Cabinet Office

Government of Jersey
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Deputy I Gardiner
Chair of Public Accounts Committee
By email

26th February 2026

Dear Deputy Gardiner

Public Accounts Committee – Quarterly hearing follow-up matters

Thank you for the Committee's letter dated 3rd February 2026. Please find responses to the questions below.

1. **You agreed to provide the PAC with how many pay reviews have been carried out regarding ALB?**

   So far as the wholly owned States Owned Entities ("SOEs") are concerned, the Minister for Treasury & Resources approves all changes to the remuneration of Board members, which usually occur annually. In accordance with the Memoranda of Understanding and Remuneration framework for these SOEs, any increases above RPI to reflect market levels must be supported by a market study and appropriate benchmarking. In addition, the Minister specifically votes on the respective Remuneration Committees' reports within the Annual Report & Accounts at each Annual General Meeting of each of the SOEs.

   For ALBs that are established with staff as States Employment Board employees, staff are remunerated in line with civil service pay scales, effectively enabling a pay control for these entities.

   For ALBs that are independent bodies and not States Employment Board employees, there is limited control that the public service can assert on remuneration reviews. In line with generally accepted corporate governance principles, it is Boards and Remuneration Committees that would normally review executive pay for independent organisations, not the Government of Jersey. However, where the Government funds an organisation in whole or in its majority, we will take an interest in the proportionality and appropriateness of executive pay, and influence where reasonable. Further to the changes to the Public Finances Manual that came into effect on 1 August 2025, there is a principle that 'Accountable Officers should consider arrangements for approval of executive remuneration' and that these should be included in the relevant partnership agreements (for ALBs and grants over £250k).

   In addition, the States Employment Board supports making a recommendation to the Council of Ministers to introduce a remuneration framework for ALBs that would see roles and salaries linked or evaluated to civil service frameworks through a formal job evaluation and matching process. This approach would align ALB remuneration with established civil service grading methodology, helping to ensure fairness, equity, and consistency across comparable roles.

However, I am not aware of any specific pay reviews being carried out to date for ALBs or grant funded bodies and the Public Finances Manual does not require the Government of Jersey to undertake pay reviews of executives in ALBs or grants funded bodies.

2. **You mentioned outcomes you wished to achieve by the end of the year could advise how these will be measured?**

   The outcomes I discussed at the recent hearing were:
   - Improve collaboration and trust between the civil service and the Council of Ministers. This will not be measured but I feel that I have made good progress in strengthening relationships in this area.
   - A prioritised, funded and deliverable C.S.P. – achieved
   - Elevate the strategic debate on public finances, strategic risk management. This will not be measured but I consider that from my discourse with COM, Assembly Members and the public, there is a greater general awareness about the strategic issues that currently face government.
   - Leave a very strong succession plan. I have provided evidence of the work we have been doing in my previous correspondence. Examples include reducing reliance on external consultants, development opportunities for leaders and aspiring leaders, and a greater focus on internal appointments throughout the organisation.

3. **The PAC would like to request the last version of the corporate risk register to be shared with it in confidence?**

   The version of the corporate risk register that was considered by the Executive Leadership Team in January 2026 is shared with the Committee in confidence.

4. **During the hearing you indicated that the comparative analysis underpinning the "size of government" workshops drew on OECD and COFOG datasets, and that you would "need to get the pack" to confirm which specific jurisdictions were used as comparators?**

   The international comparison data underpinning the workshops were drawn from a range of sources that have already been published. This included Statistics Jersey's 'Government employment revenue and expenditure report' and the 'Public spending statistics 2024'. The comparison data used were all from the other OECD countries because of the consistency in collection and presentation. Much more limited comparisons were made with the other Crown Dependencies of Guernsey and the Isle of Man using open source data on expenditure and headcount.

5. **Jersey's 23% tax-take, tax-neutral fiscal model is materially different from the comprehensive welfare states that dominate OECD benchmarks. Please therefore provide a schedule (suitable for publication) listing: (i) each comparator jurisdiction or organisation actually used in the analysis; (ii) the dataset(s) and year(s) relied upon for each comparison; and (iii) the rationale for each comparator's suitability to Jersey, including whether any low-tax or taxneutral jurisdictions were included alongside the high-tax OECD states visible in workshop materials?**

   Participating in OECD surveys provides useful comparative data. It is fully acknowledged that OECD countries are significantly larger than Jersey's population or government. The public spending report included detailed international comparisons for social protection, health, and education (the three largest spend categories). It was not possible to conduct a detailed comparison of Jersey against similar sized jurisdictions like Guernsey or the Isle of Man, as they do not publish spend data according to the international COFOG classifications.

Comparisons against Guernsey and the Isle of Man, for instance, have been provided where they have comparable data - see Figure 6 of Statistics Jersey - Government employment, revenue, and expenditure report.pdf for instance.

6. **Recommendation 2 of the PAC States of Jersey Annual Report and Accounts 2024 review report stated, "the Government should consider producing an interactive, user-friendly version of the Annual Reports and Accounts". This was agreed in principle with the executive response noting to review of whether a tool similar to one described by the Committee is feasible and justified will be undertaken. Can you update the PAC on this review what tools are you looking at?**

   We have not yet progressed the development of interactive accounts. We are currently prioritising the 2025 Annual Report and Accounts process. Once these have been finalised, this work will be considered.

7. **Can you advise the PAC when you are hoping to publish the Annual Report and Accounts for 2025?**

   The anticipated date for publication is currently 17th April 2026.

8. **Could you update the PAC on progress with implementing recommendation 1 of the C&AG report Financial Management and Internal Control, which was looking at "enhance the management information produced, reviewed and challenged"?**

   The agreed action was to "Review Commercial Services reporting provision, to ensure that information available (including to the GoJ Risk and Audit Committee), such as breaches and exemptions, can be appropriately used for identifying and improving processes, and performance management, as appropriate. Where reporting process do not seem to be adding additional value, consider resource/benefit in production of such reports". Work is underway to improve Commercial Services management information, including but not limited to, data and insight on supplier onboarding, purchase requisitions, spend, and exemption and breaches. We anticipate that this action will be delivered in line with the agreed target date due to the efforts required to redesign and implement enhanced governance processes to ensure a more accurate view of procurement non-compliance across the organisation.

9. **Can you advise the PAC why in the prioritised improvement plan the review of reporting provisions being undertaken by Commercial Services, has been given a target date of the end of 2026, and whether there is scope for this to be delivered sooner?**

   See response to Question 8.

10. **Could you explain to the PAC the progress made regarding recommendation 2 of the C&AG report Financial Management and Internal Control, which was to review the Terms of Reference of the Corporate Governance Framework Group, given that it**

was stated in the response "Whilst accepted, this work may not be prioritised amongst other activity"?

It is important that the strategic arrangements for governance and oversight meet the needs of the organisation and do not create additional bureaucracy that does not add value. A review of the Corporate Governance Framework Group terms of reference will be undertaken through this lens, which should include how we deliver proportionate governance and assurance across the organisation. Therefore, this action will be undertaken, but as part of a wider review of the governance blueprint to ensure that arrangements are proportionate and fit for purpose.

11. **Could you inform the PAC how you have strengthened the Risk and Audit Committee's role in reviewing and challenging action being taken by Government to implement recommendations, as was agreed in recommendation 5 of C&AG report Financial Management and Internal Control and which has a target date of end of 2025?**

The agreed action was to 'Develop and deliver an updated system to monitor and effectively report on the delivery of recommendations from various sources of review and audit. Discuss use with the Chair of the Risk and Audit Committee to ensure appropriate oversight of GoJ responses to C&AG and PAC reports.' The Committee has recently had a preview of the system in development. Once rolled out, its use in oversight of the implementation of recommendations will be discussed with the RAC chair in line with the agreed action.

12. **In the response to recommendation 5 the Government states "the Risk and Audit Committee will be asked to review their activity in this space alongside other priorities in terms of agenda setting." Can you inform the PAC if this review of their activity has been completed, what was the result and was there any subsequent recommendations?**

An independent review of the Risk and Audit Committee has been undertaken. Any changes to the Committee shape or function will be implemented through the lens outlined in the response to Question 10.

13. **The C&AG Financial Management and Internal Control report recommendation 8 was not agreed. Could you explain to the PAC why this recommendation, to require departments to evidence regular review and testing of their control environments, was not accepted, given its medium risk profile?**

The rationale for this recommendation not being agreed was outlined in the Executive Response. We did not consider that we needed to introduce further controls given that there is a strong Enterprise Risk Management system in place with oversight from Head of Risk, as well as a governance statement process, included in which is a question to Accountable Officers about how assurance work has been carried out in departments to ensure that systems of internal control are adequate in principle and complied with in practice.

14. **Could you update the PAC on progress with recommendation 13 of the C&AG Financial Management and Internal Control report, which requires the "HCJ Financial Recovery Plan to be updated to address identified weaknesses", and advise whether the completion date of end 2026 can be brought forward in light of the high risk profile?**

Over the past three years, HCJ has been undertaking a sustained and structured programme of financial recovery. This has included strengthening the underlying financial framework & controls, improving budget holder capability, enhancing grip and control discipline, and embedding more robust oversight. Progress has been incremental and deliberately paced to ensure improvements are both embedded and sustainable rather than short-term or superficial.

Over the past three years, HCJ has delivered £19m of cumulative savings, with £11.5m being achieved in 2025, placing the department on track to meet the £25m requirement for 2023–2026.

These savings have been achieved through improved procurement and contracting, workforce controls, service redesign, and better utilisation of capacity across clinical services. While the financial challenge remains substantial, the trajectory demonstrates that the financial recovery programme is yielding tangible results.

The FRP itself is maintained as a live, continually improving programme rather than a static plan. The latest iteration incorporates the weaknesses highlighted by the C&AG, including clearer risk articulation, strengthened accountability arrangements, improved transparency of savings trajectories, and closer alignment between financial, operational, and workforce plans.

The C&AG identified end 2026 as the timeframe, we have already brought forward key elements of the work. Many of the foundational controls and process improvements are in operation, and further enhancements will be introduced during 2026. However, given the scale of financial challenge, the maturity required in system and behavioural change, and the need to maintain operational stability, the overall timeframe remains realistic and appropriate. Accelerating it further would risk undermining the quality and sustainability of the improvements being delivered.

In summary, the FRP has been undergoing structured enhancement over the past three years; material savings have been delivered; the weaknesses identified by the C&AG have been incorporated into the live programme. The end-2026 timeframe remains appropriate for full implementation and embedding.

15. Could you update the PAC where you are currently at with implementing recommendation 1 of the C&AG Critical Infrastructure Resilience – Transport Links report to "Agree a definition of Island critical infrastructure. This should include critical transport infrastructure for sea, air and on-Island transport and the routes which fall within this definition."

The definition of critical island infrastructure has been developed by Emergency Planning, submitted to and agreed by the Jersey Resilience Forum, and ultimately submitted to the C&AG. The basis for the definition reflects the National Protective Security Authority (NPSA) UK definition, and includes the transport sector (Sea, Air, Freight handling, Road Transport and distribution).

16. Can you advise the PAC why the JRF to agree a definition of critical infrastructure is anticipated to take until June 2026?

The JRF agreed the definition in December 2025, and this was submitted to the C&AG prior to the end of 2025.

17. **Given the cessation of Blue Islands' operations, can you explain to the PAC your position as to why recommendation 7 of C&AG Critical Infrastructure Resilience – Transport Links report to "Develop a formal process for postimplementation review of new air route trials involving Government, Ports of Jersey and Visit Jersey. To commence with a detailed review of the impact of the new Paris route served by Blue Islands" was not agreed?**

    The Paris route is not considered critical transport infrastructure. The Jersey to Paris CDG route operated by Blue Islands was discretionary and established on a trial basis: route development funding was available if necessary. Blue Islands never sought to draw down on this funding as the route was operating to at least a breakeven basis.

18. **The executive response mentions "existing processes include mechanisms for monitoring and evaluating transport connectivity and tourism impact with our ALBs". Could you advise the PAC if you will be insisting on formal review process for such trials in the future?**

    Ports of Jersey provide monthly reports to Government on passenger volumes by air and sea. In addition, the Ports Policy Ministerial Group receives quarterly formal connectivity updates from Ports of Jersey, including insights into commercial strategies with air and sea transport operators, and how demand is met by Jersey's on-island local visitor economy. Where Government has provided funding either for strategic, long-term partnerships or shorter discrete initiatives, reporting requirements are built into any funding agreements, which sufficiently enables the fullest assessment of a project's success and economic impact. In short, review processes happen already.

19. **The executive response to recommendation 8 of C&AG Critical Infrastructure Resilience – Transport Links report to introduce a structured process for reporting the identified Key Performance Indicators in respect of the Blue Islands loan was "Agreed and ongoing. A periodic, structured reporting arrangement is in place to ensure that the Minister for Treasury and Resource is up to date." Can you advise the PAC the success and challenges of this process considering the airline's recent cessation of operations?**

    a. **In the improvement theme on this recommendation, the Executive Response stated "no action at this time" can you advise why this was the case considering the difficulties of Blue Islands?**

    At the time of the Executive Response, it was deemed that no further action was necessary due to the following:

    - The loan was being actively monitored, as the C&AG acknowledged in her report, by representatives of both Treasury and Ports of Jersey attending all Blue Islands' board meetings
    - Regular dialogue with Blue Islands throughout the period whilst their financial performance meant that the business future was not secure
    - This active monitoring meant that officers and Ministers were fully aware of the issues and were able to put in place temporary support measures to manage Blue Islands through.

b. **Can you inform the PAC what steps are being taken to ensure that this recommendation is taken forward?**

The Recommendation has fallen away since Blue Islands has entered liquidation and therefore there can be no further process for reporting against the identified KPIs.

20. **Could you advise the PAC if recommendation 2 of C&AG Critical Infrastructure Resilience – Transport Links report which was for Ministers and other States Members to participate in emergency response exercises and training has taken place, given the target date of October 2025?**

Emergency response exercises are developed in such a way to ensure they are aligned to the highest risks and focussed on maximising benefit and achievability. The strategy now adopted in the Emergency Planning Department on behalf of the Jersey Resilience Forum is to include members of the Emergencies Council in training and exercising. An example of this is the inclusion of the Emergencies Council in the UK National Pandemic Exercise (Exercise Pegasus) which took place in the Autumn 2025. Exercise Tempest (March 2026) is another example of a pre-planned live exercise managed by Emergency Planning where the Emergencies Council, on this occasion, will be invited to observe.

21. **Recommendation 3 of C&AG Critical Infrastructure Resilience – Transport Links notes in the action section "build a mechanism to enable communication to Chief Officers within government so that they can align their risk management approach with the information provided on the JERR" Can you advise the PAC how you are progressing with this recommendation and are you on track to deliver by the date mentioned?**

The Executive Leadership Team was briefed on the Jersey Emergency Risk Register on 7th January 2026. The Emergencies Council is due to be briefed in February 2026. A public facing version of the Jersey Emergency Risk Register is planned for publications by Q2 2026.

22. **C&AG Critical Infrastructure Resilience – Transport Links Action section noted Recommendation 4, Recommendation 10 and Recommendation 11 have implementation dates for December 2025. Can you also inform the PAC if these recommendations have been implemented, and if not why not?**

Please see response to Question 21.

In relation to recommendation 10 (oversight arrangements for the Jersey Emergency Transfer Service), and recommendation 11 (procurement strategy for the Jersey Emergency Transfer Service), ongoing contractual oversight continues using metrics and contractual levers, with a record of meetings maintained with colleagues working closely with the clinical lead for JETS to ensure patient safety and quality are central to the process. Key elements of learning both from incidents and issues raised in recommendations have informed the procurement strategy e.g. to consider resilience across the Channel Islands, operational readiness of provision etc.

The competitive tender activity is well underway and expected to conclude in Q2 with an award. Shortlisted providers are offering solutions to mitigate risk ensuring operators have sufficient time to mobilise services, application of the further extension period has been agreed until 31st Dec 2026. Closure of the agreed actions is expected in Q2 2026.

Yours sincerely

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