STATES OF JERSEY

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): THIRTY-FIFTH AMENDMENT (P.70/2025 AMD.(35)) – COMMENTS

Presented to the States on 4th December 2025
by the Council of Ministers

STATES GREFFE

COMMENTS

This amendment is not realistic, practical or sensible and the Council of Ministers urges all members to reject it.

Shortened Lodging

The Budget was lodged on 16th September, allowing for a 12-week scrutiny period before debate. This amendment was lodged a week after the amendment deadline. No reason has been given as to why it was not possible for this amendment to be developed within the deadlines that Council of Ministers, Scrutiny Panels, and all members are held to. Despite this, the majority view of the Council of Ministers is that it should be debated and rejected.

A Budget that curbs growth

From the beginning of this Government in early 2024, the Council of Ministers have highlighted their concerns about the unsustainable cost of the public sector. This is evident when looking back at Budgets since the last election in 2022. This Council of Ministers have started to curb the growth compared with the levels seen in the 2023 and 2024 Budgets presented by Deputy Moore and her government. We have stopped the annual growth process, with growth focused only on delivery of the CSP, frontline services and to mitigate key risks.

	2023	2024	2025	2026
Revenue Growth	53,569	59,697	33,794	50,622
Savings	-10,000	-14,350	-20,304	-19,715
Net Growth	**43,569**	**45,347**	**13,490**	**30,907**

This COM's commitment to curbing growth can be seen through the inclusion of savings targets in their Budgets – with £20 million to be delivered this year, a further £20 million in 2026 and £27 million to be delivered in 2027 – as well as measures such as the recruitment and consultancy freezes.

Savings have been profiled to ensure that they can be delivered in a planned and controlled manner.

The CSSP, in their review of Budget 2025-2028 made the following recommendation:

RECOMMENDATION 30: In alignment with the advice of the Fiscal Policy Panel the Council of Ministers must refrain from including any unspecified savings in future Budgets.

The Council of Ministers have kept the advice of the FPP in mind when formulating budgets but has continued to include challenging but achievable targets in 2027, with time for the exact way for these to be delivered to be determined. These targets provide pressure to encourage departments to think differently, prioritise and work to deliver more with less.

Setting an additional target of an additional £89 million saving requirement for 2026, with less than a month's notice, goes beyond challenging. Excluding Grants to the Social Security Funds, Financing Costs, Social benefits and the Living Wage Support Scheme, Ministerial Departments have budgets of approximately £950 million, so this saving, whilst not implausible in the long-term, would have stark consequences over

2026 and the following years, across the public service, including Health, Education, and Emergency Services. This is not deliverable through trimming the back-office – this is substantial costs across all services. The Deputy has identified an allocation between Health, EDTSC and Treasury and Exchequer, and the impact on each is considered more fully below.

On a purely practical basis, savings at the scale proposed would necessitate a substantial redundancy programme, which would likely incur costs in 2026 that would effectively require further savings to fund. This also could not be delivered overnight, which the amendment would in effect require.

In reality, the amendment will put individual Accountable Officers in the impossible position of being unable to deliver the services expected by Islanders whilst meeting their legal obligations under the Public Finances Law. Indeed, they may not be able to meet their legal obligations without disregard for due process and respect to their employees.

Impact on Health and Care Jersey

A £57.2 million reduction in Health and Care Jersey's head of expenditure would have a **catastrophic** effect on front line services, and lead to worsening health outcomes for Islanders in 2026.

This is more than 6 times the 2026 saving target and cannot be deliverable through efficiencies alone.

A £57 million reduction in the HCJ revenue budget represents approximately 15% of total expenditure. Given that around two-thirds of HCJ costs relate to pay, a proportional saving of this scale would require a reduction of roughly £38 million in staffing expenditure. This would equate to deleting 450–500 posts and, depending on the balance of clinical and non-clinical roles, that number could be greater (not factoring in redundancy costs). The remainder of the suggested reduction would come from cuts in the non-pay spend including clinical supplies and essential operating costs.

A cut of this magnitude would lead to a loss of specialist skills and significant service reductions – indeed it would likely require HCJ simply stopping to provide some critical services for example, all social care provision plus a major hospital service (such as elective, non-urgent care).

There would be material impact on safety and quality, thus heightening clinical risk, with costs being shunted into acute services or primary care, which would then have a significant impact on the Health Insurance Fund.

Transformational activities, including digital, service modernisation, integration initiatives (such as acute and community flows) would be curtailed and investment in preventative health shelved. This would delay productivity improvements –the very changes that are needed to reduce long-term costs.

The wider societal and economic consequences include increasing unmet health and care needs which ripple across all other parts of the health system, GPs, emergency services and charities etc. There would be a resultant increased burden on families and informal carers with vulnerable groups disproportionately affected.

Island employers would likely face reduced staff productivity and lower economic output due to poorer population health.

In short, removing £57m from the HCJ budget with less than a month's notice would lead to major service reductions, workforce loss, longer wait times, higher risks, poorer health outcomes, and increased cost pressures elsewhere in government. It would create greater costs in the short and medium term and critically undermine the long-term sustainability of the whole health and care system in Jersey.

For the Deputy to suggest that this level of savings could have been achieved in the two-year period from 2023 to end 2025, through the implementation of proposals that were potentially emerging during her term of government is wholly fanciful.

<u>Impact on EDTSC - Arm's Length Bodies</u>
The Proposer seeks to reduce the budget of the EDTSC head of expenditure on the basis of synergies that may be possible in Arms Length Bodies (ALBs). However, the cut proposed has not been subject to any form of stakeholder consultation, evidence gathering or impact analysis. For Deputy Moore to make this level of saving is unachievable and wholly fanciful. The figures in the table above clearly demonstrates that the level of net growth in this Budget is considerably less and approximately half of the net growth resulting from the Budgets delivered by Deputy Moore in 2023 and 2024: £45 million over two budgets compared to £90 million.

The increase in EDTSC head of expenditure since the last government is principally due to democratic decisions of the States Assembly on Propositions brought forward by States Members on formula funding for 1% Arts, Culture & Heritage and additional funding approved by the Assembly for agriculture.

The required recurring financial savings of £1.87m (2024) and an additional £1.09m (2025) have been fully delivered within the EDTSC head of expenditure. Furthermore, all targeted headcount savings have been delivered in those same financial periods and staff costs have already been reduced ahead of the 2026 savings requirement.

2025 year-end forecast for the EDTSC head of expenditure estimates broad categories of 2025 full year expenditure (£37.2m) to be:

- Staff costs - £4.6m
- Grants to Arm's Length Bodies - £12.3m
- Ring-fenced 1% for Arts Culture & Heritage - £11.9m
- Agriculture & Fisheries grants and subsidies - £7m
- Other – c.£0.4m

If the amendment is approved by the States Assembly, due to the late notice the Minister would be obliged to materially reduce:

1. grants to arm's length bodies in an arbitrary manner rather than through an evidence-led process to identify and deliver precise savings; and staff

2. departmental staffing through an urgent programme of compulsory redundancy with considerable risk that redundancy costs could not be offset by in-year savings thereby adding cost pressure beyond the approved budget.

The island economy (ignoring financial services given the specific focus of this amendment) remains vulnerable to UK and international competition for tourism, rapid digitisation, rising employment costs, cyber risk and the household impact of higher than long-term trend inflationary pressures. The department is working closely with arm's lengths bodies to address these challenges. through initiatives such as the Better Business Support Package, Impact Jersey (P.75/2022) and increased rural economy support (P.74/2023).

Impact on Treasury (or other departments)
The Deputy refers to the ability of the Treasury Minister to make transfers between heads of expenditure. Of course whilst these powers exist, such decisions are fettered by the requirement for them to sit before the Assembly for four weeks, and would undoubtably be called for debate – leading to significant delay.

A well thought through budget or amendment would allocate savings to the departments expected to make them, rather than placing an artificial pressure on a department who would undoubtably need to reprioritise a large part of its existing resource to supporting departments in delivering exigent levels of savings with no notice.

If adopted, departments (outside of HCJ and EDTSC) would be required to deliver an additional £26.6 million of savings on top of the £9 million targets already included in the budget.

There would be clear risks arising attempting such savings, especially at the pace suggested.

Conclusion
While this amendment is not realistic, practical or sensible, it does support the Council of Ministers' position that public sector expenditure growth is unsustainable.

This Council of Ministers presents a Budget that continues to curb the growth of public sector spending. It is important that States Members recognise this and agree that further action is needed, with a shift to longer-term thinking, including financial planning. At the end of this Assembly, we will present the results of our work on how to continue in this direction.

We have addressed decades of under investment in infrastructure and need to focus the spending on improved health, education and safety.

However, the Council of Ministers firmly believes that passing the challenge of how to reduce spending further in a considered way to the next Assembly is far preferable to passing them a demotivated public service in disarray, with Islanders and the local economy facing worsening outcomes and greater uncertainty.

Comments under Standing Order 37A
Given the Amendment's late lodgement and its potentially significant impact, additional time was required to prepare a detailed response outlining the reasons for its rejection.