Scrutiny Review of the Government Plan: 2021 - 2024

Government Plan Review Panel

10th December 2020

S.R.16/2020

States of Jersey
States Assembly

États de Jersey
Assemblée des États

Section 1 – Government Plan Review Panel

Panel Membership

The Panel is comprised of the following States Members:

Senator Kristina Moore, Chair

Senator Sarah Ferguson (until 20 October 2020)

Deputy Kirsten Morel (until 30 November 2020)

Deputy Mary Le Hegarat

Deputy Rob Ward

Connétable Mike Jackson

Deputy Inna Gardiner (from November 2020)

Chair's Foreword

Since drafting this report, it has been pleasing to see that the Government has accepted many of our recommendations by lodging last minute amendments to reinstate funding for the Ombudsman, Jersey Premium, care-leavers, the refurbishment of Elizabeth Castle and so on. We welcome these amendments. It is our view that the Government Plan as drafted sought to reduce or otherwise diminish the funding in these areas which was contrary to the Common Strategic Priorities as approved by the States Assembly. We must congratulate the Scrutiny Panels and individual members whose hard work and commitment brought these anomalies to light.

We hope that this report will be a useful guide to members and the public as they prepare for a lengthy and complex debate. These are difficult times and the Island's response to the pandemic will set the tone for the years to come. It is likely that the impact of decisions taken now will be felt by many generations who will follow.

In taking such important steps, it is vital that the fundamentals of good governance are not forgotten. In particular we counsel readers to look at Section 5 on the Common Strategic priorities and the Performance Framework (p.17). This highlights deficiencies in the data that the Council of Ministers has used to formulate its decisions. This, coupled with a lack of robust consideration by Ministers, concerns our advisors (CIPFA) and us. It is essential that accountability is strengthened by focusing on measurable objectives and careful monitoring of them.

The work of the Scrutiny and Review Panels has been an incredible achievement given that the time to scrutinise the Government Plan 2020-2021 was shortened to 9 weeks (from 15 last year), particularly given the backdrop of Covid-19 restrictions. The Government Plan Review Panel wish to thank the Scrutiny Panels, the Efficiencies Review Panel and their supporting officers, for their diligence.

Senator Kristina Moore
Chair, Government Plan Review Panel

Section 2 – Executive Summary

Purpose of this Report

This section outlines the methodology and work undertaken by the Government Plan Review Panel and that of the Scrutiny Panels in reviewing the Government Plan 2021-2024.

Government Plan Review Panel

The Government Plan Review Panel was formed to coordinate the scrutiny of the Government Plan. It is responsible for the distribution of work to other Panels to ensure that all projects in the Government Plan 2021- 2024, including allocating cross-cutting Sections/projects of the Government Plan to the standing Scrutiny Panels and Review Panels, based on a 'best fit' approach[1], and to ensure that any proposed amendments to be lodged by them are consistent with the requirements of the Public Finances (Jersey) Law 2019.[2]

The Government Plan Review Panel has concentrated its efforts on undertaking an overarching review of the Government Plan 2021 – 2024 in order to determine whether, overall, funded projects meet ongoing initiatives, common themes and, ultimately, Common Strategic Priorities (CSPs), as well as to consider what potential impact the reduction, halting or deferral of projects might have on and the potential impact on Islanders and Island life.

The Government Plan Review Panel held 4 public hearings; two with the Minister of Treasury and Resources[3] and two with the Chief Minister[4], together with senior officers including the Chief Executive and Treasurer of the Exchequer.

The Government Plan 2021-2024

The Government Plan 2021-2024 revises and extends last year's Government Plan 2020-2023 which replaced the previous Medium Term Financial Plan, and details income and expenditure forecasts for the subsequent four financial years following States Assembly approval. The proposed Government Plan sets out the approach the Government of Jersey has taken in responding to Covid-19 and aligning its revenue and expenditure with the Common Strategic Policy priorities:

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

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[1] Projects will not directly align with Scrutiny Panels and most will involve multiple ministerial portfolios. Rather than split out projects into elements amongst various Panels, each project will be scrutinised in its entirety by a single Panel.

[2] Article 13(2) of the Public Finances (Jersey) Law 2019: A person, committee or panel who intends to propose an amendment to any element of a lodged government plan referred to in Article 9(2) must, in preparing the amendment, take into account the impact of the amendment on –
(a) the States' finances;
(b) the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey; and
(c) the sustainable well-being of the inhabitants of Jersey over successive generations

[3] Government Plan Review Panel Public Hearing with Minister for Treasury & Resources 19 October 2020 and Government Plan Review Panel Public Hearing with Minister for Treasury & Resources 23 November 2020

[4] Government Plan Review Panel Public Hearing with Chief Minister 16 October 2020 and Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020

5. Protect and value our environment.

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

The Government Plan Financial Annex has also been lodged which contains supporting information for the Government Plan 2021 – 2024.

The headline components of the Government Plan 2021-24 proposed in relation to financial management confirm:

- Borrowing up to £336 million in 2021 to cover the pandemic response[5];
- Higher expenditure than income until 2023 therefore running a budget deficit;
- Nearly £1.05 billion spend in 2021 on public services and infrastructure (by 2024, predicted to reduce to £967 million);
- £117 million to be spent on capital projects (buildings, infrastructure and IT systems) in 2021 (the 2020 budget was £91 million);
- £24 million spend on new projects in 2021; and
- Efficiencies of £20 million in 2021 (originally agreed as a separate Efficiencies Plan for 2020, but now merged into a Rebalancing programme and incorporated in the proposed Government Plan).

Methodology of Scrutiny and Review Panels

The Government Plan Review Panel has made several findings and recommendations that focus on overall Government Plan process from the perspective of Scrutiny and highlighted key areas of other Scrutiny Panels' work. Last year the Government Plan Review Panel released one voluminous report, with a section devoted to each Standing Scrutiny Panel (Corporate Services, Health and Social Security, Economic and International Affairs, Children, Education and Home Affairs, Environment, and Housing and Infrastructure) plus the Care of Children Review Panel.

This year, the Scrutiny Panels each released their own individual reports on the Government Plan 2021-2024, still taking enormous care to look at each new proposed project or review ongoing projects in their remit, in as much detail as possible with the information provided by Government.

The Government Plan Review Panel has been keen not to duplicate the work of the Scrutiny Panels' Reports which include:

- A review of the progress made on the projects of the previous Government Plan, including commentary on the impact of Covid-19;
- Commentary on Departmental Budgets and Efficiencies;
- Reports on the Actions, Business Cases for Additional Revenue Expenditure, and Business Cases for Capital Expenditure that were allocated to them by the Government Plan Review Panel;

[5] Table 4 of the Government Plan 2021-2024, p.119, includes the £50 million of fiscal stimulus fund agreed in 2020 under 2021, increasing total to £386 million

- Panel Comments; and,
- A summary of witnesses and evidence gathered by that Panel.

Each Scrutiny Panel agreed to use the common system devised last year to report on the status of each project:

This status means that the Panel has reviewed the background information on the project and is satisfied with it.

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

This status means that the Panel has reviewed this and is not satisfied or does not agree with the proposal. This may or may not lead to an amendment.

In addition, the Corporate Services Scrutiny Panel (CSSP) Review of the Government Plan and accompanying financial annex specifically monitors the policy initiatives led by the Chief Minister and the Minister for Treasury and Resources, whilst also reviewing the financial actions being proposed by Government.

The CSSP engaged CIPFA Business – Finance Advisory (the commercial arm of the Chartered Institute of Public Finance and Accountability) (CIPFA) to provide expert advice on the financial modelling of the Government Plan, and also commissioned a series of focus groups[6] in order to understand the views of members of the public to the Government Plan.

Efficiencies

The Efficiencies Review Panel will also shortly produce a separate report looking at the progress made on the Efficiencies Plan to date and the Government's proposed rebalancing programme incorporated in this year's revised Government Plan 2021-2024.

Scrutiny Panel Reviews of the Government Plan 2021-2024

Links to the Scrutiny Panel Reports on the Government Plan 2021-2024 are provided at Appendix 3. A list of, and links to, proposed amendments to the Government Plan proposition (P.130/2020) are also at Appendix 3 and full details can be found on the States Assembly website.

[6] The full methodology used and the report from 4insight in relation to the focus groups is published on the Scrutiny website, under the Corporate Services Scrutiny Panel's Government Plan 2021-2024 Review

Section 3 – Summary of Findings and Recommendations

Key Findings

FINDING 1

Greater cooperation from Government prior to the Plan being lodged would have allowed for a smoother scrutiny process.

FINDING 2

Scrutiny requires more time in future to undertake a thorough review of the Government Plan. This year the lodging period was 9 weeks, creating a near-impossible task. The availability of Ministers for hearings was inadequate and the time pressures put upon Scrutiny Panel members and officers was unacceptable.

FINDING 3

Some new programmes are enhancements of those agreed through the Government Plan 2020-23, increasing the funding requested to achieve existing objectives.

FINDING 4

The Government Plan's formatting was at times inconsistent and some tables were erroneous, or had inconsistent and disparately labelled numeric displays, making navigation, interpretation and comparative analysis of the information in the Plan unnecessarily challenging.

FINDING 5

It was unclear how progress on achieving the Common Strategic Priorities was measured, or how often or by whom, and how Ministers held the officers to account in terms of their performance against those measures.

FINDING 6

The Government Plan does not align to the Common Strategic Priority of 'Put Children First.' This is exemplified by its reduction in budgets which help children and young people.

FINDING 7

The Government Plan does not adequately align to the Common Strategic Priority of 'Improving Islanders' Wellbeing'. Jersey has an opportunity to consider innovations such as outcomes-based contracting, impact bonds and social impact investing to deliver upon these commitments.

FINDING 8

The intended level of borrowing is too high risk and 'one-dimensional'. The Government has relied too heavily on the fact that borrowing rates are currently good without looking at ways to reduce the cost of borrowing.

FINDING 9

The Government has dismissed too readily the idea of issuing a community bond to reduce the level of borrowing.

FINDING 10

Approximately £28 million of assets had already been provisionally earmarked for disposal, however not as part of a 'joined-up approach' to the States assets, given that there would be many competing demands on sites which would need to be managed and prioritised carefully.

FINDING 11

The Government Plan does not adequately align to the Common Strategic Priority of 'Reducing Income Inequality and Improve Standard of Living' This is exemplified by its reduction in the related budget.

FINDING 12

The Government Plan does not adequately align to the Common Strategic Priority of 'Protect our Environment' as demonstrated by its reduction in the related budget.

FINDING 13

The 'Modernising Government' category, accounts for a spend in excess of £60 million to be delivered by 2024 and within this grouping are a number of disparate projects. The Government does not make clear how the current pandemic will affect the pace of implementation or the more significant structural and process change and the Review Panel is unclear about appropriate training programmes for the over-21s.

FINDING 14

The information on which to drive efficiency measures is impossible to separate from rebalancing measures to offset Covid-19, and impossible to track.

FINDING 15

The communications budget is disproportionate to the other budgets which have been reduced, despite the latter budgets being more aligned to Islanders' priorities. Too much money is spent on Government 'reach' and not enough on commissioning surveys, collating high quality data or listening to Islanders' priorities.

Key Recommendations

RECOMMENDATION 1

The Council of Ministers should share information on the structure and presentation of the Government Plan at an earlier stage.

RECOMMENDATION 2

Consideration must be given to extending the time available to Scrutiny to properly scrutinise the Plan and its associated Proposition in 2021 beyond a 15-week period and Ministers must make themselves readily available for briefings and public hearings at short notice.

RECOMMENDATION 3

If a programme is unachievable due to budget constraints, or if its aspirations are enhanced, a new business case for that programme should be presented, as opposed to creating a new programme requiring further tracking.

RECOMMENDATION 4

Consideration must be given to clear presentation of tables and their contents and project codes should at all times be allocated in a consistent manner across documents.

RECOMMENDATION 5

The Government should reconcile the Performance Framework, Government Plan and the 6-month Progress Report more directly with Common Strategic Priorities and demonstrate measurable progress against them.

RECOMMENDATION 6

The Government should halt any efficiencies which negatively impact on children and young people.

RECOMMENDATION 7

The Government should halt any efficiencies which negatively impact on vulnerable and disadvantaged groups and develop its final approach to a sustainable wellbeing impact assessment as a matter of urgency.

RECOMMENDATION 8

The Government should commit to seeking to reduce the level by combining borrowing with other strategies. This includes creating the conditions for local investment in a community bonds programme and making appropriate use of the considerable assets of the States of Jersey by realising their value, or at least taking urgent steps to identify assets that can be repurposed to better suit the needs of Islanders, and/or disposing of unnecessary assets, all the while vigilantly tracking borrowing rates and reporting back regularly.

RECOMMENDATION 9

The Government should commit to exploring the option of developing a community bond to help reduce the level of borrowing.

RECOMMENDATION 10

The Government should commit to delivering asset and estate strategies as a matter of urgency in order to deliver ways to reduce the level of borrowing.

RECOMMENDATION 11

The Government should halt any efficiencies which negatively impact vulnerable and disadvantaged groups and should consider options such as living wage, outcomes-based contracting, impact bonds and social impact investing to deliver upon its commitment to the Common Strategic Priority of 'Reducing Income Inequality and Improve Standard of Living'.

RECOMMENDATION 12

The Government should halt any efficiencies which negatively impact the environment and reconsider the proposed 26% reduction of investment to 'Protect our Environment' in 2021 against the 2020 allocation, to deliver upon its commitment to this Common Strategic Priority.

RECOMMENDATION 13

The Government should make it easier to track, analyse and assess what the Covid impact has been on the workforce, both in the private and public sector, and improve opportunities for training and skills

RECOMMENDATION 14

Transparency is needed about how an efficiency is defined and how efficiencies are tracked and monitored for progress and their impact on society.

RECOMMENDATION 15

More attention should be given to commissioning and collating better quality and more frequent survey updates on a range of issues with less money spent on the Government 'reach'.

Section 4 – Review of the Government Plan 2021-2024

Background

The first Government Plan (2020-2023) replaced the Medium-Term Financial Plan in 2019 and included a definitive plan for the first succeeding financial year (2020). This year's Government Plan also details income and expenditure forecasts for the subsequent three financial years (2022-2024) and was produced with a separate Annex which provides supplementary tables, service level analysis by Department, additional revenue expenditure information, and details of the efficiencies made and Capital and Major Project Expenditure.

Details of the Plan include:

- Estimated income and expenditure of the Consolidated Fund
- Amounts to be internally transferred between States funds
- Any other proposed financing
- Government Actions and priorities, under Common Strategic Policy themes[7]
- Major new projects and their proposed costs
- Estimated income and expenditure from States trading operations to be paid into the States Trading Operations Fund
- Amounts to be appropriated from the Consolidated and States trading operations funds for the next financial year
- Estimated amounts in States funds at the start and finish of each financial year

Impact of Covid-19 on the Government Plan 2021-24

Following the Covid-19 pandemic outbreak in 2020, and the Government's subsequent response to it, the projected revenue and other financial forecasts were substantially altered during 2020.

Therefore, the second iteration of the Government Plan also includes a definitive plan for the first succeeding financial year (2021), comprising a 'recovery plan' and a 'rebalancing' (previously known as 'Efficiencies') programme.

The Government explained its position on the impact of Covid-19 and its response and recovery plan, in a series of private briefings to States members, the headline components of which are reproduced[8] below:

- After modest revenue measures proposed in this plan, the income impact of the pandemic has seen the forecast for general revenues for 2020-2023 fall by £395 million since the Government Plan 2020-2023 was approved;

- The expenditure impact of the pandemic over the period 2020-2024 including economic recovery and fiscal stimulus, is estimated at more than £400 million, with a further reserve of £40 million to cover the costs associated with dealing with potential further cases in the Island;

- The unexpected need for expenditure at these levels requires an exceptional funding solution, largely through borrowing for these time limited costs, retaining the flexibility and resilience to be able to respond to an uncertain future through Reserves.

[7] Common Strategic Policy
[8] From slides used in private briefings of 1st and 9th October 2020 by senior Treasury officers

Administration of Scrutiny

The Government Plan Review Panel has been keen not to duplicate the incredibly detailed and hard work of the Scrutiny Panels' Reports and instead, has focussed on overarching issues, including:

- Will the Government Plan meet the requirements of the Public Finances (Jersey) Law 2019?
- Will the Government Plan meet the Common Strategic Priorities?[9]
- How have the projects been prioritised in line with the 'halt, defer, reduce' policy of the Government and is expenditure appropriately apportioned to projects and departments?
- Does income balance with expenditure?

Reduced 'lodging' period

Part of the Government Plan Review Panel's role is to facilitate consistency of approach across standing Panels, including that any proposed amendments to be lodged are consistent with the requirements of the Public Finances (Jersey) Law 2019.[10] This new Government Plan sees a reduced lodging period of 9 weeks. In order to fulfil its role in such a short timeframe, the Review Panel must have unrestricted access to documentation and other information that the Government used in compiling the Government Plan.

This is the second Government Plan and, as such, this is also the second time that a Government Plan has been scrutinised. While the Panel recognises that this is still a learning experience for both Government and Scrutiny, there are many areas in which greater cooperation and foresight by the Government could have created a smoother scrutiny process.

The Review Panel was informed in April 2020 that all preparations of the Government Plan had been halted as the financial implications of Covid-19 would need to be clearer before projects could be properly planned and costed.[11] It soon became evident that the Government would be unable to meet the initially anticipated timescale for production of the plan and that a condensed formation period would be required. As such the Government requested a shortened lodging period for the Government Plan through P.72/2020 which was agreed by the States Assembly. A Memorandum of Understanding between the Panel and the Government was formed detailing liaison and engagement commitments.[12]

The Panel found it somewhat unfortunate that the Government chose to lodge the Government Plan 2021-2024 only 9 weeks before the States debate, giving Scrutiny even less time to

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[9] At the time of finalising this report, and after several Scrutiny Panel amendments described in this report had been lodged *au Greffe,* the Council of Ministers lodged several last-minute amendments of its own, to reinstate funding for the Public Ombudsman, Jersey Premium, care-leavers, the refurbishment of Elizabeth Castle and so on. We welcome these amendments for recognising that the stated intention in the Government Plan to reduce or otherwise diminish the funding in these areas was contrary to the previously States-approved Common Strategic Priorities.

[10] Article 13(2) of the Public Finances (Jersey) Law 2019: A person, committee or panel who intends to propose an amendment to any element of a lodged government plan referred to in Article 9(2) must, in preparing the amendment, take into account the impact of the amendment on –

(a) the States' finances;

(b) the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey; and

(c) the sustainable well-being of the inhabitants of Jersey over successive generations.

[11] Approved Panel Minutes - Government Plan Review Panel - 2020

[12] R.29/2020

scrutinise than last year (15 weeks). More time would have allowed better planning for the review process by each Scrutiny Panel and a better understanding of the information that would be required for the review. Furthermore, there were delays in provision of information and scheduling of public hearings, and cancellation of Ministerial briefings despite the Memorandum of Understanding[13] agreed between the Government and Scrutiny to facilitate a smooth process. Although the officers on the Government side were outstanding in their helpfulness and efficacy, unfortunate delays, such as the draft report only being received after 9pm on the 28th September 2020 despite a prior agreed time, exacerbated the pressures that Scrutiny was under.[14]

It was asserted prior to the Plan being lodged that Scrutiny would have plenty of time to undertake its examination concurrently as draft documents and information of Government consultation undertaken would be provided. Parallel review would also be possible in a private manner. However, given the delays noted above, the sheer size of the undertaking, and the 9-week lodging period, this was not always possible. Sadly, the lacking provision of information prior to lodging has led to difficulty engaging with stakeholders due to confidentiality concerns by the Government. Earlier identification of key concerns could have led to more thorough questioning at the very start of the lodging period.

FINDING 1

Greater cooperation from Government prior to the Plan being lodged would have allowed for a smoother scrutiny process.

RECOMMENDATION 1

Government should keep Scrutiny in the loop on how the Government Plan will be presented and share information at an earlier stage.

The length of time required for proper scrutiny of the Plan, combined with the proximity of the debate to the end of the session (it is due for debate on 14th December, the last sitting of 2020), together with the fact that there are over 20 proposed amendments, are strong indicators that the Assembly will not have enough time to properly consider the Plan and its associated Proposition, without feeling undue pressure to approve it. The availability of Ministers for hearings was inadequate and the time pressures put upon Scrutiny Panel members and officers was unacceptable.

FINDING 2

Scrutiny requires more time in future to undertake a thorough review of the Government Plan. This year the lodging period was 9 weeks, creating a near-impossible task. The availability of Ministers for hearings was inadequate and the time pressures put upon Scrutiny Panel members and officers was unacceptable.

RECOMMENDATION 2

Consideration must be given to extending the time available to Scrutiny to properly scrutinise the Plan and its associated Proposition in 2021 beyond a 15-week period and Ministers must make themselves readily available for briefings and public hearings at short notice.

[13] R.29/2020

[14] Examples include: Environment, Housing and Infrastructure Panel having to chase for clarification of departments' individual budget, delays in organisation of public hearings, missing of letter reply deadlines, not supplying a definitive list of stakeholders that the Government had engaged with in preparation of the Plan.

Tracking existing programmes/projects

The Panel has been informed by Scrutiny Members that the new programmes they have been reviewing are, at times, strikingly similar in business case and objectives to continuing programmes which established funding through the Government Plan 2020-23. It is understandable that aspirations of a programme may be enhanced, or further funding be required if absolutely necessary due to unforeseen implementation costs, however creation of a separate programme to meet this funding requirement should not take place. The Panel is concerned that doing so will result in poorer tracking of success and overall costs of Government actions.

FINDING 3

Some new programmes are enhancements of those agreed through the Government Plan 2020-23, increasing the funding requested to achieve existing objectives.

RECOMMENDATION 3

If a programme is unachievable due to budget constraints, or if its aspirations are enhanced, a new business case for that programme should be presented, as opposed to creating a new programme requiring further tracking.

Layout

Concerns were raised to the Panel by Members regarding various simple issues that could be improved to allow for easier navigation and interpretation of the Government Plan. It is reasonable that many officers will be collaborating to write the document, however consistency is needed. Examples of inconsistent or missing reference codes,[15] or inconsistent project names make navigation of documents, as well as cross referencing within the 6-month report or previous Government Plan, unnecessarily challenging.

The Government Plan by necessity incorporates many financial tables. Table style and layout could also be improved to allow for easier navigation and interpretation, for example, the simple inclusion of row lines would aid in differentiation of costs.[16] The Panel has also noted variations of figures given, for example the 2021 allocation to the Office of the Chief Executive (OCE) is stated at £41,316,000 in table 8 of the annex,[17] but £9,233,000 in table 10 of the Government Plan due to the allocation to Financial Services and Digital being separated,[18] even though this business unit remains within OCE.[19] Another example of difficulty in interpreting the information is the use of full numbers in rebalancing and efficiency measures,[20] compared to 000's in expenditure tables.[21]

[15] Annex: OI4-C-01 or OI4-01, OI3-15 or OI3 15
[16] Annex p.45
[17] Annex p.12
[18] Government Plan 2021-24 p.130
[19] One-Government-Structure-Diagram-18-Sep
[20] Government P.96
[21] At the 'fact-checking' stage of this report, we are advised by Government officers that the difference in OCE figures is explained on p.129 of the Government Plan 2021-2024: 'A distinction must be made between heads of expenditure and departmental expenditure' (by email 9.12.2020) – the Review Panel accepts these are 'presentation' issues rather than errors.

Comparative data

The Panel also questions the non-inclusion of comparative allocations and budgets approved in the Government Plan 2020-23.[22] It is acknowledged that Scrutiny was informed that the information could be viewed by revisiting the previous plan or the six-month report. However, this should not be expected, especially considering members of the public may be reading and have difficulty in locating other documents.

FINDING 4

The Government Plan's formatting was at times inconsistent and some tables were erroneous, or had inconsistent and disparately labelled numeric displays, making navigation, interpretation and comparative analysis of the information in the Plan unnecessarily challenging.

RECOMMENDATION 4

Consideration must be given to clear presentation of tables and their contents and project codes should at all times be allocated in a consistent manner across documents.

[22] Letter - Chief Minister to Government Plan Review Panel re Further Questions - 26 November 2020

Section 5 – Common Strategic Policy

Prioritisation of Core Principles

As mentioned earlier in this report, the Government Plan Review Panel was careful not to duplicate the work of the Scrutiny Panels (and Efficiencies Review Panel), but did want to focus on overarching areas of concern and highlight particular aspects of the Government Plan 2021-2024 which do not appear to align with the 5 Common Strategic Priorities[23] (CSPs):

Common Strategic Priorities

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

The Review Panel was pleased to note that the proposed spending described in the Government Plan included an additional £41 million investment into the delivery of the CSPs, including a proposed 37% increase in the budget for 'Creating a Sustainable, Vibrant Economy' and a 33% increase in the Improving Islanders' Wellbeing' in 2021. However, it was concerned to note that there was a proposed drop of 15% of investment allocation (between 2020 to 2021) to reduce inequality, and a proposed 26% reduction of investment to 'Protect our Environment' in 2021 against the 2020 allocation.[24]

Sustainable Wellbeing

Last year, on scrutinising the first Government Plan, the Review Panel noted that part 9 (9) of the Public Finances (Jersey) Law 2019[25] states:

The Council of Ministers must –

(a) in preparing the Government Plan, take into account the sustainable well-being (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations; and

(b) set out in the government plan how the proposals in the plan take that sustainable well-being into account.

The Review Panel's expectation had been that this would be achieved through explicit mention of how initiatives take sustainable well-being into account, with specific measures in place relating to this. At its first public hearing with the Minister for Treasury and Resources[26] in October 2020, the Review Panel sought to understand how the Government had monitored and take into account sustainable wellbeing and the societal impact of the Government Plan in line with CSPs:

[23] 5 Common Strategic Priorities, as set out in the Common Strategic Policy 2018-2022 document: Put Children First, Improve Islanders' wellbeing, create a sustainable and vibrant economy, Reduce income inequality and improve standard of living, Protect and value our environment.
[24] Corporate Services Scrutiny Panel Review of Government Plan 2021-2024, December 2020
[25] Public Finances (Jersey) Law 2019
[26] Government Plan Review Panel Public Hearing with Minister for Treasury & Resources 19 October 2020

Senator K.L. Moore:
I listed initially a list of the measures such as sustainable well-being, which the Assembly committed to, but also that societal, cultural, environmental impacts as well. In the main body of the Government Plan there are these lists of what we will measure but they do not have any measures against them because they are to be found elsewhere …

Treasurer of the States:
… You are right. The measures are set out in the document against each of the common strategic policies and they are and will continue to be measured through the Jersey Performance Framework, which as you have said is published on the gov.je site. So that is how Ministers set out are they going to be accountable of the long run in terms of achieving the outcomes that are inherent in each of the common strategic policies, as opposed to recording performance in a Government Plan. So that is, the performance is covered elsewhere.

Senator K.L. Moore:
How often do individual Ministers and the Council of Ministers collectively look at that data that has been collected and consider whether you feel that you are achieving what you set out to achieve and how performance is progressing?

The Minister for Treasury and Resources:
It is part of every Council of Ministers' meetings. It is part of the agenda to ascertain how well we are dealing with the current situation, which of course has taken precedence over a lot of other things, it has to be said.

Senator K.L. Moore:
I have never noticed any such data being presented in the Council of Ministers' papers and obviously we do see them.

The Minister for Treasury and Resources:
It is discussed, it might not be necessarily on the agenda and as such minuted, but it is -

Senator K.L. Moore:
So how do they share that data with you? Obviously it is data driven, one would imagine …there are a variety of measures across all of the departments … are you just taking the word of the officer for granted when they tell you it is all fine or are you referring to a specific set of data?

The Minister for Treasury and Resources:
I would not say that any officer would say it was all fine. It is obviously during the conversation that we have at the Council of Ministers, which happens quite a lot, then there are adjustments and feed-in from all departments as to how progress is being made or not or where it could be better...

Senator K.L. Moore:
Against what data? I am just puzzled, and that is why I am looking to you to describe exactly what you are presenting because we have seen no evidence of those figures being presented to the Council of Ministers on a regular basis. I am just wanting to understand how that is presented to you and how you feel you are holding your officers to account in terms of achieving what you set out to achieve?

The Minister for Treasury and Resources:
It is a difficult question to answer because everything changes by the week. It may well be that the schools or Education take a different view of when children should go back to school and for how long and into what bubbles.

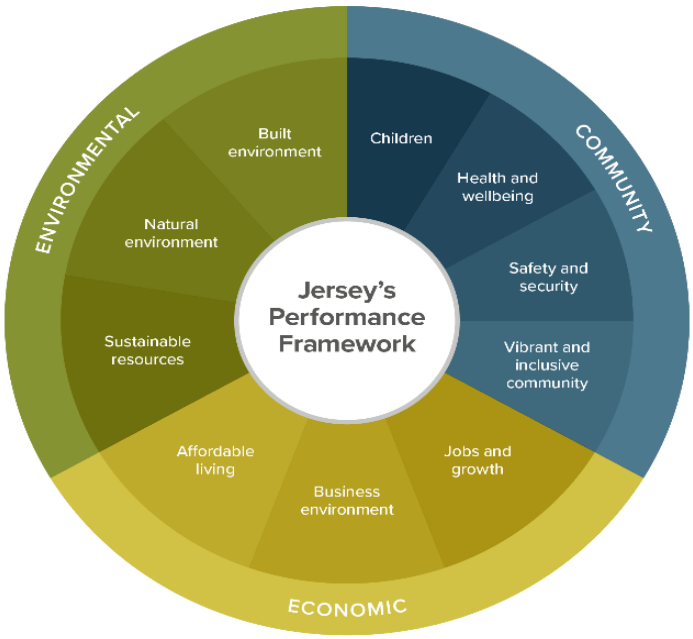
Senator K.L. Moore:
But we are talking about measurable items that you set out in the Government Plan, that you are going to measure sustainable well-being. Examples of the Island outcomes is priority, aims to address further so there are a set of measures here in relation to education. You turn to another page of measures and that will provide a specific set of measures, and so I am just asking: are you presented with a dashboard this is how we are doing in comparison with last week, if that is how regularly you are all checking in on your achievements?

The Minister for Treasury and Resources:
Not a set of measures as such but, as I say, from the feed-in from the officers from the various departments then we can set what we need to do to change something if it is not working.

The Review Panel found the above exchange to be unhelpful and unsatisfactory. The Minister for Treasury and Resources also directed the Review Panel to the 6-month Progress Review of the Government Plan 2020-2023:

The Minister for Treasury and Resources:
In terms of projects, in terms of specific measures identified in the Government Plan as opposed to the longer-term outcomes, to which you are talking to, of course much of that was included within the 6-monthly report. I am sure that was not as perfect as everyone would like it to be but nevertheless it was in a 6-monthly report. In addition to which the financial performance of Government and States of Jersey was also in that half-yearly report.[27]

Performance Framework



Although the Review Panel was directed to the Performance Framework which is supposed to consist of objective metrics (measurable data and figures) and subjective metrics (measures of how people think and feel) the Review Panel noted with some frustration that this lacked a lot of baseline data, against which to measure success or failure.

It also noted that the Performance Framework, although referenced in the Government Plan was difficult to reconcile directly with Common Strategic Priorities and held in a separate place on the gov.je website to both the CSPs and the Government Plan.

[27] Government Plan Review Panel Public Hearing with Minister for Treasury & Resources 19 October 2020

The Review Panel pressed the Minister for Treasury and Resources for clarity on progress against the Performance Framework:[28]

> **Senator K.L. Moore:**
> *What is puzzling me is that the Minister cannot recall when she last looked at it, thought about it, asked (the Treasurer) about it. That is a key part of your job, holding your officers to account and checking that they are achieving what they set out to achieve.*
>
> **The Minister for Treasury and Resources:**
> *It is not a matter of not being able to recall. It is a matter that it is so consistently changing that it is very difficult to ...*
>
> **Senator K.L. Moore:**
> *But these measures in here are not consistently changing, Minister. They are measures that you agreed in last year's Government Plan.*
>
> **The Minister for Treasury and Resources:**
> *Circumstances are changing all the time.*
>
> **Senator K.L. Moore:**
> *But still, does that mean that you disregarded the measures that you set out in last year's Government Plan? Is there any value to having these measures here?*
>
> **Deputy K.F. Morel:**
> *Minister, have you ever looked at the Jersey Performance Framework as it is presented online in gov.je? … The Senator is asking you about the overall high-level statistics and the trends and how often you are informed of those trends, with regard to the well-being of Islanders.*
>
> **Senator K.L. Moore:**
> *… I think why we are interested in this line of questioning is the measures are set out in the Government Plan for a reason. One assumes that the Government wishes to measure those and improve their performance over the year. Therefore we are wanting to understand how that assessment continues throughout the year among Ministers and how they independently hold the relevant officers to account and ensure that they are achieving what is set out in this Government Plan, otherwise it is not really worth the paper it is written on.*

The Review Panel also asked the Chief Minister[29] how he had aligned the Government Plan with Common Strategic Priorities:

> **Deputy M.R. Le Hegarat:**
> *A major problem in using the performance framework is the lack of or the use of outdated baseline data against which to measure access or failure of any given project. How are you improving that?*
>
> **The Chief Minister:**
> *The 2 points are obviously the performance framework only came in at the beginning of this year and … Covid has had an impact. The next position is the performance measures for services, which is due now to come live in Quarter 1 next year and, hopefully, that means the performance framework as a whole will be in place … We*

[28] Government Plan Review Panel Public Hearing with Minister for Treasury & Resources 19 October 2020
[29] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020

know that over time their data will fill all the measures through, that is also predicated by the frequency of Statistics Jersey bringing it out.

Deputy M.R. Le Hegarat:
What impact has the performance framework had on the design of the departmental budgets?

Director General, Strategic Policy, Planning and Performance:
Yes, so the departmental operational business plans for 2021 that are currently under development have both links to the wellbeing outcomes, as they relate back to the Government Plan. But also they have within them their own service performance measures and so once those plans have been finalised and published then it will be a lot clearer for Members to see the very strong link produced between the expenditure within the departments and the service measures in the outcomes that they are contributing towards achieving.

Deputy M.R. Le Hegarat:
Did the performance framework have any influence on which departments should receive priority funding?

Director General, Strategic Policy, Planning and Performance:
… The Jersey Performance Framework linked to the Island well-being outcome indicators obviously has a strong influence on the Common Strategic Policy, which the Assembly decided upon. Then that Common Strategic Policy obviously has an effect upon other prioritisation within the Government Plan in terms of expenditure and such like. It tends to work that the performance framework influences the Common Strategic Policy and the Common Strategic Policy priorities agreed by the Assembly then impact upon the spending prioritisation within Government Plans.

Deputy M.R. Le Hegarat:
(So) how are K.P.I.s (key performance indicators) prioritised so they do not favour one department over another?

Director General, Strategic Policy, Planning and Performance:
At the top level the Island outcome indicators are simply a broad reflection of Island life, so they cover the environment, the community, the economy and so there is no attempt to say that one is more important than another. At the level of public service performance measures, obviously what is happening is that we are measuring the performance of those services. We are measuring how much of a service we did, how well we did it and what difference it made to the people that use the service

Deputy M.R. Le Hegarat:
Obviously sometimes performance indicators or matrix can be used against the people they are trying to help. As an example of this, in education performance targets are often used against the teachers to the detriment of teaching children. How do you mitigate that factor?

Director General, Strategic Policy, Planning and Performance:
Yes, that is a very good question. I think there are plenty of examples from elsewhere in the British Isles where other governments have set performance objectives for, say, the health service that have then resulted in perverse incentives being created which have not led to the outcomes that are desired. People have been working to the measure and not to what the public service is trying to achieve for Islanders. … I think the key to getting this right is the linkages between the top of the Jersey performance framework, so the outcomes that people are trying to achieve to improve the

> *sustainable well-being of Islanders and then the service performance measures that contribute. The ability to show how the service performance measure is measuring the right thing, is done through showing how the achievement of that service is contributing towards the strategic aim.*

The Government Plan Review Panel was mindful that last year, on scrutinising the first iteration of the Government Plan, that the Review Panel was of the opinion that a more robust performance framework should have been included within the Plan, rather than being developed in January 2020.[30] Without this, the Actions within the Plan were not focussed or measurable and could not be adequately costed. This meant that Scrutiny was being asked to review these Actions without the full set of information it required to do so.

This year the Review Panel had to conclude that the Performance Framework was still not fit for purpose. Although it understands some data collection would have been delayed due to the impact of the pandemic, the Review Panel is firmly of the belief that a key component in delivering a Government Plan that is achievable for, and trusted by, Islanders, is demonstrating how progress is being measured. It notes that even though the Performance Framework[31] is now in place, which seeks to show how Jersey is doing 'on the journey to achieving sustainable wellbeing' it lacks sufficient data to be utilised properly.

This view accords with the Chief Economist at CIPFA, who stated:

> *In addressing the CSP Priorities, a more thorough appraisal of existing data can help the Jersey government direct funds where inequalities are the greatest. Outcomes relating to education, health, housing and income are highly correlated with an individual's personal background yet many of these indicators are either absent in surveys such as the JOLS or not reported in a useful way in the official statistics (e.g. "place of birth" in the national census). By improving the kinds of statistics that are collected, particularly along the dimensions of race and ethnicity, Jersey can enable the framework for a fairer society that would enhance resident well-being.'*[32]

The Review Panel considers that the collation of sufficient and reliable data enables rigorous and proper analysis, objective evaluation and better measurement of effectiveness of future programmes, and consequently drives better decision making. The Review Panel remains unclear as to how progress on the Government Plan objectives and projects is measured, how often and by whom, and how Ministers hold the officers to account in terms of their performance against those measures.

FINDING 5

The Government Plan lacks sufficient reliable data. The Review Panel remains unclear how progress on achieving the Common Strategic Priorities is measured, how often and by whom, and how Ministers hold the officers to account in terms of their performance against those measures.

RECOMMENDATION 5

The Government should reconcile the Performance Framework, Government Plan and the 6-month Progress Report more directly with Common Strategic Priorities and demonstrate measurable progress against them.

[30] Government Plan – How we will measure progress
[31] Performance Framework
[32] Jeffrey Matsu, Chief Economist, CIPFA – Report on Jersey Government Plan 2021-24 Covid-19 Recovery Planning Response – commissioned by the EIA Scrutiny Panel, November 2020

The remainder of this report highlights particular aspects of the Government Plan 2021-2024 which do not appear to align with the 5 Common Strategic Priorities[33] or common themes previously agreed[34], and references 20 of the 21 proposed amendments lodged by Scrutiny Panels or by individual Assembly members, which seek to improve the Government Plan by aligning it more clearly with those priorities.

[33] 5 Common Strategic Priorities, as set out in the Common Strategic Policy 2018-2022 document: Put Children First, Improve Islanders' wellbeing, create a sustainable and vibrant economy, Reduce income inequality and improve standard of living, Protect and value our environment.
[34] Common Strategic Policy document 2018-2022, published October 2018

Section 6 – Put Children First

Put Children First

The Government Plan 2021-2024 restates its commitment to this priority, by protecting and supporting children, improving their educational outcomes and by involving and engaging children in decisions that affect their lives. The Review Panel has taken care not to duplicate the excellent work of the Children, Education and Home Affairs Panel (CEHA)[35] but highlights some key areas below, to demonstrate that the Government could improve the Government Plan by aligning it more closely to this Common Strategic Priority.

Amendment 2	Children, Education & Home Affairs Panel	Increased funding for the Jersey Premium (funding programme for schools and colleges)

The Jersey Premium is a targeted funding scheme which provides funding to schools in order to offer support to children and young people who fall within specific criteria (including those in care, in families on income support and those who would qualify for income support if they had lived in the Island for more than 5 years). The CEHA Panel has found that the funding for this work is due to be reduced by £159,000 in 2021 as part of the rebalancing programme. The CEHA Panel expressed concern about this reduction given the abundance of evidence highlighting the impact of the Covid-19 pandemic on learning and attainment for vulnerable children. It has therefore brought an amendment[36] to retain the additional £159,000 for 2021 and subsequent years in order that it can be used to address any additional needs which may arise as a result of the pandemic[37].

Amendment 3	Children, Education & Home Affairs Panel	Reinstate the budget for care leavers

The Care Leavers' offer was launched in February 2020 as part of the Government's commitment to supporting care leavers with access to services and funding in line with its approach to Corporate Parenting. As part of the efficiencies programme, the CEHA Panel found that, due to a low uptake in the service at this stage, it had been proposed that the funding for the care leavers offer be reduced by £100,000 in 2021.

Minister for Children and Housing	CYPES	Review and realign the budget for care leavers with demand. Note there will be no reduction to the service	Recurring	Spend Reduction	100,000

The Review Panel notes that the above efficiency saving (related to helping care leavers source somewhere to live after being in care) received significant feedback from Jersey Cares and heartfelt comments were received by the CEHA Panel from young people with experience of care in relation to the proposed savings:

[35] Scrutiny Review of the Government Plan 2021-2024, CEHA 1 December 2020
[36] Government Plan 2021–2024 (P.130/2020): second amendment [P.130-2020 Amd.(2)]
[37] CEHA Review of Government Plan 2021-2024, published 1 December 2020

> *"I feel it is another example of the Government going 'well you are not that important, not as important as other budgets, or other things because we can reduce this by a huge amount. Goes into how they already feel about us anyway'".*
>
> *"What you are doing ensures that care leavers like I contribute to the ugly statistics of failure among Care Experienced young people, you are helping to add to the stigma that we all apparently try to fight." – Young care leaver trying to secure a home before the new academic year.*[38]

Further feedback from Jersey Cares as an advocacy service was also raised in relation to the Care Leavers offer and how it was being promoted both to professionals and to care leavers themselves:

> *A considerable amount of our advocacy work has been supporting 'care leavers' to understand what they can access and how to do it. This has been exceedingly difficult. We sought clarity about whether or not the Offer had an implementation plan, as a wide range of relevant professionals were unaware of it, unsure of its contents and told us that they were not able to access what it offered.*[39]

The Review Panel was dismayed to note that when the CEHA Panel questioned the (former) Minister for Children and Housing whether there had been any consultation with care leavers or looked after children in relation to the proposed savings from the scheme, he could not confirm whether this had taken place[40], however, he did explain that whilst the savings appeared to be a drastic change, it did only amount to a small part of the overall offer to care leavers.[41]

It was suggested in the submission from Brightly that instead of reducing the level of funding, the £100,000 would be better used to provide private mental health appointments for care leavers and mental health support for young people in other ways.[42] The Review Panel agrees but notes that the CEHA Panel were informed that the Department had outstanding efficiency saving requirements from 2020 that would need to be met in 2021:

> **Director General, Children, Young People, Education and Skills:**
>
> *That would have been one outcome … but we have an outstanding efficiency target to meet from 2020, which, as you know, we have not met by delivering those efficiencies in full and therefore have had to find other ways of doing that. Going into 2021, we now have the challenge of making those efficiencies recurrent and therefore the approach that has been taken by the Council of Ministers, and therefore with civil servants, is that we need to meet our efficiency savings in order to balance the Government's books, rather than recycle those efficiencies into further investment.*[43]

The Review Panel shares the concerns of the CEHA Panel that the approach adopted through this particular efficiency appears to overlook the concerns and issues that have been raised directly by service users. There is also concern that the whilst demand may be currently low, there is evidence to suggest this may be due to the lack of promotion of the service.

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[38] Submission – Jersey Cares
[39] Submission – Jersey Cares
[40] Transcript – Minister for Children and Housing – 30th October 2020 p.29
[41] Transcript – Minister for Children and Housing – 30th October 2020 p.29
[42] Submission – Brightly
[43] Transcript – Minister for Children and Housing – 30th October 2020 p.30

The Review Panel is mindful of the Chief Economist at CIPFA, warning:[44]

> *Wider inequalities across age, gender and race will warrant more robust policy frameworks in Jersey as well. While young people may be less susceptible to the Covid-19 virus, they have shouldered the weight of job losses and reduced job prospects, not to mention disruptions in their education and the prospect of higher taxes that will endure for years to come. According to the Jersey Opinion and Lifestyle Survey[45] (JOLS), 43% of respondents under the age of 35 reported high levels of anxiety or stress since the start of the pandemic – more than double the average rate of cohorts aged 55 and over.*

The Review Panel notes that whilst the amounts of these efficiency savings might represent a relatively small sum, they should be weighed against the enormous negative impact such a saving can make on the already disadvantaged Islanders. It agrees with the CEHA Panel's recommendation that the Minister for Children and Housing should not take forward the proposed rebalancing initiative in relation to the Care Leavers Offer and agrees with the proposed amendment[46] that the Government should seek to make the efficiency saving from within other budgets.

At the time of finalising this report, and after the two above amendments had been lodged *au Greffe,* the Council of Ministers lodged its own last-minute amendments, to reinstate funding for the Jersey Premium, and Care-Leavers, amongst others. We welcome these amendments for recognising that the stated intention in the Government Plan to reduce or otherwise diminish the funding in these areas was contrary to the previously States-approved Common Strategic Priorities and we commend the CEHA Scrutiny Panel for bringing the anomalies to light.

Amendment 6	**Corporate Services Panel**	**Increase Child Care Tax Relief and Enhanced Child Care Tax Relief**

This amendment[47] was lodged to relieve the high cost of childcare in Jersey by increasing the childcare allowance for the first time since 2017, reducing the 2021 Estimate for Personal Income Tax by £240,000 and amending Child Care Tax Relief. The Corporate Services Scrutiny Panel considered these measures could provide help to families to meet the rising cost of living and reduce the negative financial impacts of Covid-19. Accordingly, the 2020 Allowance of £6,150 would increase by £123 in 2021 to £6,273 and the Enhanced Child Care Tax Relief of £16,000 would increase by £320 to £16,320.

Amendment 8	**Corporate Services Panel**	**Increase Child Tax Allowance and Additional Child Tax Allowance**

By prioritising an increase to the child tax allowance for the first time since 2011 at a cost to the Treasury of around £260,000, the Corporate Services Scrutiny Panel considered this amendment[48] proposing these measures could provide much-needed help to families.

[44] Jeffrey Matsu, Chief Economist, CIPFA – Report on Jersey Government Plan 2021-24 Covid-19 Recovery Planning Response - EIA November 2020
[45] Jersey Opinions & Lifestyle Survey Report, September 2020
[46] Government Plan 2021–2024 (P.130/2020): third amendment [P.130-2020 Amd.(3)]
[47] Government Plan 2021–2024 (P.130/2020): sixth amendment [P.130-2020 Amd.(6)]
[48] Government Plan 2021–2024 (P.130/2020): eighth amendment [P.130-2020 Amd.(8)]

Amendment 18	Deputy Robert Ward	Extension of the school meals pilot

The Review Panel commends the Scrutiny Members' Resource officers who aided Deputy Ward in undertaking the research for this amendment[49], which seeks funding from the Economic Recovery Programme to allow for the extension of the school meals pilot to all fully state-funded primary schools. The Economic Recovery Programme has £15.5 million set aside in 2021 with £12 million in 2022 and 2023. It is therefore suggested that costings for this initiative are set at 46% of the approximately 1595 eligible children, which is £573,717 per year. The Review Panel notes that the current contract is held by a local company and any future tender is likely to be won by a local company. The expansion of the programme will provide long term, sustainable employment with significant positive social impact and help with the transition to a post pandemic new normal.

Amendment 20	Deputy Mike Higgins	Fund search for Sea Cadets HQ

The Review Panel notes that the Sea Cadets have been housed in sub-standard and temporary accommodation since at least the early 1980s. Despite repeated assurances by the Assembly that adequate and permanent accommodation would be found, this has yet to happen. The Review Panel concurs with Deputy Higgins' concern that the unit, whilst temporarily housed in the old Rouge Bouillon Police Station, would have to seek alternative accommodation yet again when the site is developed for housing or an extension to Rouge Bouillon school, or for some other use. These concerns are exacerbated by the knowledge that the Government has failed to produce a cohesive Estate Management Strategy in place, leaving Education, Health and other departments competing for allocation of buildings, land and funds. The Review Panel notes the purpose of this amendment[50] is to transfer £1 million pounds from the Home Affairs budget to the Sea Cadets to enable a search for a new site to commence immediately, for architectural drawings to be drafted and to commence construction of a dedicated sea cadet unit without delay.

Recommendation	CEHA	Pause rebalancing measure on therapeutic unit

The Children, Education and Home Affairs Scrutiny Panel (CEHA) expressed concerns over the proposed change to a pop-up therapeutic unit for young people in residential care with complex needs rather than a full-time unit.[51] The decision to make this change came from a needs assessment which had not yet been completed. Concerns were raised by key stakeholders about the rationale for this change, the independence of it and whether consultation with young people has taken place. The Review Panel agrees with the recommendation of the CEHA Panel that the Minister for Children and Housing should pause the rebalancing measure until the needs' assessment is fully completed a full consultation has taken place with key stakeholders.

The Review Panel concluded that there are areas in the Government Plan which do not align closely enough to this vitally important Common Strategic Priority. It considers that protecting and supporting children and improving their lives is more important than ever if Islanders are to recover from the impacts of the pandemic. It recommends that the Government should

[49] Government Plan 2021–2024 (P.130/2020): eighteenth amendment [P.130-2020 Amd.(18)]
[50] Government Plan 2021–2024 (P.130/2020): twentieth amendment [P.130-2020 Amd.(20)]
[51] CEHA Review of Government Plan 2021-2024, published December 2020

improve the Government Plan by aligning it more closely to this Common Strategic Priority and halt any efficiencies which negatively impact on children and young people.

FINDING 6

The Government Plan does not align to the Common Strategic Priority of 'Put Children First'. This is exemplified by its reduction in some budgets which help children and young people.

RECOMMENDATION 6

The Government should halt any efficiencies which negatively impact on children and young people.

Section 7 – Improve Islanders' Wellbeing

Improving Islanders' Wellbeing

The Government Plan 2021-2024 restates its commitment to this priority, by supporting Islanders to live healthier, active, longer lives, improving the quality of and access to mental health services and by putting patients, families and carers at the heart of Jersey's health and care system. The Review Panel has taken care not to duplicate the excellent work of the standing Scrutiny Review Panels, including Health and Social Security (HSSP)[52], and others but highlights some key areas below, to demonstrate that the Government could improve the Government Plan by aligning it more closely to this Common Strategic Priority.

Amendment 1	Children, Education & Home Affairs Panel	Do not defer Public Services Ombudsman

The Review Panel was concerned to note that the Government Plan 2021-2024 indicated that an efficiency had been identified by deferring the appointment of a Public Ombudsman. However, it was noted that no analysis has been completed. The Review Panel was concerned that the deferment would delay customer benefits and complaints handling, areas the Government had already been criticised for in the C&AG's Report on Handling Complaints.

The Review Panel noted that the recommendation for an Ombudsman came forward as a result of the Independent Jersey Care Inquiry and the need to provide an independent service to assist in the resolution of complaints against Government of Jersey departments. The Review Panel noted that the Efficiencies Review Panel had questioned the Chief Minister at its public hearing on 12th November 2020:

> **The Connétable of St. Peter:**
> *How does the continuing impositions of efficiencies fit with your promise to prioritise the health and well-being of Islanders? I will give an example of, for instance, deferring the appointment of the Public Ombudsman. You state: "No analysis has been completed." Surely these delays, customer benefits and complaint handling … you agree that Islanders need to be heard?*
>
> **The Chief Minister:**
> *… (we) had to make a decision between some of the things like investment that we need to do … What we have said on the Ombudsman, look, there are priorities, at the end of the day. …The intention is hopefully the States approve it during the time between and before the elections, so it is done and in, but the actual implementation just takes place later.*[53]

The CEHA Panel received significant evidence raising concern about this delay[54], both during its review of the Government Plan and within the Care of Children in Jersey Review Panel's review of Redress and Accountability Systems in Jersey[55]. The CEHA Panel has recommended that the Chief Minister brings forward the legislation to underpin the

[52] Health and Social Security Panel Scrutiny Review of the Government Plan 2021-2024, 27 November 2020
[53] Government Plan Efficiencies Review Panel Public Hearing with Chief Minister 12 November 2020
[54] Scrutiny Review of the Government Plan 2021-2024, CEHA 1 December 2020
[55] Care of Children in Jersey Review Panel: current review of Redress and Accountability Systems in Jersey, launched June 2020:https://statesassembly.gov.je/Scrutiny/Pages/Review.aspx?reviewid=349

Ombudsman for debate by quarter three 2021, with a view to implementing the office by 1st January 2022.

The Government Plan Review Panel agrees with the CEHA Panel's amendment[56] which would remove the planned efficiency saving in order to provide additional funding to progress the legislation at pace, and also provide funding to establish the Ombudsman's office in 2021 if that is achieved.

Amendment 11	Deputy Robert Ward	Fund Beresford Street Kitchen

This amendment[57] allows for the Head of Expenditure for Children, Young People, Education and Skills (CYPES) to be increased by £300,000 to help fund the annual running costs of Beresford Street Kitchen (BSK). The Review Panel notes that the Aspire Charitable Trust is a Jersey charity which aims to provide quality education, training and employment opportunities for people with learning disabilities and autism. It operates through its wholly-owned Jersey company Beresford Street Kitchen Limited, a multi-faceted social enterprise. As a social enterprise it generates considerable traded income (£350,000 per annum) however, due to the highly supported training environment, operating costs are significantly higher than comparable businesses. Since opening, it has been reliant on several major grants. With key funding coming to an end it is not possible to maintain the current level of fundraised income.

To continue operating on the current scale BSK requires £300,000 annually towards overhead costs. If funding is not secured, BSK's plans for expansion could not be achieved and they will potentially need to close operations which would have a significant detrimental effect on the wellbeing of many, not least the future generations of adults with learning disabilities and autism. The Review Panel wholeheartedly supports the amendment to the proposition and notes that this is yet again, an example of a relatively small amount of money having a significant impact on people's lives.

At the time of finalising this report, and after the two above amendments had been lodged *au Greffe,* the Council of Ministers lodged its own last-minute amendments, to reinstate funding for the Public Ombudsman and help fund the Beresford Street Kitchen, amongst others. We welcome these amendments for recognising that the stated intention in the Government Plan to reduce or otherwise diminish the funding in these areas was contrary to the previously States-approved Common Strategic Priorities and we commend the CEHA Scrutiny Panel and Deputy Ward for bringing the anomalies to light.

Amendment 9	Deputy Robert Ward	Introduce bus pass scheme for under 21's

The Review Panel agreed that this amendment[58] could have come under any of the CSP headings, as it would have a positive impact on the environment, children and young adults, and would improve many Islanders' lives. Monies from the Climate Emergency Fund would provide for the establishment from 1st April 2021 of a bus pass scheme for all people eligible to pay fares under the age of 21 (at a cost to the relevant individual of £20 per annum). If all Islanders under 21 years of age could have a £20 annual bus pass it would significantly reduce living costs for those starting out in their career, at the point in time when their salary is likely

[56] Government Plan 2021–2024 (P.130/2020): (first) amendment [P.130-2020 Amd.]
[57] Government Plan 2021–2024 (P.130/2020): eleventh amendment [P.130-2020 Amd.(11)]
[58] Government Plan 2021–2024 (P.130/2020): ninth amendment [P.130-2020 Amd.(9)]

to be relatively low. Free access to the bus network also means that young people will have easier access to existing Island amenities and future developments, such as the skate park at Les Quennevais, thus encouraging exercise and active lifestyles.

The Government Plan Review Panel notes that the Government Plan levies significant funds to LibertyBus totalling £3.75 million between 2021 to 2024 as detailed in the annex to Government Plan pages 37 and 38. There is an opportunity to include this project in this funding and any additional costs could be taken from future climate change funds.

Recommendation	HSSP	Recommence 'Care Needs at Home' project as soon as possible

Following initial planning of the 'Care Needs at Home' project, investigations with individual families had to be postponed due to the pandemic, and this project has now been deferred until 2021. £400,000 worth of funds that had been allocated to it for 2021 have now been identified as 'efficiencies'. The Chair of the Jersey Association of Carers confirmed to the Health and Social Security Panel (HSSP) that they had not been contacted, or consulted, about the Programme or the proposals, and that they were concerned about the burden put on carers this year and the impact this had had on their stress levels and mental health.[59]

Whilst the Health and Social Security Panel is content with the proposals that were contained within the business case for the 'Care Needs at Home' project last year, it concluded that until it knew the outcome of the pilot scheme (that has been deferred to 2021) it was unable to conclude whether the resources allocated for 2022-2024 were appropriate. It has recommended that the Minister for Health and Social Security ensures that the pilot scheme for the 'Care Needs at Home' project recommences as soon as considered appropriate and the current situation allows.[60] The Review Panel agrees and considers that until such time as there is proper data to support the deferral of the Care Needs at Home project, this is an efficiency that has an unacceptable negative impact on Islanders' wellbeing.

The Review Panel notes that their concerns align with opinions expressed by the Chief Economist of CIPFA, who wrote in his report[61] to the Economic and International Affairs Panel, that:

> *Performance measurement based on outcomes will be key to ensuring that stimulus-related projects deliver efficiency and value for money. Traditional cost benefit analyses in determining the allocation of public funding may prove insufficient to influencing the range of social and environmental challenges presented in the Government Plan's Common Strategic Policy (CSP) Priorities. Jersey has an opportunity to consider innovations such as outcomes- based contracting, impact bonds and social impact investing to deliver upon these commitments.*

The Review Panel considers that although the CIPFA advisor was referring to 'stimulus - related' projects, this is also true of any project. It concludes that there are small but significant ways to support Islanders to live healthier, active, longer lives by improving the quality of and access to mental health services and concluded that the Government should do more to ensure all areas in the Government Plan align closely to this vitally important Common Strategic Priority, which has now become more needed than ever, due to the effects of the pandemic. It recommends that the Government should halt any efficiencies which negatively

[59] Written Submission, Jersey Association of Carers
[60] Health and Social Security Panel Scrutiny Review of the Government Plan 2021-2024, 27 November 2020
[61] Jeffrey Matsu, Chief Economist, CIPFA – Report on Jersey Government Plan 2021-24 Covid-19 Recovery Planning Response - EIA November 2020

impact on Islanders' health and wellbeing and explore innovations such as outcomes-based contracting, impact bonds and social impact investing to deliver upon its commitments.

FINDING 7

The Government Plan does not adequately align to the Common Strategic Priority of 'Improving Islanders' Wellbeing'. Jersey has an opportunity to consider innovations such as outcomes-based contracting, impact bonds and social impact investing to deliver upon these commitments.

RECOMMENDATION 7

The Government should halt any efficiencies which negatively impact on vulnerable and disadvantaged groups and develop its final approach to a sustainable wellbeing impact assessment as a matter of urgency. The Government should also explore innovations such as outcomes-based contracting, impact bonds and social impact investing to deliver upon its commitments.

Section 8 – Creating a Sustainable, Vibrant Economy

Creating a Sustainable, Vibrant Economy

The Review Panel believes that central to creating a sustainable vibrant economy is to be financially prudent with tax-payers' money, especially when the global economy is volatile and unpredictable. The Government Plan 2021-2024 states that the economy will be stimulated and a skilled local workforce will be created by delivering an economic framework to, amongst other things, improve productivity and improve skills in the local workforce to reduce the Island's reliance on inward migration. With this in mind, the Review Panel noted the 'headline' borrowing strategy of the Government outlined in the Government Plan and in private briefings to States Members:

- Borrowing c.£336 million for 2021 (plus £50 million in 2020 for the Fiscal Stimulus Fund)
- Short-term borrowing to be used for 2021
- A commitment to the following measures to reduce the debt 'burden'
  - Return of unused and uncommitted capital spend from end 2020
  - Return of unspent Covid-19 allocations at the end of 2020
- Repayment of debt
  - Establish a 'sinking fund' for debt
  - Hypothecate (ringfence) property disposals
  - Hypothecate Receipts of PYB (prior-year basis tax revenue)
- Borrowing requirement contained by cancelling the supplementation transfer to Social Security Fund in 2020 to 2023 and using the Health Insurance Fund to fund the Jersey Care Model and the Digital Care Strategy.

The Review Panel was mindful of a submission received from the Chamber of Commerce[62]:

> *We have had the opportunity to review the Government Plan 2021-24 and though the aims would appear to be consistent we do have concerns (about): 1. Many of the intended projects lack detail to include an explanation of why the project is being funded, 2. The benefits of the spend, but more importantly, 3.The delivery date and specific costings.*[63]

Population

At a public hearing on 20th November 2020,[64] the Review Panel was keen to question the Chief Minister about the evidence base used for his decision-making. The Review Panel was concerned that the borrowing strategy had been predicated on an assumption[65] that the

[62] Jersey Chamber of Commerce submission to Scrutiny on Government Plan 2021-2024, 20 November 2020
[63] Numeric values added to aid clarity
[64] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020
[65] The Fiscal Policy Panel made a judgment that they would use population projections consistent with net migration of plus 700, i.e a population growth of 0.4 per cent per annum - Jersey's Fiscal Policy Panel Annual Report, October 2020

population of Jersey would grow by 2% per year although there was no agreed population strategy in place, and asked the Chief Minister to explain:

> **Deputy K.F. Morel:**
> *… Can you explain why you are relying on that maintenance of population growth in order to keep the economy going and why you are doing so without a population policy?*
>
> **The Chief Minister[66]:**
> *I will give you a high-level answer. I will deal with population policy first and then I will go back to the revenue projections … The population policy, as we know the main issue that came out of the Policy Development Board, and that is in front of the Assembly now for debate in 2 weeks' time … If you go back to when at one point the policy was 325 (people per year) … the average has been 700 and the reality in the last few years has been more than 1,000 (but in the last 3 years) … it has been coming down slightly by about 100 a year. The issue around a population policy was yes, we would have all liked to have had one but it needed to be meaningful, otherwise we would have been back into the same territory as before and that is why we have come back with a control policy first. In terms of the revenue side, the revenue is predicated on employment numbers, not directly population …*

The Review Panel did not want to duplicate the excellent work undertaken by the Corporate Services Scrutiny Panel in its investigation into the borrowing and expenditure policies underpinning the Government Plan, however it did want to explore the Government's reasoning for the high level of borrowing instead of using money from the Strategic Reserve, which had been established for just such an emergency as the Covid-19 pandemic[67]:

> **Senator K.L. Moore:**
> *You have not previously explained to us the decision to focus on borrowing rather than using the reserves was mostly motivated by the ease and the cost of borrowing being relatively or very low at the present time. What evidence or information is there in relation to the longer-term view of borrowing as opposed to using the reserves or indeed accessing other assets that the Island has at its disposal?*
>
> ***The Chief Minister:***
> *… Obviously the F.P.P[68] advice is quite clear that they did not think it appropriate to tap into the reserves at this stage -*
>
> ***Treasurer of the States:***
> *Interest rates are low at this point in time. We have had to balance between proposing to go out for medium to long-term debt now against the need to be more certain as to the level of debt we have … Expectations are that rates will stay low for a while and the proposal is that therefore we would start to take on medium-term debt next year, after the hospital project decision is taken. We are seeing that in the short to medium-term horizon we will be starting to commit or propose to commit to longer-term borrowing facilities and that will be post the debate of the hospital. The further out to the future you go the higher interest rates will go but as the plan will be to lock into the interest rates in the coming year or so then we are locking into the interest rates that should be low still on that horizon.*

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[66] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020

[67] The Review Panel notes that the Strategic Reserve, as defined in P.133.2006 refers to it being used in exceptional circumstances to insulate the island's economy from 'severe structural decline such as … from major natural disaster', and considers the pandemic to fall into that category.

[68] Fiscal Policy Panel

The Review Panel is not convinced by this approach. We are told that because external borrowing rates are at historic lows, and existing investments will make medium term positive investments, it is better to borrow this considerable amount of money rather than use the Strategic Reserve or liquidate assets to fund emergency Covid-19 spend. It is mindful of the advice of its CIPFA advisor on the borrowing strategy:[69]

> *There has been no opinion evidence offered that substantiates this level of confidence in the performance of market investments. This strategy would appear to be logical within a steady state economic horizon. However, steady state is not currently within contemplation with expected economic cycles and financial markets being significantly distorted the current Covid-19 global pandemic.*

The Review Panel sought to explore the risks involved in pursuing high levels of borrowing whilst expecting reduced income with the Chief Minister:

> **Senator K.L. Moore:**
> *… Could you describe for me how this lack of certainty, the open discussion about how the situation in relation to revenue-raising might change, how that uncertainty balances against the need to have financial stability in the Island?*
>
> **The Chief Minister:**
> *I think the point is, and this is where the benefit of the Government Plan comes through, Jersey has always prided itself on its financial stability. As far as I am concerned we should still continue to do so. (There are) talks about long-term thinking, planning ahead and also consulting with the major industries if they are affected by that, and that continues to be the case.*

The Review Panel quizzed the Chief Minister as to whether he had considered reducing the need for borrowing and put more focus on reducing the number of capital projects and some growth bids, and concentrated on delivering core services:

> **The Chief Minister:**
> *I think there is a balance in there to be struck and that is always a dilemma, particularly in what have been extraordinary circumstances – Richard has touched on the office side. At the end of the day we know we have to save money in the future and we are predicting that that will generate just in terms of cashable savings - excluding productivity, which is a different issue - £7 million a year.*

[69] CIPFA Principal Consultant - Covid-19 Recovery Planning Response Report, commissioned by CSSP, November 2020

Reducing Borrowing

Amendment 16	**Government Plan Review Panel**	**Reduce use of Revolving Credit Facility by at least one third, facilitate a community bonds programme, initiate a programme of divestment of States-owned assets, present divestment strategies by February 2021**

The Review Panel is deeply concerned at the level of borrowing and decided to lodge its own amendment[70] to the Government Plan, to reduce the level of borrowing by one-third. It is mindful that the cumulative external borrowing requirement of some £444 million has been established to 2024, in addition to infrastructure investment including 'Our Hospital', which is projected to cost over £800 million. This strategy proposes borrowing up to £406 million to 2022 administered through a Revolving Credit Facility which will in itself cost approximately £27 million to set up.[71] The Government references a medium-term debt strategy and that a component of the strategy is to broadly maintain current level of reserves approximating at some £3 billion.

£335,953,000 from the Facility is expected to be spent in 2021, with the remaining totals divided over the next three years:

Summary Table 3 – Proposed borrowing for 2021

	2021 (£000)	2022 (£000)	2023 (£000)	2024 (£000)
Funding required from Revolving Credit Facility	335,953	70,864	-5,547	-6,808

As outlined in a Freedom of Information request, the rate of interest for the Facility is not publicly known.

The Government's borrowing strategy includes an additional £50 million in 2020 for the Fiscal Stimulus Fund, with short term borrowing to be used for 2021.

The Review Panel is reminded that the CIPFA Principal Consultant[72] advised recently that the latest update reveals:

- That an overall deficit of some £282m is likely for 2020 (this year) - £178m in 2021
- Income is now £96m lower (previously £107m) with incomes set to be some £395m lower than approved within the 2020-23 Government Plan
- Covid-related expenditure is likely to be approximately in excess of £400m – previously reported approximately £255m with approximately £250m additional in this year alone 2020

[70] Government Plan 2021–2024 (P.130/2020): sixteenth amendment {P.1302-2020 Amd.[16)]

[71] At the fact checking stage of this report, Government officers advised by email on 9 December 2020, that 'these are not set up costs' but does not offer further information or clarification. The Review Panel would be grateful for clarification.

[72] CIPFA Principal Consultant - Covid-19 Recovery Planning Response Report, commissioned by CSSP, November 2020

Reducing the Debt Burden

The Government has committed to the following measures to reduce the debt burden:

- the return of unused and uncommitted capital spend from the end of 2020;
- the return of unspent Covid-19 allocations at the end of 2020;
- return of unused Fiscal Stimulus allocations;
- developing a schedule of borrowing disposals.

The Review Panel had questioned the Chief Minister about the allocation of underspent funds at its last public hearing with him on 20th November 2020:

> **Deputy K.F. Morel:**
> *Chief Minister, with regard to underspends, how will any underspend monies allocated to specific departments affect their budgets for 2022? If they do not spend it in the year ahead, how is that going to affect their future budgets?*
>
> **The Chief Minister:**
> *Obviously any underspends that do occur will basically go to keeping the debt level lower in terms of the overdraft facility ….*
>
> **Treasurer of the States:**
> *Just the point of a 4-year budgeting cycle that departments have a reasonable expectation of the funding that they will receive over the plan. Obviously between last year's plan and this year's plan there have been the most dramatic impacts upon the economy and upon the community that most people can recall. That has meant that we have had to trim at the edges of the plan (due to) Covid disrupting the delivery of some of the growth in the plan from the previous year … if you do not spend money this year, hopefully you will get on track to spend it next year but we should each year make sure that we review those plans.*
>
> **Deputy K.F. Morel:**
> *… Sticking to the subject, if there are particular projects which are not implemented, will that have a future kind of impact on departmental budgets or do you expect that project just to happen in 2022 or 2023? Would you just roll the project forward or do you relook at the rationale behind the project?*
>
> **Treasurer of the States:**
> *In the case of revenue spend, if a project was due to start this year it will have the recurring expenditure in future years of the plan. If that revenue expenditure plan did not come to fruition and was a bit late in being implemented and, say, implemented in March next year, you are expected every year to look at that and we give them 9-months' money next year, rather than the full 12 months reflecting that. But if it was a delay into September this year you would expect to provide the funding that was in the previous plan with the recurring and ongoing needs of such a project. In the case of capital, I think it is worthwhile each year just revisiting where we are with each and every project.*
>
> **Deputy K.F. Morel:**
> *… have you undertaken any sort of evaluation on the risk of underspends in 2021 as a result of further delayed or deferred projects?*

Treasurer of the States:
The initiative we undertook this year on halt, defer, reduce picked much of that up. What we have not left in place is budgets that were predicated on delivery in this year of certain initiatives. We have relooked at when initiatives are going to start to deliver … and, therefore, re-phase the expenditure accordingly … [73]

Balancing the Budget

The Review Panel also asked about the drive to achieve a balanced budget by 2024

The Chief Minister:
Essentially it is the advice from the Fiscal Policy Panel, which is set out in their annual report[74] *and to quote: "It is appropriate for Government to plan to run significant deficits to support the economy this year, and in the initial years of the proposed Government Plan, bringing the budget back into balance by 2024." If you like, their advice: "As with the uncertain economic outlook, this Government Plan has been prepared at a highly uncertain time for public finances" … I know that there is a risk*[75] *but that is still the plan from their advice.*

Senator K.L. Moore:
… How will the prioritisation of such decisions be taken? Will that be based on setting targets and how flexible would those targets be?

Treasurer of the States:
The intention will be to listen to the advice of the Fiscal Policy Panel each year in terms of where they see their latest estimate on whether the economy will get back into equilibrium.

The Review Panel also sought to establish if the borrowing strategy had taken into account the very probable need to borrow a huge sum to fund the new hospital project:

Senator K.L. Moore:
You, as a Government, must have a figure identified in your minds of what you are aiming at in terms of the total level of borrowing that the Island will have once that hospital project is in place as well as the current measures that are proposed in the Government Plan to deal with Covid?

Treasurer of the States:
We have taken into account in our medium to long-term plans the likely borrowing or likely financing as it relates to the cost of the hospital project … what Ministers have set out in the Government Plan is they want to be sure that we minimise the borrowing associated with the cost of Covid-19 … but, for example, if the underspend is reduced (we will review) the position as we come through next year before we commit to a longer-term position.[76]

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[73] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020
[74] Jersey's Fiscal Policy Annual Report, October 2020
[75] The Government Plan 2021-24 is based on adopting the central scenario of the Fiscal Policy Panel's (FPP) economic assumptions, however the Income Forecasting Group report of States income for autumn 2020 (the IFG autumn report) acknowledges that there is a high degree of uncertainty around the trajectory of the economy: IFG Autumn Report 2020 – Page 21
[76] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020

Repaying the Debt

The Review Panel was keen to understand what had been done to identify the debt paying strategies of other jurisdictions with similar budgets to Jersey:

> **The Chief Minister:**
> *… Even comparing ourselves, for example, with our neighbouring Islands we have just had the approval of the principle of P.Y.B. (prior year basis income tax revenue), C.Y.B. (current year basis). Now, Guernsey, as I understand it for example, already pays on a current year basis. We have developed a strategy in accordance with what matches our resources and our particular situation -*
>
> **Treasurer of the States:**
> *This plan is proposing to use short-term debt while we see how the coming months unfold so that firstly we don't over borrow[77]. In terms of longer-term strategy we have been doing work that included some comparison elsewhere with a view to ironing out what the medium to longer-term strategy would be once we get through firstly the uncertainty of the coming months but then further down the line the finance as it would relate to the Our Hospital project.*
>
> **Senator K.L. Moore:**
> *At this stage the borrowing for the Our Hospital project does not figure in the Government Plan. Are you saying that many of the decisions taken and the particular rationale behind organising this plan as it is, is in preparation for that considerable borrowing that the Island has ahead of it?*
>
> **The Chief Minister:**
> *No … I think what you have got to do when you are putting the Government Plan together is you also have to keep an eye on that is why it rolls out over 4 years. In terms of the defined strategy, as it were, obviously what is in the plan deals with the medium-term debt. That is why the P.Y.B./C.Y.B. was so important, but obviously we are going to have to keep an eye open on what the Assembly decides on the future financing strategy, which will then impact on the next plan for the set strategy -*

The Review Panel found this answer to be unsatisfactory. In order to finance the levels of external debt repayments, the Government Plan proposes to establish a 'sinking fund' created with the transitional tax debt created within arrangements transitioning tax payers from Prior Year Basis (PYB) to Current Year Basis (CYB) assessment. However, it is difficult to ascertain what level of 'sinking fund' would need to be established and how this would keep pace with the external financing costs in the longer term. It recalled the advice given by a Principal Consultant at CIPFA[78]:

> *In order to finance the levels of debt envisaged, in terms of external debt repayments, the Plan proposes to establish a 'sinking fund' created with the transitional tax debt created within arrangements transitioning tax payers from Prior Year Basis (PYB) to Current Year Basis (CYB) assessment with such transitional arrangement payments becoming a source of external debt repayment over the long term. Given the regressive nature of the value of money over time, it is difficult to ascertain what level of 'sinking fund would need to be established and how this would how is this would keep pace with the external financing costs some 15/20 years further down the timeline. We would be of the view that this proposition to finance external borrowing*

[77] The transcript of this hearing records that the Chief Minister says' global borrow', however we accept this correction to 'over borrow'.
[78] Chartered Institute of Public Finance and Accountancy

> *costs by way of a sinking fund financed from the PYB transition is speculative at best. Given the significance of this departure from the standard financial strategy deployed by the States of Jersey, the balancing of existing reserves and the augmentation of external debt finance should be highly considered and not be a reaction type response. Financing external debt repayments will be a first call on income generating capability and it is critical that Income Tax estimates are seen to be robust before the affordability of funding requirements is properly assessed.*[79]

This Review Panel's amendment to the Government Plan 2021-2024 does not seek to make any difference to the overall amount of income or expenditure by Head of Expenditure being approved by the Assembly in the Government Plan. Other Scrutiny Panels will be bringing forward amendments aimed at reducing some spending plans. Whilst the revenue estimates used in the Government Plan 2021-2024 have been described as optimistic by CIPFA, with uncertainties around longer term borrowing rates, combined with the surety that the Island will need to borrow to pay for several capital projects in the future, such as the Hospital and public sector offices, this Panel is firmly of the view that the Assembly should consider reducing the amount of borrowing that is undertaken now to fund the projects outlined in the Government Plan. The risk can be offset by realising the value of underutilised assets held by the States of Jersey and running a community bond programme, which would ensure the 'buy in' and local investment focus that this Island needs. The Panel believes that such action would spread the risk of borrowing by diversifying into community bonds and divesting of assets.

Financial and manpower implications

This amendment will have an initial impact on the tables and figures presented as part of the Government Plan but will balance back to the current figures once the required amendment is lodged by the Council of Ministers. Manpower is required to undertake a revision of the borrowing amounts and further enquiry into divesting assets and developing then administer a suitable bond – the financial implications of preparing and implementing a strategy for divestment of assets and facilitating a community bonds programme are not known at this time but we are advised by the Treasury department that they are, "likely to run into hundreds of thousands of pounds" and that, "the Minister for Treasury and Resources is likely to need to fund these costs from the General Reserve." However, the Review Panel considers that a substantial part of this work should be within the normal scope of work for departments and the Council of Ministers.

Amendment 14	**Senator Ian Gorst**	**Minimise borrowing requirement by prioritising return of unspent funds to consolidated fund, and include list of potential sales in Government Plan 2022-25**

The Review Panel considers that Senator Gorst's amendment[80] is in large part, complementary to that of its own amendment in that they both seek to reduce borrowing levels and press upon the Government to introduce a property management strategy. Senator Gorst's amendment seeks to minimise the borrowing requirement of the Government by returning any unspent funds in 2020, be these in respect of spending related to Covid-19,

[79] CIPFA Principal Consultant - Covid-19 Recovery Planning Response Report, commissioned by CSSP, November 2020
[80] Government Plan 2021–2024 (P.130/2020): fourteenth amendment {P.130-2020 Amd.(14)]

departmental revenue expenditure or capital expenditure, to the Consolidated Fund (in effect, the current account of the States).

He also urges that the Council of Ministers agree an estates strategy in sufficient time for the next Government Plan (2022-2025) to include a list of potential sales, in order for any funds raised to be prioritised for use to minimise any future borrowing requirements by the Minister for Treasury and Resources.

The Review Panel highlights Senator Gorst's observations that Jersey's economic success is built on controlled and balanced Government spending and no, or low, levels of public debt, and that our future success must be built on these same principles.

The Review Panel is of the view that the intended level of borrowing is too high risk and 'one-dimensional' and therefore lodged its amendment, seeking to reduce the level by combining borrowing with other strategies. This includes creating the conditions for local investment in a community bonds programme and making appropriate use of the considerable assets of the States of Jersey by realising their value, or at least taking urgent steps to identify assets that can be repurposed to better suit the needs of Islanders, and/or disposing of unnecessary assets. The Review Panel considered that this 'blended approach' should have the effect of reducing the overall risk in raising the funds to achieve the planned expenditure.

FINDING 8

The intended level of borrowing is too high risk and 'one-dimensional'. The Government has relied too heavily on the fact that borrowing rates are currently good without looking at ways to reduce the cost of borrowing.

RECOMMENDATION 8

The Government should commit to seeking to reduce the level by combining borrowing with other strategies. This includes creating the conditions for local investment in a community bonds programme and making appropriate use of the considerable assets of the States of Jersey by realising their value, or at least taking urgent steps to identify assets that can be repurposed to better suit the needs of Islanders, and/or disposing of unnecessary assets, all the while vigilantly tracking borrowing rates and reporting back regularly.

Jersey's Revolving Credit Facility and Bond Exploration

During the Panel's public hearing with the Minister for Treasury & Resources on 19 October 2020, the Panel raised the option of a community bond. The Treasurer of the States noted that the Minister had previously looked at bonds in relation to the Future Hospital, and that the Treasury had not selected it as an option because it would not raise the necessary level of borrowing, and would therefore not be a recommended debt instrument. The Treasurer further observed that there has been no "necessarily local assessment" of community appraisal for bonds.

Should negative interest rates become a reality, the Treasurer agreed that the use of a community bond would become more attractive, albeit with the question remaining of how to set the rate of the bond and fix its interest. The Assistant Treasury Minister suggested that, if the interest rate was set at 2%, the Island could "probably get a huge appetite for a community bond", but that it would not be "great business for us in Government".

The Review Panel will not rehearse the arguments and duplicate the research which went into lodging its proposition,[81] however it considers that the Government has dismissed too readily the concept of community bonds and should at least scope and cost the concept.

FINDING 9

The Government has dismissed too readily the idea of issuing a community bond to reduce the level of borrowing.

RECOMMENDATION 9

The Government should commit to exploring the option of developing a community bond to help reduce the level of borrowing.

States Assets (including shares)

In March 2019, the former Comptroller and Auditor General published her States as Shareholder (Follow-up Report). She noted that the States control seven companies. These have a substantial financial impact for the States and economic impact for the Island. Four of these companies are Strategic Investments (Jersey Electricity plc, Jersey New Waterworks Company Limited, Jersey Telecom Group Limited and Jersey Post International Limited) with a total valuation of £374 million at 31 December 2017. The remaining three companies (States of Jersey Development Company, Andium Homes Limited and Ports of Jersey Limited) are consolidated in the States' accounts with net assets of £1,270 million at 31 December 2017.

Each company has its own management with responsibility for effective stewardship but the States have a vital role as owner to ensure that their interests are being protected and advanced. She recommended that a formal post-implementation review of the effectiveness of the new arrangements for oversight of controlled companies under the Target Operating Model, be undertaken by the end of 2019, which would include the shareholder and client-side functions. She also recommended, and the Review Panel agrees that there should be recognised standards for stewardship as an investor, reflecting the non-financial ownership objectives of the States.

The formal response from the Treasurer in May 2019, assured the States Assembly that a formal post-implementation review of the effectiveness of the new arrangements for oversight of controlled companies under the Target Operating Model, including the shareholder and client-side functions, would be undertaken, not by the end of 2019 as recommended, but rather by the end of December 2020. We urge the Government to produce this key piece of work to demonstrate how we can best maximise the potential of States owned assets.

Property and Land

The States own a vast array of buildings and other significant land assets, worth over £1 billion. Some are currently utilised; some are lying empty with agreed plans for future use and some could potentially be repurposed or sold.[82] A joined-up approach and written strategy which incorporates acquisition/disposal/utilisation/maintenance of the States property portfolio has been delayed for at least two and half years despite repeated requests by the Public Accounts Committee (PAC) and other Scrutiny Panels.

[81] Amendment 16 to the Government Plan 2021-2024, lodged by GPRP – reduce borrowing
[82] The Executive Response to the PAC's Report was published in April 2019

The PAC heard assurances from the GHE[83] Director General and Property Department at the beginning of the year[84] that the Corporate Asset Management Board (CAMB) would undertake a strategic overview and that, amongst other things, the Estate Management Strategy would be made public by the end of February 2020. By the end of February 2020, and prior to the Covid-19 pandemic taking hold, the PAC had published its Comments paper[85], urging the Director General of GHE[86] to produce the Strategy. At its Quarterly Hearing on 27th July 2020[87], the PAC was advised that in its present form it was too technical for public readership and that the 'construction of a plain English version' was imminent, probably by the Autumn.

The Effect of Covid-19 on Property Management

This Panel accepts that the Covid-19 pandemic has had a significant impact on progress in some areas of property and asset management, however, even in the absence of a cohesive Estate strategy, it notes that some 'one off' sales of property and acquisition of leases has been continuing regardless, in the name of 'efficiencies'.

Accepting that a lot of the groundwork must have been undertaken in identifying certain assets which are no longer needed by the States of Jersey, this Panel is of the view that sales of non-necessary buildings/land and significant assets in line with the Common Strategic Policy and the stated intentions of last year's Government Plan is of vital importance, perhaps even more so than before the outbreak, to make sure we are making the most of our sizeable property portfolio for the benefit of the public. The Panel is firmly of the view that leaving property empty and allowing it to fall into disrepair when there is a high level of public need for housing and other amenities does not demonstrate value for money.

This Panel is concerned that taxpayers' money is not being targeted appropriately and that it is even more important to divest of unwanted properties and by so doing, perhaps reduce the number of staff and costs required to manage and maintain them.

Some members of the Review Panel expressed concerns about selling off properties in the short-term before properly assessing whether they could be re-purposed or of use to the community in the future. However the Review Panel is aware that property is being sold off piecemeal in any event, in the absence of a joined up approach.

The Review Panel took the opportunity at its public hearing of 20th November 2020, with the Chief Minister to follow up on using some of the States' considerable estate:

> **Deputy I. Gardiner:**
> *… The States of Jersey owns about £1 billion of property; what plans, if any, to use public real estate to fuel a possible pandemic recovery? For example, would we combine and sell off some of the assets, such as Cyril Le Marquand House or other unused properties, to offset the amount you are borrowing?*
>
> **The Chief Minister:**
> *… If we do achieve some capital receipts, so an obvious one might be Cyril Le Marquand and a really obvious one would be South Hill … so that should, hopefully, become available for development quite shortly … any of those outcomes have got to go towards repaying the debt or going into a sinking fund to repay the debt. I suppose that is a yes in a way to your overall question, i.e. what do we do around the estate and what can we realise … The Estates strategy, I believe, we are expecting to come*

[83] Now IHE: Infrastructure, Housing and Environment
[84] PAC public hearing with Acting Director General GHE and Acting Director of Estates, 3rd February 2020
[85] PAC Comments 27 February 2020
[86] Transcript of public hearing PAC and GHE Director General and others, 3 February 2020
[87] PAC Quarterly Public Hearing with Chief Executive, 27th July 2020

> *to the Council of Ministers some time in December, so it is quite literally a very few weeks away … I am waiting to see the final version. But that is separate to what I would call the office strategy, which, again, is I am expecting in about 2 weeks … That in itself then will lead to, off the top of my head, I think we are saying that, potentially there are about £28 million of receipts that could come out … It releases a number of brownfield sites for future housing. That is your kind of first step to then starting to reduce the estate and obviously then there is consequent cash savings that come out of it, as well as, if you like, social or community benefits as well.*[88]

The Review Panel was pleased to note that the Chief Minister advised[89] that approximately £28 million of assets had already been provisionally earmarked for disposal[90], however it was disappointed that this was not part of a 'joined-up approach' to the States assets, given that there would be many competing demands on sites which would need to be managed and prioritised carefully.

The Panel considers that therefore, to achieve a further sum of £22 million in asset disposals as part of a long-awaited Estate Management Strategy, would not be too onerous and would deliver public benefit.

FINDING 10

Approximately £28 million of assets had already been provisionally earmarked for disposal, however not as part of a 'joined-up approach' to the States assets, given that there would be many competing demands on sites which would need to be managed and prioritised carefully.

RECOMMENDATION 10

The Government should commit to delivering asset and estate strategies as a matter of urgency in order to deliver ways to reduce the level of borrowing.

[88] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020
[89] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020
[90] At the fact checking stage of this report, we were advised by Government officers that 'the Chief Minister did not say that we were accruing £28 million, the value is of the office estate in current use' (by email 9.12.2020) – the Review Panel will seek further clarification on the Chief Minister's meaning of "£28 million of receipts that could come out" at a later stage.

Section 9 – Reduce Income Inequality and Improve the Standard of Living

Reduce Income Inequality and Improve the Standard of Living

The Government Plan 2021-2024 restates its commitment to this priority, by improving the quality and affordability of housing, improving social inclusion, and by removing barriers to and at work. Therefore, the Review Panel was concerned to note that there was a proposed drop of 15% of investment allocation (between 2020 to 2021) to achieve this aim. The Review Panel has taken care not to duplicate the excellent work of the Corporate Services Scrutiny Panel[91], amongst others, but highlights some key areas below, to demonstrate that the Government could improve the Government Plan by aligning it more closely to this Common Strategic Priority.

The Review Panel strove to find evidence supporting the Government's stated intention to align its Government Plan projects with this Common Strategic Priority. It questioned the Director General of the Strategic Policy, Planning and Performance at a public hearing with the Chief Minister:

> **Deputy M.R. Le Hegarat:**
> *… Income inequality or levels or poverty, if you do not collect the up-to-date data more frequently or get Statistics Jersey to survey more frequently, how do you determine effective policies and allocate sufficient funds?*
>
> **Director General, Strategic Policy, Planning and Performance:**
> *… the work on a living costs and household income survey has not been undertaken for a number of years. This Council of Ministers proposed to the Assembly previously in previous Government Plans that the funds were made available to undertake that survey. The survey started back in July 2019 and was designed originally to run over a 12-month period. It is a survey that takes 12 months to do because you need to recruit about 3,000 households and then they need to be interviewed about their purchasing habits. That work started, it naturally needed to be paused in mid-March because of Covid because fieldworkers could not visit households.*
>
> *Statistics Jersey intend to recommence that survey as early as possible in 2021. I think that is one where just the methodology required to conduct the survey with doing that fieldwork with 3,000 households has just naturally been interrupted. But I am told by Statistics Jersey that they are going to get back on to that in 2021 as soon as they possibly can.*

The Review Panel also questioned the Minister for Treasury and Resources, in October 2020[92]

> **Deputy K.F. Morel:**
> *… The percentage of Islanders living in relative low-income households has not been updated since 2015. The percentage of a mortgage that an average mortgage can afford has not been updated since last year. Most of these stats have not been updated since 2015. That is the public site. That is why I ask if you have looked at*

[91] CSSP Review of Government Plan 2021-2024, 7th December 2020
[92] Government Plan Review Panel Public Hearing with Minister for Treasury & Resources 19 October 2020

the website because you will see, if you do, that most stats have not been updated for 5 years.

The Minister for Treasury and Resources:
The Statistics Unit produce a review every Friday on unemployment, rentals ...

Deputy K.F. Morel:
With regard to Covid, yes, and they have done for the last 6 months … But that is only a certain selection of statistics and they do not necessarily all fall within the performance framework.

The Review Panel is yet again struck by the paucity of data underpinning the decisions made by the Government when seeking to halt, defer or reduce spending on projects central to its stated aims or otherwise prioritise its spending. It considers that the survey should be recommenced as a matter of urgency and that urgent steps should be taken to collect and collate data to inform the Performance Framework and other indicators, to underpin its decisions.

Amendment 7	Corporate Services Panel	Increase Stamp Duty on transactions over £2 million

The Review Panel notes that the proposed amendment[93] seeks to amend the Stamp Duty rates for residential property at the upper end of the market (properties over £2 million at a rate of 1% or 0.5%). The CSSP believes this will help to raise revenue to negate the impact on public finances of Covid-19, while only targeting those in an advantaged position of being able to financially service the purchasing of a higher value property. The Review Panel notes that the CSSP previous review of the 2020 budget recommended that the Minister for Treasury and Resources made changes to stamp duty to increase the rates for more expensive properties and reduce rates at the lower end of the market, whilst simplifying the number of bands. However, the Minister's response, at that time, was that this work would be undertaken by the Housing Policy Development Board.

The Review Panel notes that the CSSP is still yet to see evidence of any tangible progress on this issue and has not been contacted by the Housing Policy Development Board to discuss any possible changes to Stamp Duty. The Review Panel shares the concerns of the CSSP, that, despite its recommendation, there is little likelihood of any changes to Jersey's complicated Stamp Duty system being brought forward. At a time of uncertain Government Revenue, in which unprecedented borrowing is taking place, actions must be taken to build further contingency into the Government's balance sheet in a fair manner. We have been advised by the Treasury and Exchequer Department that this amendment will raise additional stamp duty/LTT of £335,000.

Amendment 17	Deputy Kevin Pamplin	Commit to funding a Poverty Commission to produce a Poverty Policy

The Review Panel notes that the amendment[94] brought by Deputy Pamplin seeks commitment to funding a poverty policy and that the Children's Commissioner had voiced her concerns that:

[93] Government Plan 2021–2024 (P.130/2020): seventh amendment [P.130-2020 Amd.(7)]
[94] Government Plan 2021–2024 (P.130/2020): seventeenth amendment {P.130-2020 Amd.(17)]

> *Take the Government Plan, if you search for the word poverty, you won't find it because they are shying away from it … It's the unsaid. Nobody here talks about poverty, it's hidden, it's not in your face, but it's there. We cannot see it but that does not mean that the Government should not talk about it … We do not have a measure of poverty here, but we know 3,500 pupils are on the Jersey Premium and we also know that not all families claim it.*

The Review Panel agrees with Deputy Pamplin that the pandemic, combined with the unknown impacts of Brexit and the high cost of living could impact negatively on the poorest members of the community. It commends the research undertaken by Deputy Pamplin and the supporting officers, and notes that the fact that the amendment had to be lodged by a private member demonstrates that the Government has failed to fully align its Government Plan with this important Common Strategic Priority.

Amendment 19	**Deputy Mike Higgins**	**Fund pro bono legal services for those who cannot afford lawyers or legal aid**

The Review Panel noted that for the relatively small sum of £200,000 (which Deputy Higgins suggests should come from monies earmarked for the Justice and Home Affairs Department Police Firing range), there would be provision for a grant to be given to the Institute of Law in order that it could provide *pro bono* (free) legal services for those who cannot afford lawyers or legal aid, assist litigants in persons with cases that they wish to bring, and help with any perceived miscarriages of justice.

The Review Panel agrees that this amendment[95] would go some way to redress the balance and give litigants in person and others who don't qualify for legal aid a better chance of getting justice in a court of law or tribunal.

The Review Panel concludes that there are relatively inexpensive but significant ways to support Islanders and reduce income inequality. It considers that the Government should do everything in its power to narrow the income inequality gap and focus on ways to improve Islanders' standard of living, especially in the aftermath of the pandemic. It should do more to ensure all areas in the Government Plan align closely to this vitally important Common Strategic Priority and halt any efficiencies which negatively impact on Islanders' social inclusion or equality. It urges the Government to explore options such as living wage, outcomes-based contracting, Impact bonds[96] and social impact investing to deliver upon its commitments.

FINDING 11

The Government Plan does not closely align enough to the Common Strategic Priority of 'Reducing Income Inequality and Improve Standard of Living' This is exemplified by its reduction in the related budget.

RECOMMENDATION 11

The Government should halt any efficiencies which negatively impact vulnerable and disadvantaged groups and consider innovations such as living wage, outcomes-based contracting, impact bonds and social impact investing to deliver upon its commitment to this Common Strategic Priority.

[95] Government Plan 2021–2024 (P.130/2020): nineteenth amendment [P.130-2020 Amd.(19)]

[96] Outcomes based contracts, designed to achieve measurable outcomes specified by the commissioner: definition of Impact Bonds, Government Outcomes Lab, Oxford University

Section 10 – Protect and Value our Environment

Protect and Value Our Environment

The Government Plan 2021-2024 restates its commitment to this priority, by 'embracing environmental innovation and ambition, by protecting the natural environment through conservation, protection, sustainable resource use and demand management, and by improving the built environment to retain the sense of place, culture and distinctive local identity'. Therefore, the Review Panel was concerned to note that there was a proposed 26% reduction of investment to 'Protect our Environment' in 2021 against the 2020 allocation[97] to achieve these noble aims. The Review Panel has taken care not to duplicate the excellent work of the Environment, Housing and Infrastructure Panel,[98] amongst others, but highlights some key areas below, to demonstrate that the Government could improve the Government Plan by aligning it more closely to this Common Strategic Priority.

At its second public hearing[99] with the Minister for Treasury and Resources, in November 2020, the Review Panel had sought to understand why elements of the Government Plan did not align with the Common Strategic Priority of protecting and valuing the environment, especially as recent surveys[100]/[101] conducted by the Government, suggested that Islanders considered this very important:

> **Deputy R.J. Ward:**
> *… To go back to the survey[102] in regards to the Government Plan, 15 per cent stated the same for protecting our environment and 48 per cent believe it is significantly more important. But funding in this area again has dropped by … 26 per cent from 2020-21. Why is that the case? Would that not be a real target for recovery seeing as, if you like, there is an open goal there with people's support for that area of our economy?*
>
> **The Minister for Treasury and Resources:**
> *Okay. The Assistant Minister is going to answer that.*
>
> **Assistant Minister for Treasury and Resources:**
> *… the reality is, of course, that the money being put aside for the environmental fund, as the Minister just indicated, was predicated on some original seed funding put in - if memory serves it was about £5 million - and then the money from the use of fuels. As the Minister indicated, the money raised by a fuel levy or tax or duty, whatever you want to call it, because of Covid and Islanders using their cars and transport less has not raised the money that was expected … But the reality is there is money in this Government Plan for the Environment Department to come forward with schemes and Senator Farnham and his team to come forward with bids into that money to deliver on some of the priorities of the Common Strategic Policy … There is not yet the detail of what that will be spent on, but we felt that it was the right thing to do to put substantial sums of money over those 3 years that could be used to deliver recovery and, of course, could be used for those green recovery initiatives as well once specific Ministers and departments have brought their proposals forward.*

[97] Corporate Services Scrutiny Panel Review of Government Plan 2021-2024, 7 December 2020
[98] Environment, Housing and Infrastructure Scrutiny Review of the Government Plan, 2 December 2020
[99] Government Plan Review Panel Public Hearing with Minister for Treasury & Resources 23 November 2020
[100] Govt Plan survey, SPPP - 30 September 2020
[101] Jersey Opinions & Lifestyle Survey Report, September 2020
[102] Govt Plan survey, SPPP - 30 September 2020

Deputy R.J. Ward:
Do you feel that the opportunity for a recovery - and enough is being invested, given that there is a significant drop from ... £57 million to £42 million this year … do you think this is sufficient and that it is the right direction of travel?

Assistant Minister for Treasury and Resources:
Of course, Treasury acts as facilitators. We have put in the bids that have been agreed by the Council of Ministers. We have put extra money aside as well, as we have just indicated, to enable facilitation of other Ministers to come forward with suitable projects.

Amendment 5	Deputy Robert Ward	Reduce the rate of fuel duty paid on 2nd generation biofuel to 0%

The Review Panel agrees with the amendment[103] proposed by Deputy Ward, to reduce the rate of fuel duty paid on second generation biofuel to 0%, and notes that it would cost the Treasury the relatively small sum of £56,000 as a result. This change will enable the creation of a level playing field regarding price and encourage the move to sustainable fuels. It is particularly important as older diesel cars can utilise the fuel and significantly reduce emissions and pollutants. The sustainable transport policy will bring forward action of some kind on transition fuels as we move from a fossil fuel economy. The Review Panel agreed that there is an opportunity to encourage and trial one such fuel. 100% 2nd generation biofuel (named RD100) is available on island in relatively small quantities. Currently 100,000 litres of RD100 are held on island. As there was minimal spend of the Climate Emergency Fund in 2020 due to Covid-19 and due to time being taken to develop specific actions, the Review Panel agreed it would be sensible to use the Fund as whole or part reimbursement.

The longer-term benefits to the environment and support of the commitment to Carbon neutrality cannot be quantified easily, although the Review Panel noted that this amendment would serve to align the Government more closely to its stated aims. The Review Panel noted that the Government Plan survey had shown that making Jersey carbon neutral was seen by almost 80% of participants as either more important, or just as important, as before the pandemic.[104]

Amendment 12	Deputy Montfort Tadier	Repair and maintenance of Elizabeth Castle

The Review Panel agrees with Deputy Tadier that his amendment[105] seeking to fund the repair of Elizabeth Castle should be seen as a necessary investment in the Island's heritage. Although the sum of £2.6 million in 2021 in order to fund its repair and maintenance, with a commitment that funding shall be provided in 2022 and 2023 for the completion of this project over and above the 1% allocation for Culture, Arts and Heritage could be seen as costly, the Review Panel agrees that it is necessary. Jersey Heritage attractions are not only a key element of the tourism industry attracting over 200,000 visits each year, they are also a key element of the cultural vitality of Island life, engaging Islanders in visits 60,000 times a year, supporting a membership in excess of 15,000, with a very significant component of local children, and participation of hundreds of volunteers. The Review Panel notes that although there are competing demands on the finances of the Island, Elizabeth Castle is there to be

[103] Government Plan 2021–2024 (P.130/2020): fifth amendment [P.130-2020 Amd.(5)]
[104] Govt Plan survey, SPPP - 30 September 2020
[105] Government Plan 2021–2024 (P.130/2020): twelfth amendment [P.130-2020 Amd.(12)]

enjoyed by everyone and the funding of its repair is good for the community and good for the Island's reputation.

At the time of finalising this report, and after the above amendment had been lodged *au Greffe,* the Council of Ministers lodged its own last-minute amendment to help fund the repair and maintenance of Elizabeth Castle. We welcome its amendment for recognising that the stated intention in the Government Plan to reduce or otherwise diminish the funding in this area was contrary to the previously States-approved Common Strategic Priorities and we commend Deputy Tadier for bringing the anomaly to light.

Amendment 15	Senator Kristina Moore	Refund GST made on items and services of list (related to environmental improvement)

The Review Panel agrees with the aim of this amendment[106] which is to provide financial incentives to businesses and householders to move onto cleaner energy alternatives. Some of the property adaptations, such as installing more insulation, can be achieved simply and after a small amount of training, which can help to boost employment for some who have lost their jobs. By improving the thermal efficiency of homes and switching them onto more cost-efficient forms of heating households will see a reduction in their heating bills. Fossil fuel heating is contributing to residential carbon emissions, totalling 21% of the Island's emissions. 44% of carbon emissions in the Island are attributed to transport.[107] Encouraging Islanders to switch to electric vehicles, particularly e-bicycles is an effective way to improve air quality and reduce carbon emissions. Cost incentives such as the subsidy for e-bikes, have been popular and a catalyst for change. The Review Panel is reminded that this would be in keeping with most survey respondents' priorities,[108] and Deputy Ward's successful amendment of last year which the Panel is disappointed to note has not yet been implemented.[109]

Amendment 21	Connétable Mike Jackson	Increase tree preservation initiatives

The Review Panel noted that the Connétable's amendment[110] would help to fund improvements to tree protection and go towards scoping a new regulatory regime. This should be committed to as part of the Government Plan, with £300,000 funding to come from the Climate Emergency Fund to commence initiatives in 2021, and a further £75,000 per year for 2022, 2023, and 2024 to continue supporting this work. The Review Panel agreed that green spaces promote a sense of community and facilitate social networking and inclusion in children and adolescents, and they are also important for the older generation too. The Review Panel noted that as we recover from the impact of the pandemic and lockdowns, it is more important than ever to have access to green spaces with trees, helping to alleviate psychological distress. It agrees with the Connétable, that knowing the many benefits that we derive from trees, it is logical that we should actively seek to protect Jersey's existing tree stock, and ensure that what is growing now, can continue to thrive well into the future so that new generations of Islanders can also enjoy the same benefits.

The Review Panel concludes that there are relatively inexpensive but significant ways to protect the environment and unique heritage of Jersey, which can also support Islanders and allow them to recover well from the effects of the pandemic. The Government should do more

[106] Government Plan 2021–2024 (P.130/2020): fifteenth amendment {P.130-2020 Amd.(15)]
[107] https://www.aether-uk.com/Resources/Jersey-Infographic
[108] Govt Plan survey, SPPP - 30 September 2020
[109] Amendment 10 to P.71/2019 Government Plan 2019-2023, lodged 11th November by Deputy R. Ward
[110] Government Plan 2021–2024 (P.130/2020): twenty-first amendment [P.130-2020 Amd.(21)]

to ensure all areas in the Government Plan align closely to this vitally important Common Strategic Priority and halt any efficiencies which negatively impact on it. It urges the Government to consider reinstating its previous level of investment allocation.

FINDING 12

The Government Plan does not adequately align to the Common Strategic Priority of 'Protect our Environment' as demonstrated by its reduction in the related budget.

RECOMMENDATION 12

The Government should halt any efficiencies which negatively impact the environment and reconsider the proposed 26% reduction of investment to 'Protect our Environment' in 2021 against the 2020 allocation, to deliver upon its commitment to this Common Strategic Priority.

Section 11 – Modernising Government

Modernising Government

Last year, the Government Plan Review Panel stated its strong objection to the Government, in effect, introducing a sixth Common Strategic Policy[111] priority of 'Modernising Government'. The Common Strategic Policy, introduced in 2018, did not include Modernising Government (other than in supporting text). However, the Government Plan had given 'Modernising Government' the same status as, and considerably more funding than, the five actual CSP priorities approved by the States Assembly. Last year's Review Panel recommended that the Government should not make unilateral decisions on broad policy direction without the approval of the Assembly.

This year, the Review Panel notes that the proposed Government Plan maintains its 'Modernising Government' category, accounting for a spend in excess of £60 million to be delivered by 2024: within this grouping are a number of disparate projects. The Government does not make clear how the current pandemic will affect the pace of implementation or the more significant structural and process change.

The Review Panel does not wish to duplicate the work of the Efficiencies Review Panel, who, we understand, has investigated closely the restructured programme for 2021, which would concentrate on cross cutting measures in five key areas:

- modern and efficient workforce
- organisational structures
- shaping demand (volume and methods of customers accessing services)
- processes and systems
- commercial operations (including cost recovery and working with Arms'-Length Organisations (ALOs)

The Government Plan Review Panel did, however, query the premise of the Modernising Government Policy with the Chief Minister,[112] having noted the concerns of the Principal Consultant at CIPFA:

> *The common theme across the projects categorized as Modernising Government is an acute lack of detail on the related business cases, from proof of concept through to the engagement, implementation and management of such changes. We suspect that the quantifiable payback across most of these projects are speculative at this stage.*[113]

It was also mindful of the Chamber of Commerce's submission in relation to the Government Plan[114]

> *Pre-Covid the staffing in the public sector increased rather than decreased (it has increased further during Covid) and the services being provided seem to be increasing (including quangos) and therefore we are concerned that rather than having an efficient public service concentrating on the core services to be provided we are creating a larger public service that is competing with the private sector in relation to many unessential areas.*

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[111] Common Strategic Policy
[112] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020
[113] CIPFA Principal Consultant - Covid-19 Recovery Planning Response Report, commissioned by CSSP, November 2020
[114] Jersey Chamber of Commerce submission to Scrutiny on Government Plan 2021-2024, 20 November 2020

Deputy I. Gardiner of St. Helier:
The latest labour report in June[115] showed an increase in the people out of work in the private sector and continuous disruption to businesses. What are your plans to mitigate this?

The Chief Minister:
What we have been doing since March is supporting as many businesses and jobs as you can possibly think of … we have been supporting about 16,000 jobs as a result of the co-funded payroll scheme. at the moment the actively seeking work is at 1,470, … but has been falling quite a lot, in the context of, for example, the financial crisis that we had that came out of 2008; in 2011 it was 1,400; in 2012 it was just under 1,750; and in 2013 it was just under 1,900. It took until 2015 to come back down to the level that we are presently at. I think what it is demonstrating is that it has been a very short, sharp shock … but we have the automatic stabilisers which includes the income support measures and the Back to Work programmes, which have been in existence and still continue to be, as well as the other measures of support that we have done to basically try to keep as many people in employment as possible.

Training

Deputy I. Gardiner:
What plans, if any, are there to retrain and reskill the over-18 workforce? This is where we have areas where we are lacking and we do not have enough people to work and we have almost 1,500 people out of work.

The Chief Minister:
Things like Skills Jersey are operating the Trackers apprentice scheme, Highlands College has fired up, there is a fiscal stimulus bid we understand being prepared by Skills Jersey to enhance their offer in 2021 and, as I said, income support does provide financial support for Islanders who qualify for critical skills courses, and that includes people like nurses training on-Island.

Director General, Customer and Local Services:
But as we perhaps look ahead to next year, that will be an incentive that I think will be very helpful in getting people into employment but also supporting businesses in having the capacity to train those individuals … In addition to that, we have been running some short courses with our colleagues in Skills Jersey and using that to give people the skills. … We also have programmes that offer up support for people who are more distanced from the labour market to give them skills and retrain. For example, we run a foundations programme that offers up people the opportunity for 6 months to work in the environment or with our partners such as the National Trust but also to work painting and decorating and learning those skills, so they have more up-to-date experience on their C.V. (curriculum vitae),. There are still over 200 jobs available on the Government website, so there are still opportunities in the labour market and we are working really hard to get those 1,400 people into employment as fast as we can.

Chief Executive:
For the Deputy's information, the other thing that we are doing is Team Jersey have been working with all the major employers over the last year to develop an Island-wide workforce plan. We have been talking to key sectors about where and what we can do to share a whole range of training needs, look at investment in basic training, skills, transfer training, apprenticeships and also offering opportunities for broader skill swaps where people can do secondments into different organisations … those networks that

[115] Labour Market Report, June 2020 -Statistics Jersey

were established have been working actively and we expect there to be a workforce development plan for businesses across the Island to emerge from that.

Public Sector

Deputy I. Gardiner:

When we spoke about the private sector where there is disruption and people out of work at the same time the public sector saw an annual increase of 530 jobs, 6.8 per cent. It is the largest recorded change, including the increase of 480 government co-employees. How is this justified and how does it fit with your post-Covid budget and efficiencies plan?

The Chief Minister:

I think it is also worth making the point, going back to the actively seeking work numbers and so on, where we are is far better than where we feared we might be. Although the figures you can compare to last year are obviously far worse with all the measures that we put in place, it means that we have avoided a far worse scenario than we originally feared in March. We have got to look at the positives as well, that what has been done has supported, as I said, over 16,000 Islanders and about 3,000 businesses. The consequence of a lot of stuff we have been doing, I cannot give you the full breakdown of the 530, but I can tell you that about 230 are front line workers.

He confirmed that investment in modernising the IT systems would continue and that security had been strengthened during the pandemic, where most personnel had worked from home and it had been necessary to protect their systems.

FINDING 13

The 'Modernising Government' category, accounts for a spend in excess of £60 million to be delivered by 2024 and within this grouping are a number of disparate projects. The Government does not make clear how the current pandemic will affect the pace of implementation or the more significant structural and process change and the Review Panel is unclear about appropriate training programmes for the over-21s.

RECOMMENDATION 13

The Government should make it easier to track, analyse and assess what the Covid impact has been on the workforce, both in the private and public sector, and improve opportunities for training and skills

Efficiencies

Establishment of an Efficiencies Review Panel

The Review Panel recalled that last year, and in keeping with P.88/2019, the Scrutiny Liaison Committee commissioned the Government Plan Efficiencies Review Panel (Efficiencies Review Panel or ERP)[116] to:

1. Undertake, commission or oversee detailed 6-monthly assessments of the planned efficiency savings outlined by the Council of Ministers through the Government Plan process (as agreed through P.88/2019).

2. Assess the expected impact on the ongoing delivery of public services, by Minister, Department and Common Strategic Policy (CSP) priority, accompanied by a comparable comprehensive review of the real impact of the previous 6 months' efficiencies.

3. Consider the financial, social and administrative implications that these efficiencies may have on islanders, especially those in receipt of public services.

The Review Panel was careful not to duplicate the work of the Efficiencies Review Panel who will shortly be publishing a report on their findings. We understand their work has expanded to accommodate reviewing the Rebalancing Programme as part of the new Government Plan, as well as reviewing progress on the implementation of the Efficiencies Plan 2020-23 (R.130/2019), which was published on 21st October 2019.[117]

Efficiencies to Rebalancing

The Government Plan 2020-2023 set out the ambition to achieve £100 million of efficiencies with the first £40 million to be achieved in 2020. This Government Plan continues that ambition, but whilst the Efficiencies Plan 2020 was published as a standalone report, it stated that the impacts of Covid-19 have required multiple approaches to balance Government finances, representing a shift to a broader set of rebalancing measures into which the efficiencies have been subsumed.

Definition of Efficiencies

The Review Panel is aware that the Government Plan 2021-2024 proposes the delivery of a package of efficiencies totaling £20 million targets for 2021, as part of the £100 million target of 'annual recurring savings' by 2023. The Treasurer of the States had also indicated to the Review Panel that the Government was minded to continue the efficiencies drive to find another £20 million through 2024:

> **Treasurer of the States:**
> *In terms of the additional rebalancing plan out to 2024 we could add a fairly modest £20 million to that for 2024. While the number in total looks large it is not that large compared to the total spending over that period. I think it is important also to recognise that, as and when there is a need to spend normally, there is also a need to review whether spending that currently happens is effective in delivering the outcomes it wants and replacing that … with other spending plans that are more effective.*[118]

[116] The Scrutiny Liaison Committee commissioned the Efficiencies Review Panel to undertake the 6 Month assessments of planned efficiencies following the adoption of the 2nd amendment to P.88/2019.
[117] Government Plan: assessments of planned efficiency savings (P.88/2019), as amended
[118] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020

However, it recalled that last year, the Government Plan Review Panel had significant concerns surrounding the entire efficiencies programme, including the Government's definition of 'efficiencies' which denoted increased revenue as efficiency savings, and also wanted to understand from the Chief Executive whether, in the light of the pandemic over 2020, there had been further clarity as to what constituted 'efficiencies'.

The Review Panel noted that the Efficiencies Plan 2020-23 had defined an efficiency as:

> *A reduction in cost, delivering better-quality services for less, through:*
> - *More efficient collection of existing income, and better debt management*
> - *Increasing the Government's revenue through further recovery of existing costs, moving towards full cost recovery of services as required by the Public Finances Manual*
> - *The extension and increase of existing charges, or introduction of new charges as revenue raising measures.* [119]

The Chamber of Commerce, in a submission received this year[120] expressed doubts as to the validity of this definition:

> *The efficiency programme in relation to the operation of the public sector seems to have been stalled or delayed and we note that many of the efficiencies claimed are not actually efficiencies. We struggle to understand that a transfer to another department, a deferment of implementation, a review or releasing a budget, selling an asset, not increasing something and raising charges are actually efficiencies or cost savings. We would welcome some clarification of these as well as a discussion as to what the Government consider 'rebalancing' to mean.*

The Government Plan Review Panel was also aware that, of the £40 million earmarked as efficiencies for 2020 (£20 million of one-off efficiencies and the other £20 million made up of 'recurring' savings), over £28 million had been effectively removed from the departmental budgets, with £12 million still to be recovered. Departments were advised that if they could not make the efficiencies in the original way intended, they were to revert to a Plan B or Plan C, that is to find alternative efficiencies including 'one-off' savings, defer growth of the department, or halting a project.[121]

The Review Panel questioned the Chief Minister on the delivery of the Efficiencies Programme[122]:

> **The Chief Minister:**
> *We would suggest that we have made the £40 million because although we have not achieved all of the recurring savings we have found alternative measures that achieved that £40 million and the ones that we have not achieved, - around the £12 million of the £40 million in a non-recurring way, we have every expectation that they will be implemented basically when we come out of Covid. They will be on a recurring basis. That £40 million will be achieved in terms of sustainable and going forward, and for this year we have achieved £40 million and got over the line, £28 million of which is recurring, (roughly). In terms of going ahead, we still continue the efficiency programme. We think that is part of the prudent approach that we have been trying to take …*

[119] Efficiencies Plan 2020-23
[120] Jersey Chamber of Commerce submission to Scrutiny on Government Plan 2021-2024, 20 November 2020
[121] Efficiencies Review Panel Public Hearing with the Chief Minister 12th November 2020
[122] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020

The Review Panel was mindful that this approach had drawn criticism from the CIPFA advisor to the Corporate Services Scrutiny Panel:

> *Failure to meet a revised expenditure/income target on such efficiency savings may have negative implications on the ability of Departments to meet standard operational service delivery if bottom line budgets are to be contained. There is little evidence that collectively the schedule of efficiencies has been based on a strict value for money (VfM) approach, rather such changes, including planned changes, have been driven by the acute demand for the realisation of cashable savings to bridge the budget setting gap - containing a base budget requirement for significant savings irrespective of the impact on service.*[123]

The Review Panel has already commented on many efficiency and cost cutting measures throughout this report and therefore will not reiterate them here. However, it fears that not enough has been done to relate the efficiencies to the Common Strategic Priorities, thereby limiting their effect on the already vulnerable and under-served members of the community.

Last year, the Minister for Health and Social Services was asked to make £9 million worth of efficiencies in 2020. At a Public Hearing in October 2020[124] the Health and Social Services Panel was advised that, of that £9 million, £5 million worth of efficiencies had been delivered. Of the £5 million worth of efficiencies made, £3.5 million have been realised through the offset of 2020 growth and £1.5 million resulted from direct efficiency savings across all business units following a budget review.

In total, the Minister for Health and Social Services has been asked to make £5,227,000 worth of efficiencies in 2021. £5 million is due to be made through the implementation of proposals from a Zero-Based Budgeting exercise and £227,000 through recurring reductions in the non-staff budget.

The Minister for Social Security has been asked to make £442,000 worth of efficiencies in 2021. £400,000 is due to be made from deferring the implementation of the care needs at home project by one year and £61,000 will be made through regularly reviewing and improving customer services. Furthermore, £19,000 is due to be deducted from the Minister's budget and paid to Justice and Home Affairs to support Health and Safety Inspectorate resources.
Regarding the efficiencies that have been made, the Minister for Health and Social Services assured the Health and Social Security Panel (HSSP)[125] that they were delivered after a clinical assessment was undertaken to ensure that there would be no impact on the health of patients.

The Review Panel is not convinced. As demonstrated consistently throughout this report and in a number of proposed amendments to the Government Plan 2021-2024, Scrutiny Panels and individual States Members have had to try to save relatively small amounts to help the most vulnerable people. We have found little evidence that the programme of efficiencies is based on a strict value for money approach, nor that it has been weighed in favour of closing the inequality gap. Given the huge efficiency savings drive demonstrated by the HCS, it appears to be irrespective of the impact on service. The Review Panel concurs with the CIPFA consultant advisor to the Corporate Services Scrutiny Panel[126]:

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[123] CIPFA Principal Consultant - Covid-19 Recovery Planning Response Report, commissioned by CSSP, November 2020
[124] Health and Social Security Scrutiny Panel Public Hearing with Minister for Health and Social Services, 26 October 2020
[125] Health and Social Security Scrutiny Panel Public Hearing with Minister for Health and Social Services, 26 October 2020
[126] CIPFA Principal Consultant - Covid-19 Recovery Planning Response Report, commissioned by CSSP, November 2020

> *The larger components of the scheduled 2021 savings appear to be highly aspirational. For example, the £5m to be released from a zero based budget review at HCS[127], the release of funds from GHE[128] in respect of the hospital maintenance programme of £4million, managing inflationary pressures around Government generating savings of £3.7million and £0.9 million associated with OneGov Modernisation Programme. In context, these broad estimates do not appear to be realistic and we have yet to see evidence that demonstrates that a high level of assurance can be obtained that shows that recurring 'cashable' savings can be sustained from these initiatives.*

The Review Panel remains extremely concerned about the ongoing impact of what it considers to be an aggressive programme to cut the budgets of several departments, including those who serve the most vulnerable people or those who have already suffered inequality and hardship. It is mindful that a critical aspect of assessing the delivery of each efficiency is understanding the impact of its delivery, particularly on disadvantaged people. It has been impossible to isolate the impact of the efficiency itself from the significant impact that the pandemic has had on them. Similarly, due to staff redeployment to the emergency pandemic response, the Government has not developed its final approach to a sustainable wellbeing impact assessment. The Review Panel considers that this needs to happen as a matter of urgency.

The Review Panel wanted to know how the views of Islanders had been taken into account as the Government pursued its Efficiencies programme. It noted that the Corporate Services Scrutiny Panel had engaged with focus groups[129] and targeted submissions in order to understand the public's view. The Review Panel noted the following 'headline' results:

Efficiency savings

- Many people were confused about the premise of efficiency savings. They wondered how a department could be investing a lot of money and simultaneously saving
- The wording 'efficiency savings' was preferred to 'rebalancing' or 'recovery plan'
- Some confusion as to 'Putting Children First' whilst also saving money in the Children and Housing sector
- Respondents worried about cuts to Health given the current circumstances, the ageing population and the need to recruit more medical staff
- Some respondents wanted more details regarding how the savings were made and how these numbers are reached. As well as which assets were to be sold off
- Some were sceptical of whether this section is truly made through cutbacks or whether it is an accounting exercise

Furthermore, the Review Panel noted that the overall view of the focus group had been that the new Government Plan 2021-2024 would be so much better, if "there was comprehensive digestible data behind the efficiency savings data and clarity regarding the proposed additional £20 million saving. The Review Panel agrees.

[127] Health and Community Services Department
[128] Formerly Growth, Housing and Environment Department, now Infrastructure, Housing and Environment.
[129] The full methodology used and the report from 4insight in relation to the focus groups is published on the Scrutiny website, under the Corporate Services Scrutiny Panel's Government Plan 2021-2024 Review

This Panel is aware of the Government's ambitious plans to drive efficiencies of around £20 million each year to at least 2024. Subsequently, departments will be directed to spend less (and/or recover more) and to reconcile this at the end of each year. Several projects have been halted, deferred or reduced in the effort to make savings to offset the cost of Covid-19 recovery. Yet the Government still seeks to spend large sums on capital projects whilst potentially facing a decrease in revenue. The Review Panel finds this seemingly conflicting stance difficult to reconcile.

FINDING 14

The information on which to drive efficiency measures is impossible to separate from rebalancing measures to offset Covid-19, and impossible to track.

RECOMMENDATION 14

Transparency is needed about how an efficiency is defined and how efficiencies are tracked and monitored for progress and their impact on society.

Section 12 – Public Engagement

Listening to Islanders

The Review Panel noted that the Chief Minister had stated that, in preparing for, and compiling the Government Plan, he was in constant talks with prominent 'industry figures':

> **The Chief Minister:**
> *… What we need to know is what the outcome is of certain discussions I have been having at international level. We always engage and consult with the significant industries on a whole variety of measures and discussions as we go through, not only through the challenges of Covid but also the various external, political and financial pressures that the Island faces. That has been going on for decades. Of course we do consult with industry, particularly financial services if that is the one that gets impacted because that again is about Government engagement and about stability of our finances and stability of our industry.*[130]

However, the Review Panel wanted to know how the Government Plan had been compiled with all Islanders in mind. It noted the budget for the Communications Department had been allocated considerable sums and wanted to understand how this huge spend could be reconciled with a reduction in budget for other areas such as reducing income inequality or protecting the environment, both key common strategic priorities. The Review Panel questioned the Chief Minister at its public hearing on 20th November 2020:

Communications Budget

> **Connétable M.K. Jackson of St. Brelade:**
> *In terms of public comms, page 85 of the annexe, we see an additional spend of £623,000 for 2020 and the following 3 years: what is your base budget in communications? Why do you need that amount of money for all human resource, for communicating government's activity?*
>
> **The Chief Minister:**
> *I think it is worth pointing out that it is about the scope of trying to get the messaging out. Some of the changesso social media reach, for example, which is a fundamental change. It has gone from 12 million impressions in 2019 to 60 million impressions in 2020. Obviously things like COVID, fairly obviously, is trying to stress the importance of getting out as much communications as we can. Part of that as well is they have arranged, for example, over 700 interviews as well as 779, apparently, press releases and 3,800 media queries and 44 press conferences in this year. In terms of the volume of the interaction of government with the wider world but particularly through the media, that gives an indication of the volume of work that does take place. I think it is also worth pointing out, some of the way the unit has been established does mean that by bringing all of the design in-house has achieved, as far as we can identify, actual savings. An external graphic design spend, for example, in 2019 they saved just over £300,000 by bringing it in-house and that was a reduction from 2018 of £482,000 down to 2019, I believe, £181,000. There are also certain savings being established even during 2020, given the various campaigns going on.*
>
> **Head of Communications, Office of Chief Executive:**
> *The change that has been proposed really is to rationalise the budget that was drawn from other sources for the marketing design work, which was previously all going to*

[130] Government Plan Review Panel Public Hearing with the Chief Minister 20 November 2020

external agencies and has now been brought into the internal team, who have done the majority, if not all of the design work that you will have seen on the COVID campaign, on the campaign about spend local. On that campaign alone they were able to, I think, by bringing the design work internally, save up to £17,000 compared to what would be spent if that work was being designed externally. The other benefit obviously of having that team internal to government is the fact that they can react quickly. Where there are changes necessary to public guidance information that needs to go out to advise people, whether that is through social media, whether that is through a press briefing, we can prepare that quickly.

The Connétable of St. Brelade:
Can I just ask how you monitor the public's response to the Government Plan?

Head of Communications, Office of Chief Executive:
We have various ways that we monitor our public response. We monitor all media that get published both online, in the Jersey Evening Post, on radio on a daily basis and that allows us both to see sentiment and the volume of coverage on particular issues. We also have a very dedicated social media team who will take clippings or draw to our attention particular issues that are being raised around our posts. We only tend to monitor posts on the Government of Jersey channels, so those that are available on Facebook, Twitter and, increasingly, on YouTube, which we are using for our press conferences. … that does allow us to react as appropriate and when we have the capacity and officers are available we will respond to particular queries that we get through social media and making sure that people are directed, for example, to the public health advice to the COVID helpline.

The Review Panel does not consider this to be a satisfactory answer and recommends that greater emphasis is placed on the views of Islanders when reviewing the Government Plan. It considers that the huge communications budget is disproportionate to the other budgets which have been reduced, despite the latter budgets being more aligned to Islanders' priorities. The Review Panel recommends that more attention should be given to commissioning and receiving better quality and more frequent survey updates on a range of issues, as previously explored earlier in this report. That way, it could align the Government Plan more closely to providing better services to the community.

FINDING 15

The huge communications budget is disproportionate to the other budgets which have been reduced, despite the latter budgets being more aligned to Islanders' priorities. Too much money is spent on Government 'reach' and not enough on commissioning surveys, collating high quality data or listening to Islanders' priorities.

RECOMMENDATION 15

More attention should be given to commissioning and collating better quality and more frequent survey updates on a range of issues with less money spent on the Government 'reach'.

Section 13 – Conclusion

Whilst we fully appreciate that the changing focus on Covid-19 has brought different priorities, prevalent within the revised Government Plan 2021-2024 is a continuing level of optimism bias across personal tax income, a lack of detail behind the ability to deliver efficiency savings and not enough emphasis on aligning to the Common Strategic Priorities. The Principal Consultant of CIPFA said:

> *It may well be that these issues have been amplified by the management challenges posed by the pandemic. If so the reliability of the Government Plan 2021-2024 may be impaired and it is important that the States of Jersey address issues on transparency, detail and reliability.*[131]

Furthermore, evidence of the return of investment in some projects is still lacking, causing the Panel concern at a time when the government is borrowing to pay for coronavirus impact and still looking to finance huge capital projects such as the new Hospital.

Islanders are being asked to accept the borrowing by their Government of hundreds of millions of pounds. Of course, Islanders wish to see Government spending focused on the areas that matter most to them - health, education, training and skills, the environment, protecting the vulnerable and delivering a strong economy with diverse job opportunities. However, the higher the level of borrowing, the further away we move from economic prudence and the Review Panel suggests, financial stability. The Review Panel considers that any borrowing should be kept to a minimum, ensuring it can be paid back quickly so that it doesn't become a burden on our future generations.

The Review Panel echoes the words of Senator Gorst:

> *It would, in my view, be illogical to be borrowing money which we're not actually able to spend, and/or to have money available for spending commitments which we can't meet whilst simultaneously continuing to borrow.*[132]

The Review Panel considers that our amendment ensures that the need for borrowing such large sums is reduced. The Review Panel's biggest concern is shared by that of the Chamber of Commerce[133]

> *The Government seems to be relying on debt funding to take us through the pandemic and the plans to replenish our finances seem to either rely on economic growth (how this is to be achieved is not addressed) and small insignificant tax rises. The Covid debt will require longer term revenue raising and greater efficiencies, but the plan lacks sufficient detail in both areas. We are concerned that the Government will be saddling future generations with significant debt (and therefore disproportionate tax rises) rather than implementing efficiencies and revenue raising measures during the period 2021-24.*

Mindful of the fiscal caution and responsibility that the States of Jersey has always embodied in the past the Panel considers the borrowing of a large sum to be a risky strategy by the Government, coming as it does before a proper and prudent assessment of States income from tax revenue and in the absence of a properly thought out Estate Management Strategy or indeed an agreed plan to monitor borrowing rates and report back to the States on a

[131] CIPFA Principal Consultant - Covid-19 Recovery Planning Response Report, commissioned by CSSP, November 2020
[132] Government Plan 2021–2024 (P.130/2020): fourteenth amendment {P.130-2020 Amd.[14)]
[133] Jersey Chamber of Commerce submission to Scrutiny on Government Plan 2021-2024, 20 November 2020

repayment strategy on a regular basis. The Panel considers that a more appropriate way forward is a blended approach, such as borrowing a reduced amount and divesting of some of the considerable States' owned property stock and/or shares or at least committing to an urgent review of States assets to maximise their potential (such as divesting of shares/land/property).

An Assets Strategy and an Estate (property) Strategy should utilise money raised from any potential sales with any money raised to reduce borrowing. Any potential sales should require the approval of the Council of Ministers and the States Assembly so that they can be properly and fully considered before any decisions to sell are ultimately made.

We note that since drafting this report, the Government has come round to our way of thinking in respect of many of our recommendations, demonstrated by its lodging last minute amendments to reinstate funding for the Public Ombudsman, Jersey Premium, care-leavers, the refurbishment of Elizabeth Castle and so on. We consider these welcome amendments to the Government Plan and we consider that they demonstrate an acceptance by the Government that its proposed reduction of budgets in these areas was entirely contrary to the previously States-approved Common Strategic Priorities. The Government Plan Review Panel commends the Scrutiny Panels and individual States members whose hard work and commitment brought these anomalies to light.

The Review Panel concludes that there is a need for more evidence that the Government Plan is committed to the Common Strategic Priorities and all of its findings and recommendations in this report are designed to help form a better Government Plan 2022-25.

Appendix 1 – Terms of Reference

1. To coordinate detailed scrutiny of the Government Plan 2021- 2024, including allocating cross-cutting Sections/projects of the Government Plan to the standing Scrutiny Panels and Review Panels, based on a 'best fit' approach[134].

2. To undertake an overarching review of the Government Plan 2021 – 2024 in order to determine whether, overall, funded projects meet Ongoing Initiatives, Common Themes and, ultimately, Common Strategic Priorities;

3. To consider overall levels of resourcing, of all forms, allocated to projects and whether this is sufficient or excessive to enable the Government Plan to meet its stated aims.

4. To facilitate consistency of approach across standing Panels, including that any proposed amendments to be lodged are consistent with the requirements of the Public Finances (Jersey) Law 2019.[135]

Appendix 2 – Witnesses and Evidence Gathered

The Panel has compiled this report drawing on a range of evidence. At the launch of the review, the Panel requested access to all supporting information relating to actions, programs and capital projects from Ministers/Departments. This included, but was not limited to: full business cases, Council of Minister papers, private briefings with Ministers and senior officers, and 2020 base budgets. In addition, it sought submissions from the public, key stakeholders and interested parties, seeking their understanding of the Government Plan 2021-2024 and asking whether their views had been sought in its preparation.

Public hearings were held with the following Ministers:

- Chief Minister: 16th October 2020 and 20th November 2020
- Minister for Treasury and Resources: 19th October 2020 and 23rd November 2020

Responses to written questions were received from the Chief Minister and the Minister for Treasury and Resources.

A private briefing was held with officers from the Department for Strategic Policy, Planning and Performance regarding the use of the Jersey Performance Framework in developing the Government Plan and the Government Plan Review Panel also attended several private briefings (via videolink due to Covid-19 restrictions) with senior officers of the Government on general and specific aspects of the Government Plan 2021-2024 layout and contents.

To view all the submissions, responses to written questions and public hearing transcripts, please visit the Scrutiny section on the States Assembly website.

[134] Projects will not directly align with Scrutiny Panels and most will involve multiple ministerial portfolios. Rather than split out projects into elements amongst various Panels, each project will be scrutinised in its entirety by a single Panel.

[135] Article 13(2) of the Public Finances (Jersey) Law 2019: A person, committee or panel who intends to propose an amendment to any element of a lodged government plan referred to in Article 9(2) must, in preparing the amendment, take into account the impact of the amendment on –

> (a) the States' finances; (b) the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey; and (c) the sustainable well-being of the inhabitants of Jersey over successive generations.

Appendix 3 – Scrutiny Reports and table of proposed (lodged *au Greffe*) Amendments to the Government Plan 2021-2023

Scrutiny Panel	Responsible Ministers	Government Plan 2021-2024 Review Report
Corporate Services	Chief Minister Treasury and Resources	Corporate Services
Children, Education and Home Affairs	Minister for Children and Housing[136] Minister for Education Minister for Home Affairs	Children, Education and Home Affairs
Health and Social Security	Minister for Health and Social Services Minister for Social Security	Health and Social Security
Economic and International Affairs	Minister for Economic Development, Tourism, Sport and Culture Minister for External Relations Minister for International Development	Economic and International Affairs
Environment, Housing and Infrastructure	Minister for Children and Housing[137] Minister for the Environment Minister for Infrastructure	Environment, Housing and Infrastructure

[136] Senator Sam Mézec resigned as Minister for Children and Housing on 9 November 2020, and was succeeded in the role by Deputy Jeremy Maçon on 17 November 2020
[137] See above.

Amendments	Proposer	Outline
Amendment 1	Children, Education & Home Affairs Panel	Do not defer Public Services Ombudsman
Amendment 2	Children, Education & Home Affairs Panel	Increased funding for the Jersey Premium (funding programme for schools and colleges)
Amendment 3	Children, Education & Home Affairs Panel	Reinstate the budget for care leavers
Amendment 4	Senator Sam Mézec	Remove 20% personal income tax rate and introduce rate of 25% for all under Marginal Relief
Amendment 5	Deputy Robert Ward	Reduce the rate of fuel duty paid on 2nd generation biofuel to 0%
Amendment 6	Corporate Services Panel	Increase Child Care Tax Relief and Enhanced Child Care Tax Relief
Amendment 7	Corporate Services Panel	Increase Stamp Duty on transactions over £2 million
Amendment 8	Corporate Services Panel	Increase Child Tax Allowance and Additional Child Tax Allowance
Amendment 9	Deputy Robert Ward	Introduce bus pass scheme for under 21's
Amendment 10	Connétable Simon Crowcroft	Review into the funding of public services by the Parishes
Amendment 11	Deputy Robert Ward	Fund Beresford Street Kitchen
Amendment 12	Deputy Montfort Tadier	Repair and maintenance of Elizabeth Castle
Amendment 13	Deputy Montfort Tadier	Increase expenditure on the arts, heritage and culture to 1% of net revenue expenditure for 2024 and beyond
Amendment 14	Senator Ian Gorst	Minimise borrowing requirement by prioritising return of unspent funds to consolidated fund, and include list of potential sales in Government Plan 2022-25
Amendment 15	Senator Kristina Moore	Refund GST made on items and services of list (related

		to environmental improvement)
Amendment 16	Government Plan Review Panel	Reduce use of Revolving Credit Facility by at least one third, facilitate a community bonds programme, initiate a programme of divestment of States-owned assets, present divestment strategies by February 2021
Amendment 17	Deputy Kevin Pamplin	Commit to funding a Poverty Commission to produce a Poverty Policy
Amendment 18	Deputy Robert Ward	Extension of the school meals pilot
Amendment 19	Deputy Mike Higgins	Fund pro bono legal services for those who cannot afford lawyers or legal aid
Amendment 20	Deputy Mike Higgins	Fund search for Sea Cadets HQ
Amendment 21	Connétable Mike Jackson	Increase tree preservation initiatives

Appendix 4 – Memorandum of Understanding

Memorandum of Understanding on enhanced engagement during the development of the Government Plan between the Council of Ministers and Scrutiny

1 The following enhanced engagement with the Government Plan Review Panel during development of the Plan is agreed:

1.1 Appointment of a Government Plan Liaison Officer to act as first point of contact (strengthening existing SLO arrangements);

1.2 Every two weeks — private Officer briefings;

1.3 Monthly — private briefing by Chief Minister and/or Minister for Treasury & Resources accompanied by other Ministers/Assistant Ministers as necessary;

1.4 Work with Scrutiny during the development of the Government Plan to enable where possible confidential stakeholder engagement by Scrutiny on decisions made by COM subject to confidentiality arrangements being in place;

1.5 Provision of interim draft chapters, or similar, during development of the Government Plan;

1.6 Provision of final draft chapters of the Government Plan as soon as available;

1.7 Provision of background information and Business Cases as soon as available;

1.8 Two weeks in advance of lodging - provision of Word draft of Government Plan 21-24 to enable Scrutiny to begin internal review, provide to advisers and plan hearings etc;

1.9 Ministers will, during the lodging period, prioritise Scrutiny hearings; and
1.10 COM will inform Scrutiny of any planned amendments to the lodged Government Plan to be made by CoM.

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