STATES OF JERSEY

GOVERNMENT PLAN 2022-2025 SCRUTINY REVIEW (CORPORATE SERVICES SCRUTINY PANEL) (S.R.20/2021): JOINT RESPONSE OF THE CHIEF MINISTER AND THE MINISTER FOR TREASURY AND RESOURCES

Presented to the States on 2nd February 2022
by the Chief Minister

STATES GREFFE

GOVERNMENT PLAN 2022-2025 SCRUTINY REVIEW (CORPORATE SERVICES SCRUTINY PANEL)(S.R.20/2021): JOINT RESPONSE OF THE CHIEF MINISTER AND THE MINISTER FOR TREASURY AND RESOURCES

Ministerial Response to:	S.R.20/2021
Ministerial Response required by:	21st January 2022
Review title:	Government Plan 2022-2025 Scrutiny Review
Scrutiny Panel:	Corporate Services Scrutiny Panel

INTRODUCTION

The Chief Minister and Treasury Minister welcome the Panel's opportunity to allow an official Ministerial Response to be presented in respect of their findings and recommendations, following the Government Plan debate in December 2021.

FINDINGS

	Findings	Comments
1	The Government Plan does not adequately clarify the rationale and purpose of policy, analytical context, economic and policy implications to ensure that it is possible to see how spending, taxation, borrowing and asset accumulation has happened in the past and where it will go in the future is not clear.	The Council of Ministers believe that the Government Plan, as a forward-looking document, and accompanying documents do provide sufficient information to allow the Assembly to consider and agree the Government Plan. However, they are committed to continually improving the document.
2	The cost of living and household survey, a key indicator of inequality, has not been published since 2015. This has significantly restricted the measuring of metrics to household and individual income and wealth. The Government Plan is therefore unable to adequately present how taxes, transfers and spend reduces the dispersion on income and wealth or confirm how sufficient measures to achieve the	Statistics Jersey explain the situation with the Living Costs and Household Income Survey on the website Living Costs and Household Income Survey (gov.je) The Living Costs and Household Income Survey (LCHIS - formerly the Household Spending and Income Survey) collects information on income and spending and allows for the production of income distribution statistics as well as enabling updating of the weights for the RPI 'basket of goods'. The last income distribution analyses was

	Findings	Comments
	inequality policy objective will be accomplished.	released on 13 November 2015 Jersey Household Income Distribution report 2014 / 15 (gov.je) The LCHIS is carried out once every five years. The survey was last completed in 2014/15. The 2019/20 survey had to be cut short due to the Covid-19 outbreak in March 2020. Statistics Jersey started the survey again in September 2021. 2019/20 LCHIS The 2019/20 round of the Living Costs and Household Income Survey commenced in July 2019 at the specific request of Government and was due to run continuously over the subsequent twelve-month period. However, the developing Covid-19 situation led the then Chief Statistician to decide to stop the fieldwork (data-gathering) in March 2020 – at this point only about half the expected responses had been obtained. Statistics Jersey are committed to analysing the household income data collected during the pre-Covid period up to March 2020 and to publish the results. Due to existing work commitments Statistics Jersey has unfortunately not yet been able to devote the skilled resources required to analyse the 2019/20 LCHIS dataset, however the Chief Statistician aims to publish the analyses from the 2019/20 LCHIS dataset during Q1 2022. 2021/22 LCHIS Statistics Jersey started the 2021/22 LCHIS in September 2021 and this will run for a year. The survey runs for a year to ensure capture of different spending patterns throughout the year – for example spending is typically higher in the build up to Christmas. However, Statistics Jersey provisionally expect a preliminary report from the 2021/22 survey to be released in August 2022.
3	The Government Plan appears to be set on a course where taxes will need to rise in future years even if the ambitions to make spending more efficient are realised. However, no plan has been	Major tax reviews are announced in the annual Government Plan. The Government will continue to keep the need for further revenue-raising measures under review in the light of the reports it receives from the Income Forecasting Group.

	Findings	Comments
	proposed even though this is due to current spending, capital investment and borrowing.	At present, the Government Plan is forecasting healthy surpluses for future years.
4	The Panel has undertaken a separate review of the proposed changes to the GST de minimis and have made various recommendations for the Minister for Treasury and Resources to consider prior to the debate of the Government Plan.	The Treasury Minister will make her response to the Panel shortly.
5	The Panel has lodged an amendment to the Government Plan to include a level increase in alcohol duty which, if adopted, will aid in keeping taxes low, broad, simple and fair. The amendment is sympathetic to the potential impact upon the hospitality sector of any increase in alcohol duty as it recovers from the pandemic and is a reasonable compromise between revenue raising, public health and economic support.	The States Assembly approved the amendment on 14 December.
6	The Panel has brought forward an amendment to the Government Plan to place additional stamp duty upon properties purchased as a "Buy to Let" investment property, second home and holiday home to help alleviate the continuing demand for property in the Island and allow owner-occupier and first-time buyers preferential financing when buying their own home.	The Government is preparing to develop this proposal following its adoption by the States Assembly. The work will take priority over other aspects of the Stamp Duty Review.
7	There is no clear justification in either the Government Plan 2022-2025 or the Draft Finance Law to support either the current Commercially Let Property Tax Relief regime or the proposed amendments to it. In addition, no reporting was provided during its introduction as part of the Income Tax (Amendment No.23) (Jersey) Law	It is a fundamental and long-standing principle of Income Tax, as it relates to business activities, that profits are taxed net of legitimate business expenses incurred wholly and exclusively in the course and furtherance of that business. This has been a feature of Jersey's tax system, to one degree or another, since its inception in 1928. Various adjustments; qualifications; and enhancements have been made over the years, as

	Findings	Comments
	2004, and the minutes of the respective debate on this proposition provide little insight into its justifications.	the Panel notes. (The 2004 changes were simply restrictive in nature.) Borrowing to buy property for commercial letting (offices and dwellings) is widespread in the economy. And tax deductibility of related debt interest is admissible. Rents are tax deductible where wholly and exclusively incurred by businesses for business purposes. Adjusting this position for most sectors of the economy is probably undesirable and could have significant impact on Jersey's economy. Some jurisdictions have limited interest relief on borrowing related to the letting of dwellings (for example, the interest on "buy to let" mortgages).
8	Fiscal rules in relation to borrowing do not take account of controls for spending.	The Fiscal Framework and Financial Strategy cover more than just borrowing. Combined with FPP recommendations and the requirements of the Public Finances Law these provide a framework that covers the balance of expenditure and revenue raising to achieve long-term sustainability of public finances. Control of spending should be considered in the context of the level of revenues being raised, as both of these aspects are within the remit of government.
9	The Council of Minister's acceptance of a BBB Standard and Poor rating is a significant change in policy and would be a diminution in Jersey's credit status. If such a point was reached it would have a significant impact on the island's economic future.	There are no statements within this Government Plan which reference acceptance of a BBB credit rating. The Panel may be referring to one of the several reporting metrics in the Debt Framework (R.132/2021) published in August 2021. This refers to a minimum rating requirement which reflects a rating for "investment grade" debt issuance thus ensuring that the States of Jersey's bonds are attractive to the widest range of investors. There are several stages between the current rating of AA- and BBB- which afford opportunities to re-consider Jersey's approach to economic growth and debt issuance to mitigate any negative effects on the credit rating.

	Findings	Comments
10	Allowing the Government to utilise a further £20 million for the Fiscal Stimulus Fund is unjustified. The Panel has lodged an amendment to the Proposition to remove the borrowing and require the Minister for Treasury and Resources to come forward with a new proposition to the Assembly if further funding is required to meet timely, targeted and temporary objectives.	Ministers followed the advice of the Fiscal Policy Panel to retain flexibility to allow for future fiscal stimulus, due to the ongoing uncertainties as a result of Covid. However, there are no plans to allocate funds to new projects, and existing projects will be completed within the approval of £29,641,000. Consequently, the Council of Ministers have accepted the Panel's amendment. This reduces total approved borrowing for fiscal stimulus by £20.4m. Actual forecast borrowing will not be affected.
11	There is no detail in the Government Plan in respect of the calculation of the actual savings figures and actuarial assumptions in relation to the borrowing for the Past Service Pension Liabilities.	The technical calculations involved were not included in the Government Plan, which is intended to be an accessible document. These detailed calculations could have been provided if requested by scrutiny. The assembly have agreed the principles of the re-financing of the pre-1987 pensions debt.
12	Article 6 (2) of the Public Finance Law (Establishment of other funds) states that when establishing a Fund, the States must specify the purpose of the fund, the fund's terms and the circumstances in which the fund may be wound up. By not providing this information within the proposition for the Technology Fund the Panel concludes that the Council of Ministers may not have adhered to the intentions of Article 6 (2) or Article 9 (4) (b) of the Public Finance Law which states that the Government Plan must include any other information that the Council of Ministers believes that the States may reasonably be expected to need to order to consider matters mentioned in paragraphs (2) and (3) and subparagraph (a)". Paragraph (2) (b) states it as being for the proposed amount of any transfer of money from one States fund to another during the financial year.	The Government Plan clearly states that the Council of Ministers will bring a proposal to create this fund, which would be under Article 6 of the Public Finances (Jersey) Law 2019. It remains entirely appropriate to signal the intention to create this fund to invest in Technology in the Government Plan, and to ring-fence the extra-ordinary dividend from Jersey Telecom to achieve this purpose. If the assembly do not approve the creation of the fund when the proposition is bought, the transfer to the Technology Fund will fall away. No money can be spent without that approval. The Assembly did not support part (a) of the amendment as amended.

	Findings	Comments
13	The extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending should be reviewed.	Levels of Capital and Revenue spend are considered in each Government Plan in the context on the Fiscal Framework, Public Finances Law requirements and the financial strategy of the Council of Ministers. The balance is likely to vary based on circumstances in each plan - for example where significant investment is needed in a new Hospital.
14	The Government of Jersey is proposing a number of revenue programmes and capital projects that relate to Information Technology across the departments, with the total expenditure equivalent to £65.4 million in 2022, and £161.1 million over the life of the Government Plan 2022 – 2025.	The Government Plan sets out the detail of the Information Technology expenditure, including which Department is accountable. The figures represent incremental growth over and above the 2019 baseline, a year when virtually no investment was made in Information Technology. As such, the figures quoted not only include the costs of current ongoing projects and programmes but the revenue impact of those projects and programmes completed since 2019 e.g. licenses, additional staff costs, contracted services as well as the anticipated costs of future projects and programmes expected to commence by 2025.
15	The budget of Modernisation and Digital requires greater oversight by the Assembly. As seen with previous Government spending on technology projects there is a clear risk of costs of programmes and projects escalating or being duplicated if spending discipline is not enabled.	The Modernisation & Digital budget has considerable oversight and is reported upon monthly. The overall budget is overseen at an officer level by the Principal Accounting Officer and the Accountable Officer for M&D (The COO) and at a political level by the relevant Assistant Chief Minister. Budgets are managed in line with the Public Finance Manual and are subject to external audit as part of the year end process. On the major technology programmes monthly results are prepared, validated and compared to anticipated budget spend each month by the designated GoJ Finance Business Partner. Once the month end results are drafted these are shared with the respective Programme Managers for review and discussion. Final results are circulated to the Accountable Officer and the respective Programme Boards.

	Findings	Comments
		All the above of which are reported in the Annual Report & Accounts and the 6 Month Update report as required under the Public Finances Law.
16	Detailed, realistic and time bound efficiency targets for all years should be built into the four-year Government Plan to support departments to plan how they will achieve sustained efficiencies.	The rebalancing programme covers the whole period of the plan, and delivery plans for delivery of rebalancing on a recurring basis continue to be developed and refined.
17	Information about unit costs and exploration of different means of service should be explored further for efficiencies.	Government continues to work to drive efficiencies through the Rebalancing and efficiencies programme for which specific departmental targets have been established over a number of years. Measures to delivery these efficiencies are based on available data and projections. In addition, a programme of departmental Zero-based budgeting reviews is in progress which explores these lines of enquiry. However, data quality and availability remain challenging. This issue will only be addressed with investment in systems infrastructure and the development of a data strategy, which in turn will require focussed resource and culture change.
18	The Target Operating Model of the Modernisation and Digital Directorate may not be fully met until 2025, with a need expressed to add additional roles as gaps and shortages are identified.	The Target Operating Model has been implemented and recruitment continues. Following implementation of the 2020 operating model, there have been substantial changes as a result of ITS, and integration of areas such as Health, Education and Police.
19	It is forecast that the Staff Costs of the Modernisation and Digital Directorate will have underspent by £4.4 million over 2020 to 2021, however it is still anticipated that staff budget will remain the same. The Panel holds concern that this bolsters the Chief Operating Office Head of Expenditure unnecessarily.	There have been challenges in recruiting to areas of the Target Operating Model where specialist skills are required such as architecture and programme and project management. In these areas there has been a requirement to bolster substantive staff with external resources, and underspend in staff costs has been re-profiled to hired services. Attempts to recruit continue and the ambition remains to fill all substantive roles within M&D. In 2022 staff expenses will increase compared to 2021 as a result of annualization of recent

	Findings	Comments
		recruitment and an expectation to fill vacant posts and subsequently a reduction of Consultancy. For 2021 the revenue outturn for M&D was £22m against a budget of £22m, there was no underspend.
20	There has been a significant movement of circa £10 million from proposed allocation to the revenue programme “Technology Transformation Programme” to capital projects. By 2024 the Project’s funding bid will rise to a similar level of that prior to the transfer of this funding, and additional funding bids can be expected.	Under the updated PFL it is possible to record the total cost of projects on a single head of expenditure, rather than splitting capital and revenue elements. This change ensures that revenue costs related to the implementation of a project are captured alongside the associated capital costs to show a more transparent view of a project’s implementation cost. The ongoing revenue consequences of projects (e.g. licences) are then reflected in the departmental Head of Expenditure given that they form recurring revenue requirements. The transfers made in respect of the Technology Transformation Project (TTP) allow the budgetary allocations to better reflect the intended split between project implementation costs and on-going revenue consequences. They do not increase the overall funding allocated to the TTP.
21	The Chief Minister has not committed to providing evidence of monetary benefit of the Technology Transformation Programme, it is therefore difficult to ascertain value for money.	The major technology investments between 2020 and 2023 have always been described as foundational and established largely to address the significant technology debt built up over the previous decade or so. Whilst some programmes will deliver quantifiable financial savings, risk reduction, service improvements and avoided future costs are a significantly bigger driver. For example: The existing finance system dates back to 2005 is no longer subject to a formal support agreement. Were a significant issue to arise, then there is no guarantee that it could be fixed and that could leave the Government without any financial records or ability to receive or make payments. Similarly, the direct cost of a successful cyber-attack could be many millions of pounds but the indirect costs, reputational, environmental and

	Findings	Comments
		potentially to human life could be significantly greater. The MS Foundations Programme has enabled staff to work more flexibly during the pandemic and indeed allowed the Assembly to continue to meet virtually. Had this programme not been underway when the pandemic struck, the impact on government and on the services it delivers to islanders would have been considerable and the costs of lost productivity substantial. Whilst the Electronic Document Management System will deliver some financial savings, principally related to the costs of moving vast amounts of paper around the hospital, it will also avoid the costs of building a store for paper records in the new hospital and in the new Headquarters building.
22	It is proposed the Capital Project MS foundations receive a transfer of £4.4 million from the "Technology Transformation Programme" (GP20-OI3-14) and that further funding will be required for ongoing revenue costs which will require resubmission in subsequent plans.	As described in 20, the transfer of £4.4m took place as a result of an internal budget reallocation from the Technology Transformation Programme (TTP) Head of Expenditure (HoE) to the MS Foundations HoE. There is no overall impact on the financial position as a result of this transfer. Evolving technology requirements may result in a requirement for additional monies which would be requested through the standard business case process. The driver on this is related to the headcount (internal staff and consultants) which is directly attributed to the support required on all GoJ department projects and will fluctuate over time. The original funding was based on internal staff only which has resulted to a shortfall in order to cover cost for the additional support required. See previous comment (18) of integration of business areas such as Health, Education and Police creating additional demand.
23	The Integrated Tech Solution is now estimated to cost £63 million compared to £29.4 million agreed through the Government Plan 2021-24.	Details of the proposed expenditure on the Integrated Technology Solution are set out in the Full Business Case which was approved in Q1 2021. This included a reconciliation to the initial estimates set out in the Outline Business Case (approved in Sept 2019) which was the basis for

	Findings	Comments
		the Government Plan 2021-24 (carried forward from the 2020-23 Government Plan). The process of moving from Outline to Full Business Case was undertaken in line with the principles of the HM Treasury Green Book.
24	The Capital Project Electronic Document Management Solution Additional will receive a transfer of £1.2 million from revenue expenditure in 2021.	Work was due to commence on the capital project 'Electronic Document Management Solution' (EDMS) in 2021 but was delayed to 2022. The £500,000 allocated in the Government Plan in 2021 has been moved to 2022. A transfer of £700,000 has been moved from the TTP HOE to EDMS HOE in 2022, as described in 20 above. This is not an increase in overall expenditure, but a reallocation of funding.
25	The completion of the Cyber capital project is predicted to be delayed to 2023, costing a stated £14.97 million. It is anticipated that additional funding in 2023 will be required.	The underlying capital cost of the Cyber Security programme remains unchanged at £13.8m with a target completion date for end of 2022. The additional cost of £1.17m has been moved from the TTP HOE to Cyber HOE in 2022, as described in 20 above.
26	Additional funding has been proposed for Revenue Jersey to meet backlogs for transformational work and the pandemic.	Improved performance has been achieved during the course of 2021 and is expected to continue during 2022 as backlogs of work reduce which arose over 2020 and 2021 (when Revenue Jersey assisted thousands of taxpayers in financial distress). Telephone service improved against 2020 performance thanks to additional resourcing with over 66% of calls answered first time with an average waiting time of just under 8 minutes (comparable to HMRC performance in the UK) and an average time to serve of just over 6 minutes. A "once and done" approach to answering tax enquiries has been very effective. 2020 tax assessing was completed in the autumn of 2021 – a significant improvement on 2019 assessing in 2020. This was assisted by increased take-up of online filing (in its second year of availability) by personal taxpayers – rising to 43% in 2021 from 32% in 2020. Additionally, Revenue Jersey's work to refresh and improve its compliance programmes has yielded over £20 million in additional tax revenues arising from taxpayer error and omissions when filing tax returns.

	Findings	Comments
27	Additional funding has been required to meet further increase of insurance costs, as new growth included in the Government Plan 2021-24 did not match requirements following more hardening of the insurance market and a claim made during the pandemic.	This is correct and reflects a growing trend of higher insurance premiums that are anticipated in coming years. A further transfer of funds from the Consolidated Fund to the Insurance Fund has been approved in 2022 to assist towards these additional costs.
28	Funding to the previous revenue programme "Building Revenue Jersey Team" (GP20-OI3-01) been reclassified to the capital project 'Revenue Transformation Programme (Phase 3)'.	See response to Recommendation 19.

RECOMMENDATIONS

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	The Council of Ministers should review and consider amendments to the Government Plan to ensure it delivers a strategic plan which provides greater clarity about the rationale, purpose and analytical context of policy making which will ensure the Assembly holds sufficient information it needs to agree the Government Plan as per the requirements of the Public Finances Law (Jersey) 2019.	CoM	Neither accept nor reject (already in place)	The Council of Ministers believe that the Government Plan and accompanying documents do provide sufficient information to allow the Assembly to consider and agree the Government Plan. However, government regularly reviews the plan and any lessons learned, with the aim of delivering continuous improvements to the plan and the information provided.	
2	The Council of Ministers must deliver results from an updated cost of living and household survey, a	CoM	Neither accept nor reject	As explained in response to finding 2, the Chief Statistician aims to publish the analyses from the 2019/20 LCHIS dataset during Q1 2022.	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	key indicator of inequality, to the assembly by the 31st March 2022.			It is simply not possible to publish analyses from the 2021/2022 LCHIS by 31 March as there will be insufficient achieved sample to provide reliable results. As explained in response to finding 2, Statistics Jersey provisionally expect a preliminary report from the 2021/22 survey to be released in August 2022. It should be noted that under the *Statistics and Census (Jersey) Law 2018* the Chief Minister is prohibited from influencing or instructing the Chief Statistician in the collation of data or on the form, timing or methods of dissemination of statistics. The Council of Ministers are therefore not permitted to instruct the Chief Statistician to publish the LCHIS. Further information is available in the responses to WQ.145/2021, WQ.184/2021 and OQ.192/2021 in which the Chief Minister expressed his desire to have the data published but noted the legal constraints preventing him from compelling Statistics Jersey from doing so.	
3	The Minister for Treasury and Resources must deliver fiscal discipline and confront the direction of travel of the fiscal arithmetic that arises, from the spending, capital investment and borrowing plans laid out in the Proposition by addressing the revenue raising measures over the medium term to provide transparency on the	Min T&R	Neither accept nor reject (already in place)	The Government Plan followed the FPP advice not to raise revenue measures in the short-term. The Fiscal Framework, Public Finance Law requirements, and the recommendations of the FPP already provide financial discipline: for example, with requirements for balanced budgets in the medium term and not to overdraw the Consolidated Fund.	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	consequential impact for taxpayers.				
4	The Council of Ministers should accept the proposed amendment of the Panel to provide a level increase in alcohol duty to keep taxes low, broad, simple and fair.	CoM	Neither accept nor reject	The Council of Ministers notes that the States Assembly supported this amendment, and the Finance (2022 Budget) Jersey Law has been accordingly adjusted and adopted by the States Assembly.	17/12/2021
5	The Council of Ministers should accept the proposed amendment of the Panel to place additional stamp duty upon properties purchased as a 'buy to let' investment property, second home or holiday home and specifically assist owner-occupiers and first-time buyers to purchase property.	CoM	Neither accept nor reject	The Council of Ministers notes that the States Assembly supported this amendment and plans are being developed to bring proposals to the States Assembly in time for implementation from 1 January 2023. This work will take precedence over the wider review of the Stamp Duty regime.	31/12/2022
6	The Minister for Treasury and Resources, mindful of the removal of interest relief on main resident mortgages, should bring forward a proposal to implement a phased removal of Commercially Let Property Tax Relief by 31 December 2022.	CoM	Reject	It is impossible to calculate the economic impact of this recommendation on Jersey’s economy without significant work and stakeholder engagement. The Government has no plans to conduct such work in the near future. Revenue-policy officials are now giving priority to the delivery of the Panel’s Amendment 22 relating to Stamp Duty.	N/A
7	The Minister for Treasury and Resources should produce a set of fiscal rules which take account for spending and focus on the accumulation of financial assets rather than primarily focusing on the sustainability of debt and borrowing.	CoM	Reject	The Government Plan already includes a Financial Strategy based on the Fiscal Framework which is designed to take account of the long-term sustainability of public finances. The Fiscal Framework will be reviewed before the lodging of the next Government Plan. This will be a fundamental input in the next plan, and is a matter for the next government. It is not appropriate to pre-empt the outcome of the review.	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
				Given that this Government Plan included new borrowing it was entirely appropriate that there was a focus on ensuring that the borrowing was sustainable and that strategies for repayment was in place. The Minister continues to note the advice of the FPP in terms of the appropriate level of Reserves, but also that now is not the time to be taking action. The strength of Reserves remains an important pillar of our finances and will continue to be a part of future plans.	
8	The Council of Ministers should set higher expectations and reconsider its acceptance of a BBB Standard and Poor credit rating as the minimum standard. A higher rate should be used instead to minimise its business and financial risks.	Co M	Neither accept nor reject	There is no reference to acceptance of a BBB credit rating in the Government Plan 2022-25. The Debt Framework (R.132/2021) published in August 2021 sets the States of Jersey's credit rating as a 'reporting metric' which forms part of the wider Debt Strategy. The "BBB" rating referred to is not an acceptance of a lower rating, it simply sets the boundary by which bonds are considered "investment grade", above which the States bonds will remain attractive to the widest possible range of investors. In reality, the Council of Ministers aspire for Jersey to have the highest credit rating possible, noting that the setting of such a rating is undertaken by an external body and is dependent on several factors. There are several stages between the current rating of AA- and BBB- which afford opportunities to re-consider Jersey's approach to economic growth and debt issuance to mitigate any negative effects on the credit rating. The Debt Strategy is due to be updated in 2022 once new debt has been issued and consideration will be given by the new Minister for Treasury and	End Q3 2022

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
				Resources whether to re-assess this metric.	
9	The Minister should provide a report to the Assembly by the 31st March 2022 which confirms the impact of the Fiscal Stimulus Fund. It should consider process, value for money and provide learnings against the Fund objective of being timely, targeted and temporary.	Min T&R	Reject	There are regular reporting deadlines set out in the Fiscal Stimulus proposition which cover the progress of the projects against the objectives of the Fund. This will consider the 3T criteria and value for money. As part of the final review it is intended to consider the process and the learnings over the time of the Fund. The final report will be presented at a time appropriate to provide complete information to the Assembly.	
10	The Council of Ministers should accept the proposed amendment of the Panel to reduce the borrowing capability for the purpose of Fiscal Stimulus Fund.	CoM	Accept	Ministers had followed the advice of the Fiscal Policy Panel to retain flexibility to allow for future fiscal stimulus, due to the ongoing uncertainties as a result of Covid. However, there are no plans to allocate funds to new projects, and existing projects will be completed within the approval of £29,641,000. Consequently, the Council of Ministers accepted the Panel's amendment. This reduces total approved borrowing for fiscal stimulus by £20.4m. Actual forecast borrowing will not be affected	
11	Detail in respect of the calculation of the actual savings figures and assumptions for the Past Service Pension Liabilities refinancing must be provided to the Assembly prior to the debate of the Proposition.	Min T&R	Reject	Due to the timing of the release of this Scrutiny Report it was not practical to provide the information prior to the debate. If the information had been requested earlier the Minister would have been happy to provide more detail.	
12	The Council of Ministers should accept the proposed amendment of the Panel to remove the	CoM	Reject	The Council of Ministers amended this amendment.	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	Technology Fund transfer from P.90/2021 pending further information.			Council agreed that the purpose and terms of the Fund will come back to the Assembly in a proposition, which was always intended. Council were pleased that the Assembly agreed to maintain the Transfer to the Technology Fund (subject to the agreement of the creation of the fund) to signal our support for this important area of the economy.	
13	The Minister for Treasury and Resources, prior to the next Government Plan, should carry out a review of the extent to which Jersey manages to strike an appropriate balance between capital and current revenue spending, the findings of which should be included within future Government Plans.	Min T&R	Reject	Levels of Capital and Revenue spend are considered in each Government Plan in the context on the Fiscal Framework, Public Finances Law requirements and the financial strategy of the Council of Ministers. The balance is likely to vary based on circumstances in each plan - for example where significant investment is needed in a new Hospital. The Minister does not accept that a separate review would be a good use of resource in advance of the Government Plan. The balance will however be considered in GP process.	
14	The Chief Minister should review use of funds within the Chief Operating Office, including the Modernisation and Digital Department and provide the Assembly, by May 2022 with a breakdown of and reason for spends within that Department, with particular prominence of any divergence of	CM	Reject	The Chief Minister and the relevant Assistant Chief Minister regularly reviews the financial performance of the Department, as part of the established financial reporting process. With regards to the specific query around the transfer between the TTP and Projects – in the original Government Plan Revenue elements of various IT projects were included in the TTP. These have been transferred to better show the total costs of projects - this is fundamentally a change in presentation, rather than a change of use.	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	previously stated budgets.			Reporting on departmental expenditure is already included in the half-yearly report to the States, the Annual Report and Accounts and Departmental Performance Reports. It is also reported in the regular corporate financial monitoring reports, which are available to scrutiny. Given these well-established reporting mechanisms, the Chief Minister does not accept that providing an additional report on M&D to the Assembly by May 2022 is the highest priority and so cannot accept the recommendation. However, we will continue to work with Scrutiny to help them understand the breakdown of spend within M&D. It is considered that the level of financial detail included in the Government Plan and Annex are appropriate for the approval funding – being in line with Accountability at the top tiers of Government. However, we will continue to review how Departmental Business Plans and Performance Reports present financial information to improve the links between finances, the delivery of services and performance.	
15	Before the end of this political term, the Chief Minister must deliver outcome-based accountability of Digital and IT investment across Government. This should include quantifiable baselines and public communications on how this expenditure is making a tangible benefit to the operation and deliverance of public services to avoid any double spend for the incoming Council of	CM	Reject	Accountability for Information Technology spend is set out in the Government Plan which shows which Department and, therefore, which Accountable Officer is accountable for each project and programme for which funding has been requested. The progress and outcomes of these projects and programmes are reported in the half year report and in the Annual Report and Accounts. However, work is already underway to highlight how the Government's investments, more generally, are making a tangible benefit to the operation and deliverance of public services and this	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	Ministers to understand what has been achieved.			will include the investments in Information Technology.	
16	The Council of Ministers should provide, in the next Government Plan, information about unit costs of public services and exploration of different means of service to the public, this may include active benchmarking, comparison between the public service and private sector, to aid in transparency.	CoM	Reject	**Unit costing:** The GoJ does not currently have a system in place to support activity-based costing across all its services. There are specific business areas for which more granular information can be provided, for example HCS PLICS (Person Level Information & Costing System). Such costing systems require the collection of both non-financial and financial data, as well as processes and systems in place to maintain the appropriate data. This is an area which requires further consideration and development in terms of a wider GoJ Data strategy. Logistically and practically, any step change would be delivered after the implementation of the ITS and through a data maturity plan, which will require specific resources and potentially pump-priming funds. In the meantime, Departments can provide income and cost analysis at service-line level as supporting information to the Government Plan. This level of detail is not appropriate for the published Government Plan document, as it would become an extremely large document. **Bench-marking:** Benchmarking comparisons are often challenging to undertake consistently across all services, e.g. Accurately comparable services whether private vs. Public or across public sectors in different jurisdictions, as such they can be used as indicative tools rather than absolute indicators. Historically organisation such as CIPFA have run benchmarking clubs for public services, however, recent investigations have	

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				confirmed that these services no longer exist. Benchmarking against Private providers is not often possible unless undertaken as part of a procurement exercise, and such information is commercially sensitive and therefore could not be included in public documents. **Alternative Public Service Delivery:** Private vs. Public sector provision should be a consideration for the Government, where it is deemed appropriate to outsource Government Services. Dependent of the size and nature of any service under consideration, for example, outsourcing a fundamental and core service may be both a political (ideological), strategic and operational decision and one that requires consideration for a medium to long-term shift in delivery in order to take account of, for example, the lead-in investment and mobilisation of services under third parties.	
17	The Chief Minister and Minister for Treasury and Resources must ensure, in future, that the transfer of revenue expenditure to capital project budgets is clearly and transparently outlined.	CM / Min T&R	Accept	The new Public Finances Law has moved away from the historic split between revenue and capital, allowing total project costs to be captured on project heads of expenditure, and the embedding of this change has caused some of these movements. Whilst these should reduce moving forwards, future plans will include more information to ensure that any transfers are outlined clearly and transparently.	
18	Ministers must ensure that figures included in the Government Plan are accurate and provide the assembly with the option to deny funding should a	CoM	Partly Accept	Ministers and Officers work to ensure that all figures in the plan are as accurate as possible given the information available. The nature of the development of Business Cases from OBC to FBC means that estimates may change, and	

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	bid need to be updated following agreement of that Government Plan.			generally these will be updated in the Government Plan. In some cases where it is necessary to make decisions outside of the Government Plan cycle, the Minister would manage allocations in line with the requirements of the Public Finances Law, and ensure that updated figures are included in the next Government Plan. Members already have mechanisms to amend proposed funding through the Government Plan process.	
19	The Minister for Treasury and Resources should, within her response to this report, provide greater reasoning for the removal of the revenue programme "Building Revenue Jersey Team" (GP20-OI3-01) and justify why its funding now forms part of a capital project, namely the Revenue Transformation programme (Phase 3).	Min T&R	Accept	Core to the Revenue Transformation Programme is the replacement of the obsolete ITAX system with the Revenue Management System. The new System introduced modern, more efficient ways of working, giving rise to an internal reorganisation of the Tax Office, which the "Building Revenue Jersey Team" programme was designed to support. The reorganisation is largely complete obviating the need for a separate programme. However, the taxation regime is subject to continual change due to both the domestic reforms required by the States and in response to the latest international requirements. The focus now is essentially on modifying the Revenue Management System to meet these requirements, although to comply with accounting standards certain elements do have to be classified as revenue. Nevertheless, having all expenditure being assigned to a single project provides greater clarity in monitoring the total costs of the Programme.	N/A

CONCLUSION

The Chief Minister and Treasury Minister welcome the Panel’s findings and recommendations following the Government Plan debate in December 2021, many of which will be accepted. It is only through the close working of Government and Scrutiny, as well as input from States Members, that a Government Plan can be delivered to meet the needs of all Islanders. With input from the Panel, improvements can be further made to the Government Plan process.