forward allocation	-	-	1,500	1,034	
Efficiency target	(9,000)	-	-	-	-
Transfers to / from other departments	(2,446)	(3,788)	(3,611)		(54)
Transfers to / from projects	4,703	(11,167)	-	10,038	-
Transfers between capital and revenue	(5,411)	-	-	-	-
Allocation of reserves for pay award funding	*	1,323	6,828	14,339	16,511
Other budgetary increases required	40,559*	16,614	18,717	28,349	30,671
Final approved budget	**239,792**	**230,417**	**249,724**	**302,792**	**333,363**
Actual outturn	239,728	228,915	246,625	302,792	333,362

** pay award allocation not shown separately in 2020*

Source: Jersey Audit Office analysis of States of Jersey Annual Reports and Accounts, States of Jersey Finance Delegation Reports and Ministerial Decision reports

31. Overall, however, there were £47 million worth of allocations from reserves to HCJ in 2024. As noted above £30.6 million of this was allocated to address other budgetary increases required.[19]

32. In order to identify all of the allocations from reserves, there are six-monthly reports presented by the Minister for Treasury and Resources during the year in relation to 'Finance Law Delegations" including budget transfers.[20] These reports were R.134/2024 and R.15/2025. The PAC has found that to fully understand all of the allocations from reserves during the year, at present, it is required to analyse these reports alongside the Annual Report and Accounts to find all the relevant information relating to the allocations.

33. Whilst some narrative is provided in the Annual Report and Accounts in relation to the allocations provided to HCJ, there is a lack of clarity in the way the reconciliation of

[18] Financial Management and Internal Control – C&AG report
[19] Financial Management and Internal Control – C&AG report
[20] States Annual Report and Accounts 2024 – p. 150

approvals is reported from a transparency perspective. A member of the public wanting to understand the allocations from reserves that have been made would need to review the Report and Accounts against the Finance Law Delegation reports to find the detail of what contributed to these additional allocations. For example, Children, Young People, Education and Skills (CYPES), received £18.2 million in allocations from reserves[21], however, it is difficult to ascertain how much of this related to pay awards or overspends without consulting multiple documents.

34. The PAC would suggest enhancing transparency on this table that pay awards are separated out from the allocations from reserves to provide a clearer picture of the level of overspends within each departments. Further narrative could then be provided following the table to highlight the contributors to the overspends (if any).

35. The Committee therefore recommends separating pay awards from other reserve allocations within the reconciliation of approvals and providing clearer narrative explanation of the reasons for additional funding. This would help stakeholders understand the scale and drivers of departmental overspends, particularly in sensitive areas such as health and education.

FINDING 2
The "Reconciliation of Approvals" table mixes centrally held pay award transfers with other reserve allocations, forcing readers to consult Finance Law Delegation reports to understand genuine departmental overspends. It is, therefore, currently difficult to understand whether departmental overspends have occurred.

FINDING 3
Employee numbers are now shown by detailed pay band which has improved transparency, but total remuneration costs for each band are still omitted. Treasury and Exchequer have confirmed that it follows a set of core guidance when developing the remuneration and staff which conforms with accepted accounting principles. This is noted by the PAC, however, in terms of public understanding and transparency it would suggest the total remuneration costs for each band should be included.

RECOMMENDATION 3
The Government should redesign the Reconciliation of Approvals table of Annual Reports and Account from 2025 onward to separate pay award transfers from other reserve allocations and include a brief explanatory note for each non-pay-related reserve allocation.

RECOMMENDATION 4
The Government should include the total remuneration cost for every pay band in the 2025 Annual Reports and Account and future editions to complete the pay band disclosure.

[21] States Annual Report and Accounts 2024 – p. 149

6. Health and Care Jersey Financial Performance

36. As per paragraphs 28-31 above, Health and Care Jersey's final net revenue expenditure for 2024 was approximately £335.9 million (including depreciation) which was the largest departmental out-turn recorded that year. This represented a £30.7 million overspend against the original Government Plan allocation of £286.2 million (excluding depreciation). However, it was broadly aligned with the revised approved budget of £333.4 million, reflecting ministerial and Treasury decisions taken during the year to uplift allocations in response to the 8 per cent pay award and other emerging pressures. This is reflected in the table below. [22]

Statement of Comprehensive Net Expenditure

Actuals	Health and Care Jersey (formerly HCS)	Estimate per Government Plan	Final Approved Budget	Outturn	Difference from Final Approved Budget
2023 £'000		2024 £'000	2024 £'000	2024 £'000	2024 £'000
	Revenue				
28,235	Earned through operations	23,792	27,434	27,433	(1)
28,235	**Total Revenue**	**23,792**	**27,434**	**27,433**	**(1)**
	Expenditure				
15	Social Benefit Payments	63	57	26	31
210,272	Staff Costs	204,621	230,100	230,100	0
120,984	Other Operating Expenses	105,342	130,640	130,518	122
-	Impairments	-	-	151	(151)
331,271	**Total expenditure**	**310,027**	**360,797**	**360,795**	**1**
303,036	**Net revenue expenditure**	**286,235**	**333,363**	**333,362**	**1**
2,697	Depreciation and amortisation	4,066	4,066	2,568	1,498
305,733	**Net revenue expenditure after depreciation**	**290,301**	**337,429**	**335,930**	**1,499**

37. It is also worth noting the overspend requirements for HCJ since 2022 in the context of the overall picture for HCJ finances. The following table was provided by the C&AG in her recently published report 'Financial Management and Internal Control'. This shows a continued need for additional revenue to cover overspends within the department:

[22] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025

Exhibit 8: Analysis of larger budgetary increases required from 2022 to 2024

Year	£000	Comment
2022	6,379	Additional funding for COVID-19 pandemic response although expenditure against specific schemes was not tracked. This funding was referred to in my report *Economic, Social and Health-related Recovery from the COVID-19 pandemic* (September 2023).
2022	4,085	Additional funding for financial pressures (R.122/2022).
2022	13,357	To fund spending pressures in 2022. These included Tertiary Care and Ward and Midwifery Staffing; Surgical Income Deficit; Parental Leave; Rebalancing Target; Les Amis Financial Support; and Hugo Mascie-Taylor Report Recommendations (MD-TR-2022-813).
2023	10,000	Redeployment of unneeded 2023 funding for COVID-19 pandemic to meet service pressures (MD TR-2023-860).
2023	15,000	This includes the balance of funding (£2 million) previously held to address waiting lists, originally intended to be used in 2024 repurposed to address the wider pressures in the department (MD-TR-2023-860).
2024	7,600	Additional funding provided in line with the funding gap identified in the Financial Recovery Plan (FRP) (MD-TR-2024-089).
2024	20,906	To ensure sufficient funds were in place to meet the forecast overspend for 2024 (MD-TR-2024-945).

Source: Jersey Audit Office analysis of States of Jersey Finance Delegation Reports and Ministerial Decision reports

38. Health and Care Jersey was allocated an approved net revenue expenditure budget of £286.2 million in the Government Plan 2024–2027, which was significantly below the 2023 out-turn of £303 million. This reduction reflected the introduction of the Financial Recovery Programme (FRP), which aimed to contain rising health costs, and the expiry of one-off allocations made in 2023 to address exceptional pressures.[23]

> ***Treasurer of the States:***
> *Between 2023 and 2024, firstly, it was the first year of the original estimate for the financial recovery programme at £12 million. Obviously, it comes off the number for 2023, reduces the number for 2024. Having put more money in to bring the health budget up to its spend, we then have the savings plan that reduced from that sum. Adding to which there was already a saving of £3 million, so there is £15 million.*
>
> ***Group Director, Strategic Finance:***
> *There was one-off funding for reduction of waiting lists in 2023, which was not recurring into 2024. There was also some funding for the turnaround team in 2023 specifically that then fell away in the 2024 budget. Also, some previous funding was allocated under the Jersey Care model, which ran out at the end of 2023 in line with the Government Plan.*[24]

39. During the May 2025 quarterly hearing the Chief Executive Officer identified four principal drivers of the overspend in 2024:

[23] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[24] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

Chief Executive Officer:
One of them is a need in various areas to rely on agency staff and the cost of that, which we have got a very significant supply/demand imbalance around Europe in that area, and we are a price taker

Chief Executive Officer:
A second factor in there that we had was in similar vein, increases in drugs costing

Chief Executive Officer:
A third factor, very importantly for us, is an increase in what are called tertiary costs but essentially those are situations where we as an Island procure care from off-Island either in health or in children services and because, I think, of some of the pressures that are facing hospital groups in particular in the U.K. (United Kingdom), they are trying to pass a lot of costs on to us and others through those contracts.

Chief Executive Officer:
A factor last year but probably - Tom will correct me - more pronounced this year is almost what I would call negative income, by which I mean if we have a difficult winter in terms of bed capacity, a bad flu literally, then it knocks out capacity that we would otherwise had allocated for private healthcare treatments, which are income generative for us. So, the other factor we have got in there is the loss of income because the beds were not available for private procedures but those beds, of course, were being used to deal with what euphemistically we call the winter crisis.[25]

40. These pressures of agency staffing, pharmaceutical inflation, tertiary care costs and reduced private patient activity explain most of the 2024 variance. It is noted that these are costs which often fall outside the control of Government. The Chief Officer for HCJ confirmed in written correspondence the following in relation to addressing these issues:

> *"Further work on drivers of the deficit has been done during 2024 in light of continuing cost pressures and deficits which highlight the main areas of unfunded risks are the rising costs of social care and mental health packages, tertiary care contracts and activity for off- island care, and high-cost drugs and treatments and healthcare inflation. "*[26]

41. Further details were provided about the nature of the overspend in the departmental annual report for 2024 in the annex to the Annual Report and Accounts:

> ***Annex 1 Government Department Annual Reports:***
> *It must be recognised that the break-even position of the Department was achieved through allocation of £28.8 million of funding from central Government reserves.*[27]
>
> ***Annex 1 Government Department Annual Reports:***
> *Before the allocation of reserve funding, there were significant overspends in Medical Services £8.3 million, Surgical Services £6.8 million, Social Care £4.2*

[25] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[26] Letter – Chief Officer for HCJ – 4th July 2025
[27] Annex 1 Government Department Annual Reports- 2 May 2025

million, Mental Health £3.3 million, Tertiary Care £2.4 million, Women & Children's Services £1.9 million, and Estates & Hard Facilities Management £1.3 million.[28]

42. Asked how management responded, the Chief Officer Health and Care Jersey informed the Committee:

Chief Officer, Health and Care Jersey:
The F.R.P. (Financial Recovery Programme) set out a number of actions for 2023 and 2024, and I can see that those were continued and the pressures worked upon. Some of those measures had a stronger effect than others, so you can see that in previous explanations of the drivers of the £28 million deficit, some of those F.R.P. measures were more effective than others. Ones where there was slippage were things like locum and doctor costs, where I can see that last year the F.R.P. had a good success in reducing nursing agency costs, but was less successful in reducing medical staffing costs. That is why this year that has become a focus in 2025, because we did not get the effect that we wanted from doctor agency costs in 2024, and therefore needed to carry that into 2025, and that contributed to the overspend.[29]

43. HCJ finished 2024 over budget despite a reduced baseline and continued recovery actions. Agency staffing, drug costs, tertiary contracts and winter related income loss remain significant pressures.

44. Whilst the PAC has been provided with information from the Health and Care Jersey Advisory Board papers regarding the various actions being taken to reduce spend on identified areas of concern (specifically those outside of the departments control), it requires further evidence of the work that is being done by the department to address cost issues in areas where they do have control.

45. A standing concern for the Public Accounts Committee is that the annual rebalancing exercise can reduce visibility of emerging pressures by offsetting individual overspends with underspends elsewhere or with transfers from central contingencies. It should also be noted from the table above paragraph 38 that there has been a consistent requirement for additional funds for HCJ since 2022, highlighting continued trends. In the opinion of the PAC this appears to show further action is required. Committee members therefore questioned both the timeliness of escalation, and the disciplines applied when additional funding is requested mid-year.

Deputy I Gardiner:
you knew in the quarter 1 and after quarter 2, 2024, that you are overspending. What has been done to mitigate overspend?

46. The Treasurer confirmed that an internal escalation framework is in place: departments are first expected to pursue in year mitigations; thereafter the centre reviews whether other portfolios will underspend, and finally whether a draw down from the general contingency is required.[30]

Treasurer of the States:
Firstly, in previous years, we will be looking at forecasts of other departments to see whether forecasts from other departments will underspend, were

[28] Annex 1 Government Department Annual Reports- 2 May 2025
[29] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[30] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

sufficient to cover that. Next, you will be looking at whether the level of contingency reserve is sufficient to cover that. I should say first step is back to department: Please, your responsibilities are to live within the budget that is set for you by the Assembly. There will be reasons why departments need other funding related to enforcing events or new things that come through, and those will be the subject of a business case. Firstly, we are looking at can it be addressed by the department. Secondly, can it be addressed from underspending other departments? Thirdly, does it need reserve transfers? By reserve transfers I mean contingency funding, what we used to call the "general reserve. Thereafter, you might look to see whether capital underspends that are being forecast could be used temporarily to address that situation. First and foremost, it is to make sure that we are delivering upon the commitments in respect of savings and understanding the drivers for the higher level of spend.

47. The Chief Executive Officer acknowledged that, historically, overspends have often been regularised late in the year through reserve transfers or changes in heads of expenditure:

> ***Chief Executive Officer:***
> *Historically where there has been a risk of spending, particularly where that spending is deemed to be justifiable, as I understand the model, the Treasury team or the Minister for Treasury and Resources has resolved that with recourse to reserves or changing heads of expenditure. They have found a way to restore balance and that is a process. To some extent it is illegal, you cannot commit to spending if you do not have the budget. However, it is fair to say, the custom and practice is there has always been found a way to manage that situation where it occurs.*[31]

48. However, that this approach is becoming less sustainable now that demand on the reserves are increasing post-COVID:

> ***Chief Executive Officer:***
> *However, it is fair to say, the custom and practice is there has always been found a way to manage that situation where it occurs. Where that situation is much more pressing, going forward, is that we do not have reserves readily to hand to manage those situations where one budget or a couple of budgets, for whatever reasons, get out of whack. In the past there were always consequences, but there has always been found a way to manage it. In terms of how I have been approaching it, particular as Health has been my first experience of this on my watch.*[32]

> ***Chief Executive Officer:***
> *Going back to Health, obviously it was able to be resolved last year, because it was called out early and it was able to be funded or the Treasury was able to fund it in the normal way that I mentioned that they have done historically when they found areas of overspending. What I am point out is in resolving that last year and given where we are with reserves post-COVID, our ability to keep resolving things like this.*[33]

49. The PAC took particular interest in whether the scale and timing of any in year support for Health and Care Jersey is fully transparent to the Assembly and the public. The

[31] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[32] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[33] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

Treasurer confirmed that reports are presented to the Council of Ministers are available to Scrutiny; nonetheless, Members signalled their intention to scrutinise the 2025 process in closer detail.[34] The PAC notes that the Annual Report and Accounts is presented accurately and shows the additional funding required by the department. However, it would question the processes in place in relation to HCJ requiring additional funding on a year-on-year basis. From a public perspective (noting the C&AG reports table above), additional funding has been provided every year since 2022 with no mechanism put in place for the States Assembly to approve the additional funding. This would increase accountability and allow the Assembly to take a decision as to which areas of public spending could be reduced to allow for overspends in HCJ to be addressed. This is a point of consideration the PAC would put forward to the Government.

50. The Committee's overarching concern remains that, without earlier corrective action and clearer public reporting, the true scale of underlying overspending can be obscured until the year end accounts are published.

51. The demographic change remains the most significant long term cost drivers. This was explained further by the Treasurer of the States during a public hearing who linked the current period as the gentle foothills of the ageing population's pressures that Health will be seeing in the future.

> ***Treasurer of the States:***
> *Future health care costs are perhaps the biggest challenge at the moment from a cost perspective. I would say that we are only in what I would call the gentle foothills of the ageing population's pressures that Health will be seeing at the moment, but you are already seeing that that is contributing to the health situation.*[35]

52. During the hearings with the Chief Executive, Officer, Treasurer of the States and Chief Officer, Health and Care Jersey it has been stated that a sustainable funding plan is under development regarding healthcare:

> ***Treasurer of the States:***
> *We have a long-term capital plan in place. Our next step is to have long-term expenditure plan informed by that in terms of that element that is around ageing population. My colleague to my left and his team are bringing forward plans for the sustainable funding of health.*[36]
>
> ***Chief Executive Officer:***
> *That is why Health, in particular ... and to be fair to the Minister, the Minister understands fully that, given what is happening in healthcare and given the balance that has to be struck between the services that Islanders would like to receive and the affordability of those in this healthcare market, this has to come to the Assembly, in terms of what is the future model for Health and what are the choices, therein, for the funding of that future model. Is it a reprioritisation or is it something else?*[37]

53. The Financial Recovery Programme, launched in 2023, is intended to secure £12 million of recurring savings every year, but progress to date has been uneven some workstreams are meeting target, while others, notably the drive to reduce locum doctor

[34] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[35] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[36] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[37] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

costs and rationalise off-Island tertiary contracts, have delivered less than planned, leaving a sizeable gap still to be closed as the programme moves into its 2025 phase.

> ***Chief Officer, Health and Care Jersey:***
> *The F.R.P. (Financial Recovery Programme) set out a number of actions for 2023 and 2024, and I can see that those were continued and the pressures worked upon. Some of those measures had a stronger effect than others, so you can see that in previous explanations of the drivers of the £28 million deficit, some of those F.R.P. measures were more effective than others.*[38]

54. Agency spending has come down, yet 23–24 long-term consultant posts are still filled by high-cost locums:[39]

> ***Chief Officer, Health and Care Jersey:***
> *Ones where there was slippage were things like locum and doctor costs, where I can see that last year the F.R.P. had a good success in reducing nursing agency costs, but was less successful in reducing medical staffing costs. That is why this year that has become a focus in 2025, because we did not get the effect that we wanted from doctor agency costs in 2024, and therefore needed to carry that into 2025, and that contributed to the overspend.*[40]

55. The Chief Officer went to explain that one of the 2025 objective is to see if they can convert around half of these posts to permanent contracts based on market conditions.[41]

56. An Off-Island Tertiary Governance Committee was established in August 2024 to review more than fifty contracts with UK providers.

> **Chief Executive Officer:**
> *They have got their teeth into reviewing the 50 arrangements that we have got in place in England, which I think we all agree this is the 50 arrangements we have got with different hospital groups in England for tertiary care.*[42]

> ***Chief Executive Officer:***
> *We have really asked them, given the situation we are in, to look at how that could potentially be rationalised and be made more effective going forward. That is the sort of work that they are currently engaged in, which will certainly help us with the budget, but as important I think it is crucial work in trying to help define the big building blocks of the future healthcare strategy because whatever we do, we know that we will always be in a position where we have to procure from off-Island and send people off-Island.*[43]

> **Chief Officer, Health and Care Jersey:**
> *We have started to work our way through all of the different tertiary arrangements. Some of those tertiary arrangements are valued by clinicians, valued by patients, very important. Really we just need to ensure that we are getting best value out of them but continue.*[44]

[38] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[39] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[40] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[41] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[42] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[43] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[44] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

> ***Chief Officer, Health and Care Jersey:***
> *And The direction of travel is to see where we can work our way through the 50 so that what we end up with are the relationships that we really value, the clinicians value, the patients value.*[45]

57. Alongside cost control, the department is protecting revenue; private patient income rose from £10 million (2023) to £12.5 million (2024) and is forecast at £14 million for 2025, subject to winter capacity.[46]

FINDING 4
Over the last Five Years, Health and Care Jersey have required additional budgetary increases.

FINDING 5
Health and Care Jersey (HCJ) overspent by £30.7 million in 2024, driven by agency staff, drug inflation, off-Island tertiary contracts and winter income loss. Without significant system transformation and greater financial controls this could remain above budget in 2025 risking further deficit. Recruitment delays, inflationary cost pressures (i.e. drug costs and tertiary care costs) contribute significantly to the run rate but it is the view of the PAC that there is further action required to address the system change to contain costs.

RECOMMENDATION 5
The Government of Jersey should present the Health and Care Jersey (HCJ) quarterly finance dashboard presented to the Health and Care Jersey Advisory Board as a standalone report to the States Assembly. This will enhance transparency and enable real-time scrutiny of structural pressures and savings delivery. This should be implemented from the next Health and Care Jersey Advisory Board meeting.

RECOMMENDATION 6
The Government of Jersey should develop and present an improvement plan to the Public Accounts Committee demonstrating how Health and Care Jersey will deliver realistic and sustainable improvements in health and social care spending, forecasting, budgetary control and financial management. This should be completed by the end of Quarter Four 2025 to be implemented from the start of 2026.

[45] Transcript – Public Hearing Treasurer of the States and Chief Officer HCJ – 11 June 2025
[46] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

7. Areas Considered

58. This section of the report will focus on several key issues that the PAC identified from its hearings with the Chief Executive Officer, Treasurer of the States and the Chief Officer of Health and Care Jersey also held briefings with Treasurer of the States, External Auditors of the States of Jersey Group Accounts (Forvis Mazars), Chief internal auditor and Chair of Risk and Audit Committee. These issues are namely, health overspending, accountable officer oversight, quantifying risks, remuneration of staff (including severance payments) and the overall group deficit in 2024.

7.1 Overall Financial Position and Use of Public Funds

59. The 2024 States of Jersey Group accounts record an overall deficit of £93 million before recognising investment gains. Within the core Consolidated Fund, day-to-day operations moved from an estimated £1.6 million surplus in 2023[47] to a deficit of roughly £63 million in 2024[48]. The movement is largely explained by:

- Higher operating expenditure which exceeded the growth in tax revenues; and
- Expenditure on projects that accounting standards require to be treated as revenue rather than capital, such as elements of the cyber-security programme, meaning the costs were taken in full during the year rather than spread over future periods.

60. Additional non-cash charges primarily depreciation and an impairment of buildings at the former Overdale site converted the Consolidated Fund position into a £63 million deficit, which, when combined with the results of subsidiary entities, produced the Group figure noted above.[49]

> ***Chief Executive Officer:***
> *Okay, so this is a deficit, of course, before surpluses are added back in, just to reassure Islanders. This is a group deficit. Really, in the simplest terms, it has got 2 main contributory factors. One is a deficit in the Consolidated Fund. The Consolidated Fund is probably best thought of as a current account of the Government. The second main contributing factor to it is revenue that the Government spend on projects, which under the accounting rules and its current treatment of it cannot be capitalised. Probably the best example I can think of to try to answer your question for simplicity is in spend on cyber. Cyber spend is something that is going up everywhere. It is obviously topical in the news. Much of that spend cannot be, in accounts terms, capitalised as capital projects so it would appear in here. Hopefully that answers your question. Those are the 2 big drivers of it.*[50]

[47] States Annual Report and Accounts 2023 p.66
[48] States Annual Report and Accounts 2023 p.55
[49] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[50] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

61. By distinguishing between operating pressures (the Consolidated Fund) and non-capitalisable programme spend, the CEO set a clear frame for interpreting the bottom-line result.

62. During the hearing on 11 June 2025, the Treasurer of the States summarised the five-year trajectory of core revenues, spending, and inflation. He indicated net revenue expenditure grew by 53% overall, significantly outpacing income growth of 42%, contributing to the deficit reported for 2024. Furthermore, when considering the cost attached to staffing in the Government of Jersey and Non-Ministerial Departments (not including Group Entities) staff costs (when taking out the social security fund) sit at 50.8% of overall expenditure.[51]

> ***Treasurer of the States:***
> *Another way that I look at the last 5 years is that R.P.I. (Retail Price Index) has grown by 30 per cent over those 5 years. Income has outstripped that by growing by 42 per cent. Net revenue expenditure of departments overall is 53 per cent. Within that health budget has risen by 61 per cent and the remaining departments by 50 per cent. Our increased expenditure is outstripping our increased income. You have gone from an £18 million surplus in 2019 to the deficit that you see in the accounts for 2024.*[52]

63. The figures highlight a widening gap between recurrent revenues and departmental spend. In particular, Health and Care Jersey (HCJ) has been the fastest-growing area of expenditure (see section Health and Care Jersey Financial Performance).

64. In the same hearing explored whether current reserve levels remain adequate in light of external risk and demographic change:

> ***Treasurer of the States:***
> *I would firstly say that the scale of reserves for a small island jurisdiction I would think are still strong, compared to other island jurisdictions. Having large reserves are important to island jurisdictions, particularly with concentration in a particular sector, rather than a wider diversified sector.*[53]

> ***Treasurer of the States:***
> *That said, each successive Government Plan has a path towards balancing over the period of that plan. But events sometimes happen and they did during COVID; that took away some of our resilience, although we still got through that period with a better reserve position than when we started.*[54]

65. While the Treasurer expressed confidence in the headline strength of reserves, he also noted that the Stabilisation Fund had been depleted and that future health care pressures pose the greatest long-term risk to sustainability.[55]

66. Officers told the Committee that forecasting accuracy has improved at whole of government level, even though sizeable variances persist within individual departments.

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[51] States Annual Report and Accounts 2024
[52] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[53] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[54] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[55] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

Group Director, Strategic Finance
Can I just ... just an interesting stat there. By the time you get to the middle of the year, I think our forecast overall between departments, not in individual departments, was close to about 90 per cent, 99 per cent of the outturn. The forecasting on an overall basis is actually reasonably close to where we ended up.[56]

67. Nevertheless, PAC members voiced concern that the rebalancing mechanism the process by which underspends in one area are transferred to cover overspends elsewhere can mask the true scale of departmental pressure.

68. The CEO described the current global environment as unusually volatile and advised Ministers to adopt a more cautious stance on spending:

Chief Executive Officer:
Our advice, I think, to Ministers around this but pre-dating this has been very clear, which is trying to urge prudentialism, a more prudent approach to public spending, a more prudent approach to the public finances and a more prudent approach given the risks and the uncertainty around those risks in the world economy. That is why I guess you see various efforts to try and begin curbing public spending growth or at least to start having discourse about the need to do that.[57]

69. CEO went on to warn that sustained upward pressure from healthcare costs would require the Assembly to make explicit trade-offs:

Chief Executive Officer
Yes. We had a discussion before about the 5 historic policy choices Jersey has made which it lives with every day. What it decides to do in Health will be seen as its 6th historic policy choice. It is as big as its choice on tax and spend. It is as big as its choice on the carbon neutral roadmap. It is as big as its choice on building and immigration controls. It is in that bracket. This is the year, this is the winter, where you are going to decide it as an Assembly.[58]

FINDING 6
The Stabilisation Fund has been largely depleted and the Consolidated Fund moved from a £1.6 million surplus (2023) to a £63 million deficit (2024), closed only by contingency drawdowns and transfers from reserves which is an increasingly unsustainable approach. This leaves the Government with very limited ring-fenced funds to cushion any future economic or unforeseen spending pressures with limited fiscal flexibility to respond to future shocks or invest in long-term resilience.

FINDING 7
Between 2019 and 2024 group expenditure rose 53 % while income rose 42 %. Employee/staff pay now accounts for about 35 % of overall group spending and 51 % of Government and Non-Ministerial spending.

[56] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[57] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[58] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

RECOMMENDATION 7
The Government should publish, in time for the debate on the 2026 Budget, a 10-year revenue and expenditure outlook with alternative demographic scenarios and an integrated fiscal risk statement quantifying major long-term pressures and linking them to departmental risk registers and budgets.

RECOMMENDATION 8
The Government of Jersey should develop and implement an action plan in order to address the recommendations of the Fiscal Policy Panel in its Economic Outlook for Spring 2025 ensuring alignment between strategic planning and economic advice. This action plan should be completed by the end of quarter four 2025.

7.2 Statement of Revenue Outturn against Approval and Key Pressures

70. The 2024 Statement of Outturn against Approvals (SoOaA) demonstrates that headline spending was contained within the limits authorised by the Assembly, but only after reserve transfers and a material non-cash variance. The Public Accounts Committee (PAC) sets out below its analysis arising from its examination of the evidence.

71. The SoROaA shows that higher than expected tax receipts and in year departmental restraint converted the forecast deficit into a modest surplus as show below.[59]

Statement of Revenue Outturn against Approvals

2023 Actual		Reference	2024 Government Plan	2024 Final Approved Budget[1]	2024 Actual	Difference from Approval
£'000			£'000	£'000	£'000	£'000
1,077,927	States Net General Revenue Income	A	1,190,589	1,190,589	1,203,224	12,635
(1,016,158)	Departmental Net Revenue Expenditure - Near Cash	B & D	(1,162,591)	(1,211,034)	(1,193,316)	17,718
61,769	**Net Operating Surplus / (Deficit)**		**27,998**	**(20,445)**	**9,908**	**30,353**
(56,717)	Departmental Depreciation/Amortisation and Other Non-Cash		(56,131)	(56,131)	(73,305)	(17,174)
5,052	**Operating Surplus / (Deficit)**		**(28,133)**	**(76,576)**	**(63,397)**	**13,179**
(28,230)	Revenue Expenditure on Projects	E			(41,908)	
(3,424)	Healthcare Facilities - Financing Costs	B & D	(7,820)	(7,820)	(5,147)	2,673
(2,017)	Our Hospital AUCC Impairment				-	
4	Other Income / (Expenditure)[2]				(48)	
(28,615)	**Net Revenue Expenditure - Consolidated Fund**		**(35,953)**	**(84,396)**	**(110,500)**	**15,852**
1,747	Trading Operations Net Revenue Income / (Expenditure)[3]				2,261	
165,958	Net Revenue Income / (Expenditure) of Social Security Funds				296,567	
97,044	Net Revenue Income / (Expenditure) of Other States Funds				110,673	
-	Consolidation Adjustments				(691)	
236,134	**Net Revenue Income - Core Entities**				**298,310**	
7,605	Net Revenue Income / (Expenditure) of SOJDC				(736)	
(45,583)	Net Revenue Income / (Expenditure) of Andium Homes				10,027	
6,822	Net Revenue Income / (Expenditure) of Ports of Jersey				(7,578)	
-	Consolidation Adjustments[4]				210	
204,978	**Net Revenue Income / (Expenditure) as Reported in the SoCNE**		**(35,953)**	**(84,396)**	**300,233**	**15,852**

72. Depreciation and impairments exceeded the budget by approximately £17.2 million, primarily driven by the write-down of buildings on the Overdale hospital site, converting a near cash surplus into a statutory deficit of £63 million as highlighted in the Annual Report and Accounts.[60]

73. The Financial Review makes it clear that the Government's main current account fund moved from a small surplus in 2023 to a £63 million deficit in 2024.

[59] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[60] Annual Report and Accounts & Hearing with Treasurer of the States and Chief Officer HCJ

Operating Balance

2023 Actual		2024 Government Plan	2024 Final Approved Budget[4]	2024 Actual	Difference from 2023
£'000		£'000	£'000	£'000	£'000
1,077,927	States Net General Revenue Income	1,190,589	1,190,589	1,203,224	125,297
(1,016,158)	Departmental Net Revenue Expenditure	(1,162,591)	(1,211,033)	(1,193,316)	(177,158)
61,769	**Net Operating Surplus / (Deficit)**	**27,998**	**(20,444)**	**9,908**	(51,861)
(56,717)	Depreciation	(56,131)	(54,117)	(73,305)	(16,588)
5,052	**Operating Surplus / (Deficit)**	**(28,133)**	**(74,561)**	**(63,397)**	(68,449)

> ***Annual Report and Accounts 2024:***
> *The Consolidated Fund has moved from a small surplus in 2023 to a £63 million deficit in 2024.*[61]

> ***Annual Report and Accounts 2024:***
> *The Reserve was used in the year to fund pressures in departments, most notably £28 million in Health and Care Jersey services.*[62]

74. The PAC notes that this draw down exceeded the £28 million operating deficit forecast in the Government Plan and reduced the unallocated Fund balance to £59.1 million.[63] As previously mentioned in section six of this report a significant portion of the deficit arose from the overspend within HCJ.

75. The Group Director, Strategic Finance, confirmed the scale of the reserve call in the hearing that there were several allocations with health having around £28 million.

> ***Group Director, Strategic Finance:***
> *There were several allocations, which is why I have not got that number right in my head. But it was around £28 million, I think, was the allocation to Health.*[64]

76. Under questioning in the hearing, the Treasurer set out the hierarchy that governs in-year moving of funds.

> ***Treasurer of the States:***
> *There will be reasons why departments need other funding related to enforcing events or new things that come through, and those will be the subject of a business case. Firstly, we are looking at can it be addressed by the department. Secondly, can it be addressed from underspending other departments? Thirdly, does it need reserve transfers? By "reserve transfers" I mean "contingency funding", what we used to call the "general reserve". Thereafter, you might look to see whether capital underspends that are being forecast could be used temporarily to address that situation.*[65]

77. The Committee recognises the disciplined sequence but notes that stage three contingency funding was triggered early in the year for HCJ and accounted for almost a third of total Reserve out flows in 2024.

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[61] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[62] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[63] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[64] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[65] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

78. Net General Revenue Income finished £12.6 million above the Final Approved Budget, thanks to buoyant personal and corporate tax performance. Annual Report cautions that.[66]

> ***Annual Report and Accounts 2024:***
> *Whilst the majority of public spending is through the Consolidated Fund and approved through the States, some spending is from other States funds and wholly owned companies and is not approved by the States.*[67]

79. The PAC concurs with this caveat and stresses that one off revenue windfalls must not be used to underwrite permanent spending commitments.

80. Depreciation and impairment costs rose to £73.3 million, versus a budget estimate of £56.1 million. Treasury attributes the overshoot to asset write downs whose timing is difficult to forecast.[68] Whilst it is understood that there is difficulty in forecasting write downs, the PAC would expect known write downs to be budgeted for so that there is not a variance.

FINDING 8
It is long-standing practice to regularise departmental overspends late in the year via reserve transfers or head of expenditure changes, limiting timely Assembly scrutiny as well as hindering real-time democratic oversight and decision-making on fiscal trade-offs.

RECOMMENDATION 9
Government departments should flag forecast overspends to the Assembly when they are above 2 % and publicly record any reserve transfer over £5 million on gov.je. Routine contingency draws should not exceed 50 % of the annual contingency without an explanatory statement and Assembly approval.

RECOMMENDATION 10
The Government should identify and disclose one off or non-recurring financial items separately from recurring results in future Annual Reports and Accounts in both financial statements and the accompanying narrative to support trend analysis that assists with assessment of underlying performance.

7.3 Receivables balances

81. The Committee examined the increase in debtors and the associated rise in bad-debt provisioning. The 2024 financial statements show that total receivables increased to £898.9 million (2023: £860.6 million), with short-term balances rising to £590.1 million. A significant portion of the long-term balance remains tied up in frozen tax debts from 2019. To reflect increased risk, the Government increased its bad-debt allowance from £13.6 million to £23.9 million. Much of this relates to unpaid taxes, including older debts predating the COVID-19 pandemic. The Government has begun contacting individuals and businesses to arrange repayment plans, with flexible options available for those experiencing financial hardship.[69]

> ***Annual Report and Accounts 2024:***
> *Receivables have increased by £43 million (5.0 %) in 2024 which is less than the increase in income. Income tax receivables increased by £49.4 million (21*

[66] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[67] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[68] Annual Report and Accounts & Hearing with Treasurer of the States and Chief Officer HCJ
[69] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025

%), much of which related to the timing of collection of Corporate Taxation. Receivables for other areas of Income levied by the States of Jersey were more stable or decreased. Receivables relating to operational income also increased across both departments and subsidiary companies, including a number of debts becoming due within one year. Over recent years, receivables have continued to rise, leading to an increase in ECLs in 2024. To reflect this trend, a more targeted review of income tax receivables was undertaken during the year, contributing to a higher provision.[70]

82. The Annual Report sets out in full the transition to an impairment model under International Financial Reporting Standard (IFRS) 9:

Annual Report and Accounts 2024:
The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit-risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.[71]

83. This change, together with a detailed re-segmentation of the tax debt book, led to the bad debt provision rising from £13.6 million to £23.9 million.[72] In a public hearing the Treasurer explained both the jump in provisioning and the recovery strategy:

Deputy I. Gardiner:
Yes. Okay, if I could say, what happened between 2023 and 2024 that it was a big increase? We did not have COVID.

Treasurer of the States:
We did a lot more analysis in respect of the debt position.[73]

Deputy I. Gardiner:
You found more debts that you were not aware of before.
Treasurer of the States:
We had an external audit recommendation, if I recall, that was to look again at our debt provision formula, if you like, moving forward. Is that the right word?[74]

Treasurer of the States:
We looked at it. We, therefore, took a more stratified position relating to more aged debts and made greater provisions against the aged debts than we had in previous years.[75]

Deputy I. Gardiner:
Okay. What are you doing with the recovery? You mentioned the COVID and COVID we are talking about almost 5 years, as by the end of 2024 we had £2.6 million in G.S.T. (Goods and Services Tax) and £7.7 million in Social Security? In Social Security it is part of people being charged 6 per cent but it has never come into the…

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[70] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[71] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[72] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[73] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[74] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[75] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

> ***Treasurer of the States:***
> *We have written to all of those affected companies and invited them to either pay or either discuss with the debt team a payment plan, and individuals of the team are authorised to agree to a one-year payment plan. If we find that there are companies in particular stress, the policy of the Minister allows us to extend that to 3 years, in accordance with the original intent, which it is probably a year longer than the original time.*[76]

84. The Committee notes that earlier COVID-era forbearance contributed to the build-up of arrears and welcomes the switch to proactive collection. The single largest balance remains the frozen 2019 personal tax debtor:

> ***Annual Report and Accounts 2024:***
> *On 4 November 2020 the States Assembly agreed to move all prior year taxpayers onto a current year basis of assessment. From 2021 all taxpayers became current year taxpayers and 2019 tax bills were frozen but will have to be paid in the future. This frozen tax debtor has been recognised within Taxation Receivables falling due after one year.*[77]

85. Short term movements were dominated by corporate tax timing and increased trade receivables generated by subsidiary companies.

FINDING 9
Gross receivables climbed to £898.9 million, and a detailed IFRS 9 review showed an increase to the expected-credit-loss provision from £13.6 million to £23.9 million and a £10 million increase in expected-credit-loss provision driven by long-outstanding tax debts, indicating risk in cash recovery.

RECOMMENDATION 11
The Government should introduce specific, annual targets for reducing aged tax and GST debt and publish progress against those targets in each Annual reports and Accounts from 2025 onwards.

7.4 Value for Money/Savings

86. The Public Accounts Committee examined whether the States of Jersey Group delivered demonstrable, recurring value for money gains in 2024 and whether the reported savings can reasonably be relied upon to relieve future budget pressures.

87. The Annual Report's Financial Review records that the 2024 Government Plan target of £16.3 million was exceeded:

> ***Annual Report and Accounts 2024:***
> *The Government Plan for 2024 included a savings programme. The initial savings estimate was £14.4 million, later revised to £16.3 million, with actual savings totalling £18.0 million exceeding targets by £1.7 million.*[78]

88. Nearly two-fifths of that total was secured inside Health & Care Jersey (HCJ) through the second year of its Financial Recovery Programme (FRP)

[76] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[77] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[78] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025

Annual Report and Accounts 2024:
Financial Recovery Programme savings of £6.75 million were removed from baselines in-year, principally through vacancy management, tighter rostering and demand-led efficiency measures in prescribing.[79]

89. Appearing before PAC, the Chief Officer for Health acknowledged both the progress and the unfinished agenda.

Chief Officer, Health and Care Jersey:
The F.R.P. (Financial Recovery Programme) set out a number of actions for 2023 and 2024, and I can see that those were continued and the pressures worked upon. Some of those measures had a stronger effect than others, so you can see that in previous explanations of the drivers of the £28 million deficit, some of those F.R.P. measures were more effective than others. Ones where there was slippage were things like locum and doctor costs, where I can see that last year the F.R.P. had a good success in reducing nursing agency costs, but was less successful in reducing medical staffing costs. That is why this year that has become a focus in 2025, because we did not get the effect that we wanted from doctor agency costs in 2024, and therefore needed to carry that into 2025, and that contributed to the overspend.[80]

90. Government wide restraint in bought-in expertise complemented the FRP measures. The Cabinet Office's adoption of a central spending gate for Proposition 59 ("P.59")[81] expenditure reduced consultancy and contingent-labour outlay markedly.[82]

Annual Report and Accounts 2024:
Reductions in the cost of consultants, agency and other temporary workers. An external recruitment freeze for civil service positions at Grade 11 and above. Several senior-level redundancies all contributed to the commitment to curb growth of the public service.[83]

91. Internal monitoring shows that the volume of agency nurses fell from 110 full-time equivalents to 32 FTE during the second half of 2024,[84] and overall P.59 costs fell 24 per cent year on year[85]. PAC welcomes those early gains but shares Chief Officer, Health & Care Jersey view set out in oral evidence that the doctor agency bill did not decline in 2024 and remains a material financial risk.[86]

92. In parallel, the recurring annual savings from the Voluntary Release Scheme (VRS) totalled just under £800,000, following the departure of seven employees in the second half of 2024 which was described by the CEO as follows.

Chief Executive Officer:
The recurring savings are just under £800,000 from the 7 employees who left through V.R. (voluntary redundancy) between July and December 2024, once we had introduced that particular programme.

[79] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[80] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[81] Annex 1 Government Department Annual Reports- 2 May 2025
[82] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[83] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[84] Annex 1 – Government Department Annual Reports 2024
[85] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[86] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

Deputy R.S. Kovacs:
Just on this one, very quickly: are these permanently removed positions or will they be replaced?

Chief Executive Officer:
What happens in those instances is in order to be removed they have to go through a full business case and a normal consultation. If the business case is approved and the role is removed then the departmental budget is adjusted downwards, so that the money is taken from the budget.[87]

93. During the 21 May 2025 hearing the Committee explored how the organisation is trying to secure more output for the same or fewer resources rather than simply delivering headline savings. The Chief Executive Officer acknowledged that productivity is not tracked by a single ratio across Government; instead each service uses a mix of cost and quality indicators that are meaningful to its own operations:[88]

- Efficiency metrics, for internal management the primary indicator is the cost per hour (or cost per case) of delivering a service, expressed in full-time equivalent (FTE) staff numbers and cash spend. This is monitored most closely in areas subject to the recruitment freeze, where the bias is to protect frontline roles and to reduce middle- and back-office staffing.[89]
- Service quality metrics, Departments pair those cost measures with timeliness and customer experience data. In Social Security, for example, managers track how quickly benefit queries are answered, while in Health the focus is on waiting times and time to diagnosis. Similar output plus quality scorecards exist in every portfolio and the headline results are published in the Annual Report.[90]

94. Pressed for independent benchmarks, the CEO cited the Island's participation in the OECD Better Life index, which provides cross jurisdiction comparisons in areas such as public safety, housing and education. PAC requested additional, peer reviewed benchmarked productivity trends such as cost per islander for key services which was provide and stated below:

Chief Executive Officer – Follow up Letter Response:
The public spending statistics report includes statistics on spend by service category as amount and proportions of GDP and compares these internationally. Services are categorised using the Eurostat classification of the functions of government (COFOG) 2019 system. The latest report provides statistics for 2023 and 2022; the 2024 report is scheduled to be published in September.[91]

95. When asked how inflation and COVID related costs are stripped out, the CEO explained that management reviews performance in real terms; staff-cost analysis, for instance, removes the impact of the 8 per cent pay award and isolates growth in FTEs. Even where growth is allowed notably in Health and Education managers aim to curb the rate of increase, with 2024 head count growth around 100 FTE lower than in 2023.[92]

[87] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[88] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[89] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[90] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[91] Letter – CEO to PAC follow up response – 30 June 2025
[92] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025

96. Looking ahead, demographic change pulls productivity in two directions. Rising demand from an ageing population makes it difficult to improve unit costs in Health, while shrinking pupil numbers ought, in theory, to create efficiencies in Education. However, a higher proportion of pupils now present with additional needs, absorbing the capacity that would otherwise be released.[93]

97. The Committee notes that these factors varied metrics, the challenge of isolating inflation, and changing patterns of demand make the pursuit of productivity gains more complex than a straightforward savings exercise. It therefore expects future financial recovery and savings programmes to distinguish clearly between one off cuts and genuine, sustainable efficiency improvements, and to publish the supporting productivity evidence alongside the headline cash figures.

98. The PAC questioned the Treasurer of the States remuneration and salaries practicality regarding the voluntary redundancy scheme which was as follows:

> ***Mr. V. Khakhria:***
> *Okay, what I hope will be a quick section. The remuneration report shows there were 49 exit packages costing nearly £3 million in 2024, excluding pension costs. We would like you to explain, please, the rationale and criteria for approving each of those 49 exit packages and the associated redundancy costs, what the process was for identifying those 49 positions, and whether that process was extended across all of Government.*
>
> ***Treasurer of the States:***
> *I think it would be difficult to describe each of the 49 in turn; however, they fall into categories. In the middle of last year a new voluntary redundancy scheme was put in place. Some of those individuals, some of our former colleagues, would have exited through those voluntary redundancy schemes. That scheme sets out payback and saving to be delivered by the department arising from the payment. That is a 2-year payback period, if I recall. We also have a compulsory redundancy scheme, and that will be for areas of the business where a certain function has been determined to be reduced or ceased.*
>
> ***Mr. V. Khakhria:***
> *How many of these represent a recurring saving?*
> ***Treasurer of the States:***
> *The policies … the first of those that I have talked about, there are 7 exits through the voluntary scheme with the order of a just short of £800,000 recurring saving attached to those. Even though they are not being tracked in the same way, at least one of those proposals, which I was very well aware of, was made before the new voluntary redundancy scheme, but along the similar sort of line, so it is a saving on top of that £800,000 per annum saving.*[94]

99. The PAC asked to review the supporting business cases for the recent voluntary redundancies. While most documentation was shared, a small number including some from the Children, Young People, Education and Skills could not yet be provided, as those were still being finalised. The PAC would question the sustainability and value for money of redundancy for top positions within CYPES without full business case.

100. Audit certified tables in the Remuneration & Staff Report confirm that 49 severance payments cost £1.58 million in total, with the voluntary redundancy scheme cases

[93] Transcript – Quarterly Public Hearing with Chief Executive Officer - 21 May 2025
[94] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

accounting for just under half that sum and delivering an estimated £0.8 million recurring benefit.[95]

Exit Packages (All States of Jersey Employees) – Audited

Reason	Total	Amount (£)
Compulsory / Voluntary Redundancies	27	579,823
Settlement agreements	14	870,069
Other	8	127,687
Grand Total	**49**	**1,577,579**

Note: *Loss of office is a settlement agreement

101. The PAC recognises that 2024 represented the first year in which a formal, rolling savings tracker has been embedded in departmental budgets. Nevertheless, two cautions arise:

- Treasury's analysis shows that roughly a quarter of the £18 million gain came from one off measures such as deferral of discretionary projects. These items will need to be re-baselined or replaced in 2025 to avoid a rebound in costs.
- Agency doctor expenditure remains structurally high. Unless revised rostering, improved vacancy fill rates and tighter clinical governance take hold during 2025, the largest single department could again default to reserve dependence.

102. The PAC notes that a number of the savings made during 2024 were done through vacancy management. Whilst this is noted, it is a concern of the PAC that this is not a sustainable way of achieving savings. It would, therefore, question how the Government intends to make sustainable savings in relation to staffing, which links in with the points raised above in relation to productivity. The PAC would also highlight the following point made within the Efficiency Savings Good Practice Guide recently presented by the C&AG:

> *For governments, the term 'efficiency' applies to the process of turning public money into positive outcomes for individuals, groups and societies. It goes beyond 'back-office' savings and means thinking about how the government funds, designs and delivers its functions and its frontline services.*
>
> *Simply spending less without reference to the service quality and outcomes for Islanders does not fall within this definition of efficiency savings. Neither is efficiency improved by changing the way services are funded, for example by increasing 'user pays' charges.* [96]

103. The PAC would highlight this point for Government to consider in respect of the vacancy management approach that has been taken to date. It would expect to see further evidence of how Government is ensuring the same, or higher level of service can be achieved through less resources.

[95] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[96] Efficiency Savings Good Practice Guide

FINDING 10
While efficiency savings are reported, there is no overarching Value for Money strategy or programme that distinguishes between temporary cost control and sustainable productivity gains.

RECOMMENDATION 12
The Government should publish by mid-2026 a cross departmental Value for Money strategy incorporating measurable productivity targets, transparent definitions of savings, and regular public reporting of the progress being made.

7.5 Internal Controls and Risk Management

104. In response to the recommendations made in the PAC's review of the 2023 Annual Report and Accounts, the Government suggested providing a series of briefings to the PAC on the progress of implementing internal IT controls, rather than providing a written report during Q3 2024, the PAC had one briefing on the progress of implementing internal IT controls in January which provided greater insight into the progress being made, however this was not a series of briefings as offered. [97]

105. The Corporate Governance Report explains that one of its purposes is to outline how the States of Jersey Group has reviewed its system of internal controls during 2024 and to describe significant governance issues and key risks. The principal risks that remained at an extreme or high rating at year end 2024 and the measures recorded in the report or confirmed in oral evidence to the Public Accounts Committee (PAC).

106. Technology remains a significant area of exposure. Cyber defence and frontline IT resilience risks were identified as extreme risks within the Corporate Risk Register. While substantial improvements are underway, no specific completion date has been provided, although auditors anticipate relying fully on IT controls by the 2026 accounts.[98]

107. A follow up audit of I.T. General Controls (ITGCs) is under way[99]. The PAC also questioned what improvements were being made in relation ITGC's and the proposed timeline for this:

> ***Chief Information Officer, Digital Services:***
> *Yes, there are findings requiring action, but they are improvements upon the issues that were raised previous year, so we are making progress against an overall plan. I am looking at the report here. There is a number of systems with a number of processes; it is quite difficult to give a short answer to your question.*
>
> ***Deputy I. Gardiner:***
> *Maybe some timelines on addressing the main ones from those?*
>
> ***Chief Information Officer, Digital Services:***
> *The main ones by the end of Q4.*[100]

[97] States Annual Report and Accounts 2023 Review (p.a.c.2/2024): Executive Response - 30 October 2024
[98] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[99] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[100] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025

108. Giving evidence on 11 June 2025, the Chief Information Officer told PAC that the main remediation actions are scheduled for completion by the end of Q4, adding that the expectation is for external auditors to place reliance on I.T. controls in the 2026 financial statements, though not for 2025[101].

> ***Treasurer of the States:***
> *Successive auditors have taken the other approach, not taking reliance upon the I.T. controls in undertaking their audit, as in the previous year. We are getting ourselves into a better position, as Jason says.*
>
> ***Mr. V. Khakhria:***
> *I guess what you are saying is that the auditors would be in a position to place the usual level of reliance on them for the 2026 accounts, but not the 2025. Would that be fair to say?*
>
> ***Chief Information Officer, Digital Services**:*
> *Yes, that is the expectation.*[102]

109. Long term financial sustainability remains on the register because of demographic pressure, health-care cost inflation and potential revenue effects of international tax reform. The risk was marked reducing in 2024 owing to prudence in financial planning, maintaining strong reserves and measures to respond to OECD Pillar 2, but the underlying gap between expenditure growth and revenue capacity is still judged material.[103]

110. Inflation risk described as Inflationary pressure and impact on economy/population was also logged at an extreme level for much of the year. Mitigations included formation of a Ministerial Cost-of-Living Group and a policy requiring the Economy Department to incorporate inflation considerations into all projects and policies. As global price pressures eased, the risk score was reduced, but the item remains active.[104]

111. Infrastructure capacity features in the register through the liquid-waste network risk, which notes that existing assets may be unable to cope with planned housing growth. Actions taken during 2024 included completion of a Bridging Liquid Waste Strategy, opening of the new Sewage Treatment Works, and prioritisation of capital bids for network upgrades in Government Plan funding through 2026.[105]

112. Financial exposure from uninsured losses also rose in profile as increased medical malpractice claims met a hardening insurance market. The report records that an Insurance Strategy and Implementation Plan is now in place and that an actuarial review of the Insurance Fund (June 2024) recalibrated self-insurance reserves. These steps, coupled with stronger clinical-governance controls, are intended to contain future liability.[106]

113. The Government tracks recommendations issued by the PAC, the Comptroller and Auditor General (C&AG), and Internal Audit and others. According to the 2024 Annual Report and Accounts, 118 actions were outstanding at 1 January 2024; a further 72

[101] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[102] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[103] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[104] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[105] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[106] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025

were added during the year; and 68 were still open on 31 December 2024. A summary of progress is provided quarterly to the Executive Leadership Team and to the PAC.[107]

114. The C&AG's Financial Management and Internal Control – Follow-Up report published on 23 July 2025 indicates that a large backlog nevertheless remains. Internal Audit reporting to the Risk and Audit Committee showed a significant number of overdue recommendations across Government, with wide ranging variability between departments; in one case, a single department was carrying more than 60 overdue actions, some actions dating back to 2021 or earlier.[108]

115. The risk register highlights cyber resilience, infrastructure capacity, inflationary pressure, long-term fiscal balance and uninsured liabilities as the areas demanding greatest management attention. Documented actions during 2024 particularly the funded technology programme, insurance fund recalibration and targeted cost-of-living measures show progress, but the PAC will continue to monitor delivery timetables, closure of high priority audit findings and evidence that planned mitigations are reducing residual risk scores over 2025–26.

116. Evidence from both the Chief Executive Officer and the Treasurer points to growing structural strain on public finances. The Stabilisation Fund has been reduced, and the Consolidated Fund swung from a small surplus in 2023 to a £63 million deficit in 2024, closed only by dipping into contingencies. Ministers are now committing to further spending while demographic trends and rising health costs add pressure. With reserves thinner after Covid, both Officers warned that relying on one-off transfers to plug in year overspends is becoming increasingly unsustainable.

117. The Committee's view, the current Corporate Risk Register does not fully reflect the scale of long-term fiscal exposure. Key uncertainties such as the trajectory of uninsured clinical negligence liabilities, the quantum of future health care demand, or the revenue effect of population ageing are referenced only in broad terms, and there is no clear link that shows how those strategic threats translate into departmental risk registers, annual business plans and, ultimately, budget allocations. Without such a risk-based line of sight, the Assembly cannot be confident that scarce funds are being directed to the highest-priority mitigations.

FINDING 11
The Corporate Risk Register does not quantify major long-term fiscal risks (e.g. ageing population costs, clinical negligence liabilities, debt and borrowing); cyber/IT resilience remains categorised as an extreme risk.

RECOMMENDATION 13
The Government should provide the Public Accounts Committee with a written update by the end of Q1 2026 detailing the timeline, resources and the status of outstanding IT General Controls improvements.

RECOMMENDATION 14
The Government should publish, in time for the debate on the 2026 Budget, an integrated fiscal recovery and risk management framework that quantifies key short and long-term fiscal risks (including those related to ageing population costs, clinical negligence liabilities, cyber/IT resilience and debt and borrowing), sets measurable recovery milestones, and links every significant spending or saving proposal to the specific risk it is designed to mitigate, with progress reported in each subsequent Annual Report and Accounts.

[107] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[108] Financial Management and Internal Control – Follow Up - 23 July 2025

7.6 Remuneration and Workforce Related Disclosures

118. The Remuneration and Staff Report within the Annual Report and Accounts 2024 indicates that total staff costs for the States of Jersey Group reached £670.6 million. This includes salaries, pension costs, social security contributions, and staffing costs within subsidiaries. Approximately £659 million of this total relates to departmental net revenue expenditure. A significant driver of the increase was the 8% pay award implemented in 2024, which added around £84 million to departmental budgets, with the majority of the benefit directed towards frontline services in Health and Education.[109]

119. In 2024 a total of 49 exit packages were approved across the States of Jersey Group at a cash cost of cost of £1.58 million this compares to 2023 were there were 45 packages, at a cash cost of cost of £508,905.45.

120. Seven of the core Government departures were processed through the Voluntary Release Scheme (VRS) introduced in July 2024. Each VRS case had to demonstrate a maximum two-year pay-back through ongoing salary savings, and the associated departmental budgets were reduced permanently once the individual left. The remaining exits comprised compulsory redundancies arising from restructuring or negotiated settlements to resolve employment disputes.

121. Across all 49 cases the average payment in 2024 was £32,195 compared to £11,309 in 2023.This represents a jump in 184% increase on the average payments in just one year.

122. Health and Care Jersey reported a net addition of 193 posts, largely clinical roles, while Children, Young People, Education & Skills added 173 teachers and support staff. To curb wider expansion the Cabinet Office introduced an external recruitment freeze and trimmed senior-manager numbers.[110]

123. Health's internal metrics show agency nurse usage falling from 110 FTE to 32 FTE in the second half of 2024[111]. Across the Group, spending recorded under Proposition 59 consultants, agency workers and other contingent labour fell by 24 per cent between 2023 and 2024[112]. Treasury attributes the saving to tighter approval gates and the recruitment freeze.[113]

124. Average sickness absence rose to 8.8 days per employee in 2024 (up from 7.1 days in 2023). This increase was partly attributed to improved reporting accuracy alongside higher prevalence of seasonal illnesses. Turnover fell to 7.1 per cent, below comparable U.K. public sector rates. The number of senior staff posts (grade 15 and personal-contract roles) stood at 71 in core Government at year end.[114]

125. The eight per cent pay award locks an additional £84 million into the baseline and keeps remuneration above one-third of total expenditure. The steep fall in agency nurse use is positive, but PAC notes from oral evidence that doctor locum costs did not fall in 2024. Continued publication of grade band, pay ratio and gender gap data

[109] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[110] Annex 1 – Government Department Annual Reports 2024
[111] Annex 1 – Government Department Annual Reports 2024
[112] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[113] Annex 1 – Government Department Annual Reports 2024
[114] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025

alongside regular reporting of recruitment freeze exemptions and Proposition 59 spending will be essential for transparent control of the wage bill during 2025.

126. The PAC heard that the 8 per cent pay award represents £84 million[115] of additional staff cost built into the 2024 baseline almost half the 13 per cent year on year increase[116]. Oral evidence also confirmed that doctor locum expenditure did not decline[117] in contrast to the sharp fall in agency nurse usage[118]. The Committee therefore emphasises the need for continued transparency on grade band pay data, equality metrics and spending to maintain effective oversight of a wage bill now approaching one third of total public expenditure.

FINDING 12
The voluntary release scheme yielded £800,000 in savings however some of the redundancy cases remain incomplete. This undermines confidence in oversight of Senior level exits from the Government.

RECOMMENDATION 15
The Government should ensure all redundancy and severance decisions above £100,000 should be accompanied by full business case sign off centrally and shared with the Public Accounts Committee.

7.7 Sampled grants and grant schemes

127. One area that the PAC agreed to review within the Annual Report and Accounts were the grants and subsidies provided to organisations during 2024. On pages 192 and 193 of the Annual Report and Accounts a table is provided which outlines significant grants given to organisations which are over £75,000.[119]

128. Noting the substantial number of grants covered within the report, the PAC agreed to review the list of grants and identify specific ones to follow up with the relevant Accountable Officers with responsibility for awarding them. As such, the PAC identified the following grants that it wished to gather more information on:

- Jersey Business - £92,000 (main grant - £1.6 million) – Top-up grant to provide additional financial support for the operating costs – Accountable Officer Chief Officer for Economy

- Jersey Sport - £113,000 (main grant - £1.9 million) – Top-up grant to provide additional financial support for the operating costs. Accountable Officer Chief Officer for Economy

- Digital Jersey - £63,000 (main grant - £2.1 million) - Top-up grant to provide financial support for the operating costs of Digital Jersey Ltd, to support objectives included within the core grant. Accountable Officer Chief Officer for Economy

- Digital Jersey - £160,000 (main grant - £2.1 million) - Top-up grant to provide financial support for Digital Jersey Ltd elements of the Digital Economy Strategy. Accountable Officer Chief Officer for Economy

[115] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[116] States of Jersey Group 2024 Annual Report and Accounts - 2 May 2025
[117] Transcript – Public Hearing with Treasurer of the States and Chief Officer HCJ – 11 June 2025
[118] Annex 1 – Government Department Annual Reports 2024
[119] States Annual Report and Accounts 2024 – p.192 and p.193

- SERCO (Jersey) Limited - £1.3 million - To provide financial support for the running costs of the Waterfront Pool. Accountable Officer, Chief Officer for Infrastructure and Environment

7.7.1 Chief Officer for Economy

129. The PAC wrote to the Chief Officer for Economy (who holds responsibility for administering these grants) in order to identify the processes that were used to award these top-up grants to these States established delivery entities[120]. It was confirmed by the Chief Officer that the process to determine the need for the top up grant was in line with the Public Finances Manual procedure and includes a detailed grant appraisal based on assessing the financial need of the organisation.[121]

130. Noting the possible commercial sensitivities for the organisations involved, the PAC was provided with assurance in confidence from the Chief Officer as to the rationale for awarding the additional top-up grants. Given the importance of transparency for Islanders in terms of how public funds are spent, the PAC would encourage the Government of Jersey and the relevant Arm's Length Bodies (ALB's) to consider a way to publicly document the need for additional grants on top of the already awarded ones by Government. This is an area that the PAC shall be reviewing further in its ongoing review 'Arm's Length Bodies, Grants and Subsidies' so it shall not be making recommendations at this stage ahead of the outcome of that review.

131. The PAC also requested details as to whether the top-up grants were met from within existing departmental budget for 2024. It was confirmed by the Chief Officer that the Minister for Sustainable Economic Development was able to meet all grants from the 2024 Department for the Economy budget as well as delivering fully on Departmental efficiency targets, by a thorough re-prioritisation exercise.[122]

132. Furthermore, it was explained by the Chief Officer that he had been supported by the Finance Business partner from Treasury and Exchequer (T&E) in reviewing the accounts for the ALB's to assess financial need for all grants, including top-up arrangements. [123] A risk-based approach had been applied to approach assurance, governance and oversight of the operational and financial performance of the ALB's.[124]

133. The Chief Officer also confirmed that he had been able to meet 100% of the savings allocated to the department in the Government Plan 2024-2027 whilst also ensuring the ALB's had the financial means to deliver the Minister for Sustainable Economic Developments 2024 plans.[125] The PAC is pleased to note that the support was able to be given to the ALB's from within existing budgets, and would commend the department for meeting its savings targets as well.

134. The PAC was also interested to understand whether any productivity improvements had been requested by the Accountable Officer for the ALB's in line with the funding provided for 2024 through grants. It is noted that all ALB's are required to align their operations with the principles set out in the Jersey Public Finances Manual including ensuring value for money, effective use of public resources and continuous

[120] States established delivery entities are defined in the Public Finances Manual as an entity established by the States whose function is to deliver and/or support public policy.
[121] Letter – Chief Officer Economy – 2nd July 2025
[122] Letter – Chief Officer Economy – 2nd July 2025
[123] Letter – Chief Officer Economy – 2nd July 2025
[124] Letter – Chief Officer Economy – 2nd July 2025
[125] Letter – Chief Officer Economy – 2nd July 2025

improvement in service delivery.[126] The performance of the ALB's is monitored by the Economy Department leadership team twice per year to ensure that the expectations are met as part of the grant funding arrangements.[127]

135. The Chief Officer also provided the following information relating to the need for the top-up grants for the ALB's and provided an example of the improvements the funding for Jersey Business provided to Islanders:

> *The 2024 top up grants were provided largely to ensure the ALB's could manage their original KPI's in line with the previous years funding in line with their partnership agreement, as they require 6 months' notice for any grant reductions. The Annual Report and Accounts for the ALBs demonstrate that they are committed to reducing their operational costs whilst striving to increase productivity, where possible, whilst also maintaining the services that Islanders expect. Specifically, one of the key areas of focus in 2024 for Jersey Business Ltd was helping organisations create more value by improving the efficiency of their processes and maximising their ability to generate revenue from their activities.*[128]

136. The PAC shall be conducting further follow-up work in this area as part of its ongoing review of [Arm's Length Bodies, Grants and Subsidies].

7.7.2 Chief Officer for Infrastructure and Environment

137. The PAC also examined the grant given to SERCO (Jersey) Limited of £1.3 million in order to provide financial support for the running costs of the Waterfront Pool (Aquasplash).[129] Noting the commercial sensitivities surrounding the operation of the pool, the PAC was provided with a confidential response by the Chief Officer for Infrastructure and Environment providing details of the funding provided and the rationale for awarding it (noting that this had increased by c.£1 million from 2023's grant of £307,000). The following table highlights the funding provided to the Aquasplash since 2010 (note that administrative responsibility for the AquaSplash leisure pool was transferred to the Education, Sport and Culture Department in 2009):

Year	Grant Amount
2010	£470,000
2011	£477,000
2012	£484,000
2013	£492,000
2014	£500,000
2015	£401,000
2016	£500,000
2017	£393,000
2018	£468,000
2019	£425,000
2020	£583,000
2021	£414,000[130]

[126] Letter – Chief Officer Economy – 2nd July 2025
[127] Letter – Chief Officer Economy – 2nd July 2025
[128] Letter – Chief Officer Economy – 2nd July 2025
[129] States Annual Report and Accounts 2024
[130] Written Question 53/2023 – Deputy Raluca Kovacs to the Minister for Infrastructure

2022	£436,000[131]
2023	£307,000[132]
2024	£1,303,000[133]

138. During the factual accuracy checking for this report, the Treasury and Exchequer provided the following clarification about the figures allocated to the payments above as follows:

> *The 2024 Serco actuals included some costs from 2023 due to timing of payments. £449k is recognised in 2024 that relates to 2023. Adjusting for this, the last 4 years would have been:*
>
> *2021 £414k*
>
> *2022 £436k (lower than expected due to receipt of final developer payment to GoJ covering 2022 and part of 2023)*
>
> *2023 £756k (+£320k compared to 2022 – because annual payment from the original developer of waterfront ceased per arrangements in place - around £130k pa that had been provided since the waterfront was developed so net cost increased)*
>
> *2024 £854k (+£98k compared to 2023)*[134]

139. As with previous grants discussed in this section, the PAC would highlight the importance of transparent information around this grant and the Government of Jersey should look at means, in collaboration with SERCO (Jersey) Limited, to explain this in a publicly accessible way which does not breach commercial sensitivities. The PAC would also suggest that the additional information raises further questions about the manner in which this grant is being monitored.

FINDING 13
The Aquasplash operating grant has risen from £470,000 in 2010 to £1.3 million in 2024, with changes in this amount throughout the period. There was a significant increase between 2023 and 2024 of c.£1 million, although due to the timing of payments, some of this increase relates to 2023, however this has been reported in the total figure for 2024. The PAC has not seen a publicly detailed rationale for the increase which reduces transparency over significant cost increases for grants.

RECOMMENDATION 16
The Government should for any grant increase exceeding 20% of the total value for the previous year (or £250,000, whichever is lower), publish a concise public summary of the cost drivers, value for money assessment and approval route to maintain transparency over significant funding uplifts.

RECOMMENDATION 17
The Government should publish each year a clear cost forecast and value for money summary for all major Infrastructure and Environment subsidies so islanders can track the services ongoing expenses and efficiencies to strengthen financial governance and improve scrutiny.

[131] States Annual Report and Accounts 2023 – p.231
[132] States Annual Report and Accounts 2024
[133] States Annual Report and Accounts 2024
[134] Confirmed during factual accuracy checking

7.8 Proposed Deconsolidation of States of Jersey Group Entities

140. In the PAC's review of the States of Jersey Annual Report and Accounts (the "2023 report") it examined the consolidation of States of Jersey group entities within the report and accounts. Previously, four States owned or majority owned entities[135] were not consolidated into the Annual Report and Accounts but valuations of these entities were included at fair value. These entities were Jersey Electricity, Jersey Post, Jersey Water and Jersey Electricity[136]. Andium Homes, Ports of Jersey and the States of Jersey Development Company are currently all consolidated within the Annual Report and Accounts.[137]

141. It was recognised by the PAC and the Treasurer of the States during this review that this was a suboptimal position which was not in keeping with international standards and that ideally, there should be a position whereby either all entities are consolidated or none at all into the group position.[138] Accordingly, the PAC made the following finding and recommendation within its report on this matter[139]:

FINDING 15
There is an intention to consolidate both Jersey Telecoms and Jersey Post within the 2025 Annual Report and Accounts. The PAC notes, however, that the current position of four States-Owned Entities not being included within the overall group accounts is not a consistent approach when others are included within the accounts. This does not meet International Accounting Standards and this position was accepted.

RECOMMENDATION 5
The Treasurer of the States should, by the end of Quarter Four 2024, bring forward an action plan that sets out the intent and timescale for the full incorporation of the remaining four States-Owned Entities within the overall States of Jersey Group Annual Report and Accounts.

142. Within the Executive Response to the 2023 report, the Government of Jersey accepted the recommendation and stated that:

> *Agreed. The activity will focus on developing an action plan arising from the current review being undertaken as to whether to proceed with the full consolidation of all States-Owned Entities into the States of Jersey Group Annual Report and Accounts.*[140]

143. Noting the development of an action plan arising from a review to determine the course of action for consolidation, the PAC was briefed by the Treasurer of the States on 26th March 2025 about the outcome of this work. It was explained that from 1st January 2025 it is intended that the States of Jersey will more closely align with the

[135] States Owned Entities are defined in the Public Finances Manual and include Companies wholly owned by the States (Andium Homes Limited, Jersey Post International Limited, JT Group Limited, the States of Jersey Development Company Limited, Ports of Jersey Limited) and companies partly (majority) owned by the States (The Jersey New Waterworks Company Limited and Jersey Electricity Plc).
[136] P.A.C.2/2024 States Annual Report and Accounts 2023 Review
[137] P.A.C.2/2024 States Annual Report and Accounts 2023 Review
[138] P.A.C.2/2024 States Annual Report and Accounts 2023 Review
[139] P.A.C.2/2024 States Annual Report and Accounts 2023 Review
[140] Executive Response – P.A.C.2/2025 States Annual Report and Accounts 2023 Review

UK Financial Reporting Manual (UK FReM) and implement a statistical boundary[141], based on Eurostat's[142] guidance.[143]

144. It is noted that this change will result in the deconsolidation of the three wholly owned companies that are currently consolidated:

- States of Jersey Development Company (and its subsidiaries);
- Andium Homes Limited (and its subsidiaries); and
- Ports of Jersey Limited (and its subsidiaries).[144]

145. The Annual Report and Accounting from 2025 onwards will therefore only consolidate Core Entities (i.e. Departments and States Funds). The companies which are no longer consolidated will be held at Fair Value through Other Comprehensive Income in line with the other Strategic Investments.[145] It 2024 figures will be restated in line with accounting standards.[146]

146. The PAC is pleased to see that a decision has been taken following its previous recommendation around the position for the group entities and accepts the rationale provided for moving the reporting via a statistical boundary. Whilst this does not fully consolidate all entities, the decision taken aligns Jersey with international reporting standards and addresses the previously stated concerns of the 'worst of both worlds' position.

147. Noting these plans, the PAC wished to understand how liabilities of these wholly owned subsidiaries would be reported to the public given that they would no longer be consolidated into the overall group position within the accounts. The following question was raised during a public hearing with the Treasurer of the States on 11th June 2025:

> ***Mr. P. Taylor:***
> *Looking to change the way the accounts are prepared by deconsolidating some of the wholly owned subsidiaries, which I understand why you are doing it, the concern then is if there are particular liabilities within those wholly owned subsidiaries which the central Government, if you like, is responsible for through letters of comfort or guarantees or whatever, how will the public know what the financial position of those wholly owned subsidiaries are?*
>
> ***Treasurer of the States:***
> *If it were the case …*
>
> ***Mr. P. Taylor:***
> *Yes, I accept if it were the case, yes.*
>
> ***Treasurer of the States:***
> *… that that borrowing were the subject of letters of comfort or in particular guarantees, which should have been discussion with the auditors on the 1st, then I would expect to disclose them in the accounts of the States because that*

[141] A statistical boundary defines whether an entity is classified within the public or private sector based on economic and national accounting rules.
[142] Eurostat is the EU's statistical office, responsible for harmonizing economic data across member states. It applies ESA standards, influencing the classification of public sector entities in national and European fiscal reporting.
[143] States Annual Report and Accounts 2024 – p.52
[144] States Annual Report and Accounts 2024 – p.52
[145] States Annual Report and Accounts 2024 – p.52
[146] States Annual Report and Accounts 2024 – p.52

is a future potential liability of the States of Jersey. In those instances, they should feature in the notes to our accounts.[147]

148. The PAC notes that any future potential liability of the States of Jersey in respect of the States Owned Entities would be reported within the notes to the accounts going forward. Furthermore, it was explained that whilst any debt would not be reported line by line within the accounts, it is expected that the debt of those companies would ultimately affect the valuation of it and that would be reflected in the accounts.[148]

FINDING 14
From 1 January 2025 the States will adopt a statistical boundary, and de-consolidate certain States owned entities; future liabilities will appear only in note disclosures, not in the primary statements. The Public Accounts Committee notes that this model will provide greater transparency on Government spending and deficits without the additional group entities being included in the overall figures.

RECOMMENDATION 18
The Government should ensure going forward that States Owned Entities should publish their Annual Report and Accounts where practicable at the same time as the States of Jersey Annual Report and Accounts as to give an overall picture of the public finances.

7.9 Cabinet Office

149. One area that the PAC agreed to examine in relation to the Annual Report and Accounts were changes and restructuring in the Cabinet Office throughout 2024. It should be noted that both Digital Services and People Services have since moved under the Treasury and Exchequer Department since the start of 2025. The reporting for the Cabinet Office in 2024, however, included both of these services as seen below:

Service Analysis

	Cabinet Office	2024 Estimate per Government Plan	Final Approved Budget¹	2024 Outturn			Difference from Final Approved Budget
Actuals 2023		Net Revenue Expenditure	Net Revenue Expenditure	Income	Expenditure	Net Outturn	
£'000		£'000	£'000	£'000	£'000	£'000	£'000
4,001	CEO & Ministerial Office	3,203	3,382	-	3,487	3,487	(105)
34,613	Modernisation & Digital	38,271	39,837	1,476	39,799	38,323	1,514
12,586	People and Corporate Services	12,946	14,269	5,134	20,631	15,497	(1,228)
2,692	Communications	2,529	2,734	-	2,970	2,970	(236)
3,544	Arm's Length Functions	4,519	4,631	714	4,662	3,948	683
1,385	Delivery and Governance Unit	880	1,584	-	1,328	1,328	256
4,152	Public Health	7,374	6,974	32	6,189	6,157	817
3,089	Public Policy	3,516	3,545	-	3,911	3,911	(366)
1,169	Statistics and Analytics	1,951	1,950	5	1,737	1,732	218
1,949	Housing Environment Placemaking	2,079	12,114	4	12,087	12,083	31
69,180	Total	77,268	91,020	7,365	96,801	89,436	1,584

[147] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025
[148] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025

150. The PAC questioned why the decision was taken to move these functions out of the Cabinet Office during a public hearing with the Chief Executive in early 2025 in preparation for its review of the Annual Report and Accounts:

> ***Deputy I. Gardiner:***
> *Yes, it would be interesting to know your thought process so what considerations have you given to the role of Treasurer? Because we know that the role of Treasurer is a very complex, busy role and to add to the Treasurer's responsibility oversight for the digital services and the people services ...*
>
> ***Chief Executive Officer:***
> *Sorry, I understand the question now. Yes, I mean, I saw it the other way around. I felt that the Treasurer and his leadership team would benefit from having those 2 senior colleagues around the table, given the work that they had to do around the public finances, the running of the Government, areas like we are discussing today of procurement, for example, where a large part of the procurement is in digital services, for example. So I felt there was more synergy between those 3. I felt that those 3 senior leaders together would make a stronger team at the heart of running the Government. So it was, hopefully, less about this being additional burden for the Treasurer but more actually strengthening the team around him.*[149]

151. The PAC also wished to understand what had been achieved in terms of savings as a result of the restructure in the Communications Unit. It questioned the CEO during the public hearing on 12th February 2025 about what had been achieved:

> ***Chief Executive Officer:***
> *Last year. So in the work that we did in the Cabinet Office, obviously, and the communications, there a reduction in, reduction in roles, so cashable savings.*[150]
>
> ***Chief Executive Officer:***
> *Some of the people in the centre that lost their jobs would have filled jobs elsewhere. As you know, when we … not just in communications, anywhere, if we do not have a job for someone then we have got responsibilities. One of the first ones is to make sure that they have got the skills and support to find another job within the service if one is available. Definitely, some of the those people in that restructure I hope have found work elsewhere in the service but that does not stop the fact that you have retired the role.*[151]

152. The following written correspondence was provided by the CEO on 10th March 2025 in follow up to the hearing to confirm the intended savings and number of employees that left the department:

> *In 2024, 12 employees left the central communications team. Three of these resigned and were not replaced in the updated structure. Following consultation, nine employees left due to voluntary or compulsory redundancy. The associated costs of redundancy packages was £234,597.55. The total recurring saving per annum is £528,869.01.*[152]

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[149] Quarterly Public Hearing – Chief Executive Government of Jersey – 12th February 2025
[150] Quarterly Public Hearing – Chief Executive Government of Jersey – 12th February 2025
[151] Quarterly Public Hearing – Chief Executive Government of Jersey – 12th February 2025
[152] Letter – CEO to PAC – 10th March 2025

153. Within the Cabinet Office annual report in the annex to the Annual Report and Accounts, the following information was provided in relation to the underspend and overspend by each section within the department during 2024:

- *Digital Services Excluding depreciation, the underspend position of £1.491m was due to the recruitment freeze, which resulted in staffing vacancies.*

- *Strategic Policy, Planning and Performance (SPPP) Net underspend position of £1.7m is made up of:*
    - *£1.9m savings in staff costs due to vacancies and recruitment delays.*
    - *£0.1m overachievement of income with the Care Commission, which was largely driven by a higher than anticipated number of new provider registrations, which could not have been fully predicted at the start of the financial year.*
    - *£0.3m overspend in other operating expenditure mainly in relation to consultancy spend.*

- *Communications Overspend position of £0.2m relates to redundancy payments approved in 2024 as the department went through a right sizing exercise to support the annual savings plan.*

- *People Services Overspend position of £1.2m relates to overspends in non-staff expenditure in relation to significant uplifts in licensing costs for internal people systems ResourceLink and Success Factors whilst opportunities to fully migrate the two systems are explored, and a debtor's provision within key worker accommodation.*[153]

FINDING 15
In 2024, 12 employees left the central communications team. The associated costs of redundancy packages were £234,597.55. The total recurring saving per annum has been identified by the Government of Jersey as £528,869.01. The Public Accounts Committee understands that the communications function has been spread across the departments, potentially reducing visibility of the overall spending in this area.

RECOMMENDATION 19
The Government should include in the 2026 States Annual Report and Accounts a detailed workforce profile of business partner arrangements and detailed budgetary service line reporting for each department and areas of government expenditure across the organisation This should include a breakdown and analysis of expenditure for finance, communications, Human Resources, digital and procurement functions across the whole organisation. This will assist in enhancing visibility and tracking variation.

7.10 Capital Expenditure, Performance and Related Reporting

154. The PAC agreed as part of its Terms of Reference that it would examine the reported capital expenditure and related performance by the Government of Jersey in 2024. The following information was provided within the Annual Report and Accounts 2024:

155. R.134/2024 and R.15/2025 introduced changes to funding priorities by the Government in respect of the Capital Programme and the PAC agreed that it wished to assess whether these reprioritisations were justified, transparent, and linked to performance.

[153] Cabinet Office Departmental Report 2024

156. Capital and other project expenditures were £64 million below the approved budget in 2024 (including approvals carried forwards or allocated in year). Several projects were underspent during the year, most notably the New Healthcare Facilities Programme (NHFP).[154] The Government Plan 2024-2027 allocated £52 million to the NHFP, forming the initial tranche of the total funding requirement for Phase 1 set out in the Outline Business Case totalling £710 million. In additional previous approvals unspent in 2023 of £13 million were carried forwards, bringing the total approval to £65 million.[155]

157. The PAC questioned the £64 million underspend in relation to the Capital Programme with the Treasurer of the States during a public hearing on 11th June 2025. Specifically, the PAC wished to understand what the economic impact was of this underspend:

> ***Deputy D.J. Warr:***
> *So, this capital and other project expenditure was £64 million below the approved budgets in 2024. Probably my first question really is: what is the impact on our economy of those levels of underspend, would you say?*
>
> ***Treasurer of the States:***
> *That will be across a number of categories of spend. Obviously, the impacts will be different if they are digital, or if they are paying for professional services at this point in time, or if they are importing raw materials or using on-Island raw materials. I do not have the figures in front of me so I cannot say what that impact would be across ...*[156]

158. The PAC also made the point that if the Government does not get the capital funding into the economy then this could have a consequence on the economy itself. The Treasurer provided the following view on this matter:

> ***Treasurer of the States:***
> *To the extent that they are using on-Island resources, then yes, they will. Of course, F.P.P.'s suggestion at the moment is that perhaps Government, by running deficits by putting more money into the economy than withdrawing it from taxation and other means, could well be adding to inflationary pressures, but they are different within each of the sectors. So, if these are construction projects, and if construction has a gap in it at the moment and those projects are not coming forward as quickly, that might happen.*[157]

159. It was, however, noted that a considerable amount of the underspend related directly to the NHFP. The Group Director for Strategic Finance provided further information on the reasons for the underspend being so high and the impact of the NHFP on the underspend:

> ***Group Director, Strategic Finance, Treasury and Exchequer:***
> *So, if was 60, £45 million of that was to do with the hospital project itself, which is obviously slightly different from the rest of the programme. The other point I would make is that number compares against the approved budget. So, that does include carry forward amounts where projects did not spend in 2023. The actual difference between what the Government Plan says is the expectation*

[154] States Annual Report and Accounts 2024
[155] States Annual Report and Accounts 2024
[156] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025
[157] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025

of industry and what spend was is probably slightly smaller than that number that you described.[158]

160. The PAC notes that a significant portion of the £64 million relates directly to the NHFP programme (£45 million) leaving an additional £19 million across the programme. One specific project that the PAC wished to understand the reason for underspend on was the Le Squez Youth Centre:

> ***Deputy D.J. Warr:***
> *Okay. Thank you. I have one specific question here, which is why was the Le Squez youth centre budgeted for in the 2024 budget but not taken forward under the capital programme?*
>
> ***Treasurer of the States:***
> *That largely arises through decisions that ultimately get made through the Council of Ministers and then the Assembly. There are a number of reasons as to why any particular capital project will be advanced, or funding adjusted. My understanding in the case of the Le Squez youth centre was that it was not as advanced as it might have previously been laid out, and therefore the department would not have spent the money as quickly as that. At the same time, there was another project in particular, but the projects that were closer to being delivered, and therefore they were reprioritised during the process to be delivered. Le Squez still is in the plan, and we are looking to see if we can advance feasibility work on that particular project.*[159]

161. The PAC wanted to understand whether the delay in this work had created any 'abortive costs' or lost opportunity costs. The Treasurer explained during the public hearing that at the early stages of the project this was most likely not the case.[160] It was also noted that opportunity cost was almost viewed in the opposite way in terms of lost cost and that If expenditure was tied up in projects that were not delivered, the opportunity cost is not delivering those other projects, and not putting that stimulation into the local economy.[161]

162. The PAC notes that changing priorities within the Council of Ministers led to the Le Squez Youth Centre project being delayed during 2024 with other projects that were further along in the feasibility process being prioritised.

163. As a general comment on the reporting of the Capital Programme, the PAC would note that several projects (e.g. Dewberry House, Firearms Range, Specialist LD Accommodation, Therapeutic Children home) did not have a delivery update within the Annual Report and Accounts. Furthermore, when reviewing the departmental annual reports, it was difficult for the PAC to identify the progress made in relation to Capital Programmes by department. This is despite significant allocations and relevance to the Common Strategic priorities.

164. It would suggest that in future iterations of the Annual Report and Accounts, the Government of Jersey should ensure there is a clearer link between the Capital Programme progress within the Departmental Annual Reports. This links to the 'Golden Thread' of reporting from Budget to delivery plans and ultimately annual reporting. This reporting should include the budget allocation, actual spend and delivery milestones to aid in transparency and scrutiny of the capital programme.

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[158] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025
[159] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025
[160] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025
[161] Public Hearing – Treasurer of the States and Chief Officer for HCJ – 11th June 2025

FINDING 16
Capital expenditure in 2024 was £64 million below the approved budget, with £45 million of that underspend relating to the New Healthcare Facilities Programme (NHFP). This represents a significant deviation from the Government Plan and may have reduced intended economic stimulus.

FINDING 17
Several capital projects listed in the Government Plan (e.g. Le Squez Youth Centre, Dewberry House, Firearms Range, Specialist Learning Disability Accommodation, and the Therapeutic Children's Home) lacked delivery updates in the 2024 Annual Report and departmental reports, limiting public and Assembly visibility on capital delivery and delays were not clearly justified in the Annual Report and Accounts.

FINDING 18
Current capital reporting lacks a clear link between budget allocation, actual expenditure, and progress against milestones, weakening the "golden thread" from strategic priorities to delivery and performance reporting.

RECOMMENDATION 20
The Government of Jersey should, from 2025 onwards, ensure that Departmental Annual Reports include a dedicated section on delivery of Capital projects which clearly outlines for each project: the original budget, actual spend, delivery status, and reasons for delays or reprioritisation.

8. Conclusion

The Public Accounts Committee (PAC) acknowledges improvements in the preparation and presentation of the States of Jersey Annual Report and Accounts 2024. Notably, transparency has been enhanced, particularly through increased use of social media channels and clearer employee remuneration disclosures. However, opportunities remain to further improve public accessibility and understanding, especially by implementing structured feedback mechanisms and clearer reporting of reserve allocations.

The Committee remains concerned by ongoing financial management challenges, particularly the substantial overspending within Health and Care Jersey. Persistent cost pressures such as reliance on agency staffing, pharmaceutical costs, tertiary care contracts, and income fluctuations highlight the critical need for more robust financial controls and effective implementation of the Financial Recovery Programme. Clearer reporting to the States Assembly on financial performance is necessary to ensure better oversight.

Furthermore, the broader financial picture illustrates a widening gap between income growth and expenditure, particularly driven by healthcare costs. It is essential for the Government to adopt a long-term strategic approach to financial sustainability that also considers debt levels and borrowing requirements.

The Committee extends its gratitude to the Treasurer of the States, Chief Executive Officer, Chief Officer of Health and Care Jersey and other Officers, External Auditors (Mazars), and Comptroller and Auditor General for their cooperation, detailed evidence, and engagement throughout this review.

9. Appendix One

9.1 Terms of Reference

The Committee's Terms of Reference for the Review were as follows:

1. To examine the content, reported performance, transparency, accessibility and timeliness of the States of Jersey Annual Report and Accounts 2024.

2. To consider whether the Performance Report contained within the Annual Report and Accounts 2024 presents clearly the States of Jersey's aims, activities, functions and performance during that period (including service performance measurements).

3. To examine the contents of the Accountability Report contained within the Annual Report and Accounts 2024 including reported risks and mitigations as well as remuneration reporting (including exit and redundancies payments).

4. To examine the amendments made to the Government Plan, including any financial re-prioritisations, allocations, or transfers between departments and the central reserve, and to assess the extent to which approved funding aligns with actual expenditure in order to determine the final financial position.

5. To determine whether the States Annual Reports and Accounts 2024 incorporates the recommendations of the previous PAC Reports and recommendations of the External Auditors of the States of Jersey and Comptroller and Auditor General, with special focus on:
    - Improved overall awareness and presentation of the report for ease of use and understanding
    - Plans for Incorporation of States Owned Entities to the Group Report and Accounts
    - Consistent definition such as Value for Money applied across departments
    - Health and Care Jersey related spend and performance.
    - Capital projects expenditure and reporting;
    - Outcomes and impact of a sample of grants and grant schemes;
    - IT expenditure, project delivery, and reporting;
    - Cabinet Office Restructure, expenditure and reporting.

9.2 Committee Membership for the review

The following PAC Members took part in this review:

Deputy Inna Gardiner
Chair, Public Accounts Committee

Deputy Kristina Moore
Vice Chair, Public Accounts Committee

Deputy David Warr
Member, Public Accounts Committee

Mr. Philip Taylor
Lay Member, Public Accounts Committee

Deputy Karen Wilson
Member, Public Accounts Committee

Mr. Ali Awan
Lay Member, Public Accounts Committee

Deputy Raluca Kovacs
Member, Public Accounts Committee

Mr. Vijay Khakhria
Lay Member, Public Accounts Committee

Mr. Glenn Kehoe
Lay Member, Public Accounts Committee

9.3 Public Hearings

The Committee undertook the following public hearing during the course of its review:

Witness	Date
Dr. Andrew McLaughlin, Chief Executive Officer Mr. Sebastian Perez, Head of Corporate Governance, Treasury and Exchequer Mr. Tom Walker, Chief Officer, Health and Care Jersey	21st May 2025
Mr. Richard Bell, Treasurer of the States Mr. Tom Walker, Chief Officer, Health and Care Jersey Mr. Jason Whitfield, Chief Information Officer Mr. Andrew Hacquoil, Group Director, Strategic Finance, Treasury and Exchequer	11th June 2025

9.4 Review Costs

The total external costs of this review totalled £246.78 This was broken down as follows:

- Public Hearings (transcription services) - £221.78
- Digital and Public Engagement Costs - £20.00

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