States of Jersey
States Assembly

États de Jersey
Assemblée des États

Corporate Services Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Treasury and Resources

Friday, 4th July 2025

Panel:

Deputy L.K.F. Stephenson of St. Mary, St. Ouen and St. Peter (Vice -Chair)

Deputy J. Renouf of St. Brelade

Deputy A.F. Curtis of St. Clement

Deputy M.B. Andrews of St. Helier North

Connétable D. Johnson of St. Mary

Witnesses:

Deputy E. Millar of St. John, St. Lawrence and Trinity, The Minister for Treasury and Resources

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter, Assistant Minister for Treasury and Resources

Mr. R. Bell, Treasurer of the States

Mr. R. Summersgill, Comptroller of Revenue

Mr. J. Russell, Deputy Director - International and Competent Authority, Revenue Jersey

[10:00]

Deputy L.K.F. Stephenson of St. Mary, St. Ouen and St. Peter (Vice-Chair):

Welcome, everybody, to this public hearing of the Corporate Services Scrutiny Panel. This is our quarterly hearing with the Minister for Treasury and Resources. Just a few housekeeping points to start with. The hearing is being filmed and streamed live and the recording and transcript will be published afterwards on the States Assembly website. If all mobile phones could just be on silent or switched off, please. I would be grateful if everyone who speaks could ensure that they do state their name and role, although we will move on to introductions. I believe we are going to be joined by Deputy Gorst at some point. If we could just make sure we introduce him formally, that would be useful, please. So we will start with introductions. I am Deputy Lucy Stephenson, and I am the vice-chair of the panel. I will be chairing this hearing today in the absence of the chair, Deputy Miles, who sends her apologies.

Deputy J. Renouf of St. Brelade:
Deputy Jonathan Renouf.

Connétable D. Johnson of St. Mary
Constable David Johnson, panel member.

Deputy M.B. Andrews of St. Helier North
Deputy Max Andrews.

Deputy A.F. Curtis of St. Clement:
Deputy Alex Curtis, panel member.

The Minister for Treasury and Resources:
Elaine Millar, Minister for Treasury and Resources.

Deputy Director - International and Competent Authority, Revenue Jersey:
Jonathan Russell, Deputy Director of International, Revenue Jersey.

Comptroller of Revenue:
Richard Summersgill, Comptroller of Revenue.

Treasurer of the States:
Good morning. Richard Bell, Treasurer.

Deputy L.K.F. Stephenson:
Thank you very much, everybody. We have got 2 hours for this hearing and, as always, lots of areas to get through, lots of things to discuss. I am going to start today just looking back to our previous quarterly hearing and some comments that have been made about the transfer of up to £25 million from the Consolidated Fund to the Stabilisation Fund, and the suggestion was it was still under review and that the 2024 accounts were currently still subject to audit. Can you provide an update to us, Minister, on that transfer, please?

The Minister for Treasury and Resources:
Yes. Clearly, the 2024 accounts have been finalised and audited and published. We know that there is not sufficient capacity to make that transfer, so that transfer will not be happening. The plan

was that if there was excess income or underspends those would be used to transfer into the Stabilisation Fund, but we do not have the funds to do that is the bottom line. The Stabilisation Fund is a valuable part of our overall fiscal strategy. It has been depleted largely through the COVID years when it was withdrawn, and that is exactly what it is there to do. The Stabilisation Fund is there, we would always aim in periods of strong economic growth to put money into that fund to stop overheating in the economy, to moderate inflation, and then in periods of downturn or periods of difficulties, such as COVID, we take the money out. You can take money out to help stimulate the economy at that time. I think it is also important to remember that, while we could have possibly put money in earlier, we have used the funds to repay the COVID debt. So there was also some debt incurred during the COVID period, and we have repaid that debt rather than put money into the Stabilisation Fund. It means that we do not have debt, but monies have not gone into the Stabilisation Fund as quickly as we would like. That is still absolutely my intention, that we do that. I would fully expect that our budget for 2026 will be on the basis that surplus funds will go into the Stabilisation Fund.

Deputy L.K.F. Stephenson:
Do you have any idea of a target of what you would like to see in the next Budget go into the Stabilisation Fund?

The Minister for Treasury and Resources:
I think it is too early to set a target but I think we had said £25 million last time. I would imagine we may have a very similar target but really we are going through the Budget process at the moment and we will clarify that as part of the Budget process.

Deputy J. Renouf:
The Fiscal Policy Panel have pointed out that we have had buoyant tax revenues over the last few years and that that was exactly the time when the Stabilisation Fund should have been replenished. Why do you think it has not been possible to do so?

The Minister for Treasury and Resources:
Well, I expect other demands for public services because there is always a balancing act between meeting demand for services and effectively saving for a future time, and the balance would appear to have fallen on provision of public services.

Deputy J. Renouf:
I guess the point would be though if we cannot afford to top up the Stabilisation Fund at a time of buoyant tax revenues when will we?.

The Minister for Treasury and Resources:

I do not think it is fair to say ... well, buoyant. We did have a good year; I think 2023 was a strong year for the economy. I cannot remember what happened in 2023, where the excess funds went and were there excess funds. But even though the economy is buoyant, the demands for spending are incessant. Everybody wants money. We are still looking at rising costs from the public service and it is do you provide those services, is that the level the public want or that States Members want or not? It is a difficult balancing act.

Deputy J. Renouf:

It does sound like we have supported the principle of a Stabilisation Fund but in practice it is hard to see how we are going to get to a place where it will ever be ...

The Minister for Treasury and Resources:

To the extent we have surplus income, then yes, I would be hoping to put it into a Stabilisation Fund or other reserves.

Deputy J. Renouf:

But what is surplus income? How do you define surplus income?

The Minister for Treasury and Resources:

Surplus income is exactly that, where we bring in more income than we spend. But there are pressures that arise all the time, and there are regularly pressures arising for things that have to be funded that are unavoidable spend.

Deputy M.B. Andrews:

Can I also ask, Minister, obviously we are all aware that there are insufficient funds in the Stabilisation Fund, so what is the alternative if there is a downturn in the economy? Where are you going to seek funds from?

The Minister for Treasury and Resources:

I do not believe there is cause for concern. The Stabilisation Fund is part of our overall fiscal structure. As I say, we are still in a strong financial position. We do have reserves. We have a very strong Social Security Fund. The Strategic Reserve is strong in comparison to some other jurisdictions. We have relatively low levels of borrowing. We are in a position where, if we needed funds ... we borrowed during COVID, during the pandemic, so borrowing is something that you would do ... you certainly would not want to borrow for revenue spending, but there will be space to borrow for certain other types of spend that may be needed.

Deputy L.K.F. Stephenson:

Thank you, Minister. Moving away from the Stabilisation Fund. Earlier this week the Minister for Justice and Home Affairs told the Children, Education and Home Affairs Scrutiny Panel about delays to the Dewberry House Sexual Assault Referral Centre capital project, and she said it was effectively stationary at the moment because of issues with funding and she would be working with Treasury. Can you update us on your role in that and what Treasury is doing to try to find the money for it?

The Minister for Treasury and Resources:

I cannot because the Minister has not spoken to me about that. I do not know if my officers are aware. There was a budget ... I believe a budget was allocated. I have not been updated on that particular matter.

Deputy L.K.F. Stephenson:

Are you aware that anybody in your department is working on it at the moment?

The Minister for Treasury and Resources:

Treasurer, have we been approached?

Treasurer of the States:

I am just finding out.

Deputy L.K.F. Stephenson:

Thank you very much.

Deputy J. Renouf:

It was originally going to be funded, I think, out of the Criminal Confiscation Fund so it is hard to understand why that money, which is a separate fund, would not be able to meet that.

The Minister for Treasury and Resources:

Well, I have only read what is in the media, but it sounded as if there was a budget, but delays and increase of costs have meant the budget ... I do not think money has been removed. It is not the case that money has been taken away. It is just that my reading from what was reported was that the budget was no longer sufficient.

Deputy L.K.F. Stephenson:

The suggestion seems to be that inflation, because of delays with the planning appeal process, means that it has now outstripped its original budget. What would be the normal process in those circumstances? How does the Government account for inflationary pressures? Because these things must happen all the time with capital projects.

Treasurer of the States:

I could not tell you how much is currently within it but we carry inflation reserve on the capital side as well as on the revenue side. Obviously that has come under strain in recent times as well. But as this is a C.O.C.F. (Criminal Offences Confiscation Fund) funded one it would be ... first and foremost, the issue could well be relating to the funds within the C.O.C.F. Most of these inflationary elements, this is the advantage of doing capital every year capable of being readjusted from one year to the next in terms of cash flow. What you might also do is look at other projects that are not moving at the pace they said they would in the Budget with a view to transferring funds from those. There are plenty of opportunities within the Budget set to move funding from one to the other, if one is advancing at a greater pace or one has seen increased costs once we verify those costs, if there are other projects that are not doing so. If that makes sense.

Deputy L.K.F. Stephenson:

You referred to the inflationary reserve capital and that it has been under pressure; has it got any money left in it?

Treasurer of the States:

I just cannot recall the balance but it has come under pressure in particular relating to ... most of the reserves have come under pressure relating to Health spend.

Deputy J. Renouf:

But that is not capital.

Treasurer of the States:

No, it is not but equally funds that were underspent last year in respect of capital are being used this year in respect to 2025’s ... the pressure is on ...

The Minister for Treasury and Resources:

I think the fact that some funds have been earmarked for capital does not mean they are necessarily earmarked for capital for ever more. If they are not being spent they can be brought back in and then applied to revenue.

Deputy L.K.F. Stephenson:

At what stage though in the process are those decisions made, because if they are earmarked for capital and then you have got capital projects that are not progressing because that money has been moved elsewhere, is it a moving process all of the time? Is it fluid?

Treasurer of the States:

We are not at this point of taking money from capital projects that need the money at that point in time. That might be where you go to further, were we to have further strain on the total budgets. That were agreed by the Assembly. We are not there. What we do at the moment is say if there are projects that are now forecasting to underspend against the amount of money that they had in any one year, then it can be possible to move that money around. At a level lower than that, there are what we call rolling votes, or ... sorry, grouped heads of expenditure for departments. Not all projects are done on a line-by-line project approval by the Assembly. There is the ability for a department to move monies around. It gets more complicated when we are talking about a project that is funded from the Criminal Offences Confiscation Fund but still conceptually able to be done. So you will have a school's estate budget. If one scheme is moving quicker than another then there is the capacity for a department just to move around within their head of expenditure without needing to come to the Treasury to adjust that.

Deputy A.F. Curtis:

Just for our benefit, does that include, as Deputy Renouf said, moving money from what would be a spend on capital to address revenue pressures now? Because you mentioned we are not at the stage of stripping projects of capital funding, but this is where funding is released from a capital project. But here we have a project where potentially the capital funding source is insufficient, but it does not appear there is any other capital funding available to the project.

Treasurer of the States:

I would say that these are an exceptional position at the moment but, to clarify the situation, if a department during the year forecasts that this year they are going to be underspent and they do a good forecast ahead of lodging the budget ...

Deputy A.F. Curtis:

On capital?

Treasurer of the States:

On capital. That is accommodated within the Budget. We, as the Treasury move ... we increase the following year's Budget because the department's told us that this year they are not going to spend the money. If they tell us they are spending the money and then it turns out they did not, then that is a different matter. So we are reliant upon good forecasting. That forecasting is improving across the piece, as evidenced by the fact that the underspend on capital programme outside of the N.H.F. (New Hospital Facilities) keeps coming down.

[10:15]

So we have planned underspends that we accommodate within the following year's Budget. That is the Budget that is approved by the Assembly. If, however, during the year after the Budget is lodged, there are underspends that were not forecast, often they can be used to balance the books. The way the Public Finances Law works, it says Ministers have to balance budgets from within the resources they have.

The Minister for Treasury and Resources:
If a department has a capital project, you would expect halfway through the year them to be able to say are they on target or not to complete that project and spend the money that is allocated for that year. It is a matter of you know where you are going to spend.

Deputy A.F. Curtis:
It may help for us to receive in writing the extent to which capital project underspends may be directed to revenue.

Deputy J. Renouf:
And perhaps an update on the particular case.

Deputy L.K.F. Stephenson:
If we could ...

Deputy J. Renouf:
We might want to follow it up.

Deputy L.K.F. Stephenson:
... about Dewberry House, when you find out more.

Treasurer of the States:
I have got a bit of an answer on that then. £1.7 million more needed on the project. Planning has only just been given on the project.

Deputy J. Renouf:

But I think the question we are trying to get at is whether that £1.7 million is available. Is there that money ... is there just a sense that this is too much and we are not prepared to fund it? Or is it that there is no money in the Criminal Confiscation Fund?

Treasurer of the States:

That is quite a large movement on a more modest project. We will just be going through the exercise now.

Deputy A.F. Curtis:

Staying within the theme of economic outlook, a number of questions in the Assembly - oral questions - have been seeking to understand the housing market. In particular, under your remit, is the housing market for the construction within Andium's property. Would it be possible to advise further about the assurances and the assurance checks your department commission for projects? In particular, what cost data is considered by those who provide you assurance?

The Minister for Treasury and Resources:

Firstly, I am not sure it is right to say that the housing market is in my remit. It is clearly not. That is with the Minister for Housing. I am the shareholder representative of Andium, which is a slightly different thing. But each Andium development, when they start a development, that does come to me for approval. They will do some element of this is what we are going to build, this is the overall plan, and we instruct a third party expert to conduct an assurance review. The consultant will use local market data that they will have, because they are a local professional in that sector, independent data sources, Spon's price books and the Building Cost Information Service and their experience on live projects as a benchmark. So they will benchmark the project costs to say: "Are these what we might expect? Are we paying through the nose?" for example. Those assurance reviews are made available to the Minister for Housing and his department, so they see them at a high level, although I think the Minister for Housing will have already, presumably, commented at an earlier stage on the overall development: "Is it within the line of housing policy?" Yes, he provides policy support before the development is approved. So we have that data, but it is on a development-by-development basis.

Deputy A.F. Curtis:

But on that development-by-development basis, do you then hold the information provided by Andium as to ultimately the cost to build and what is then delivered as a result? So how much Andium wish to spend on the site versus how many one-bed, 2-beds? So you would have an understanding as to what each of those units would cost to build.

The Minister for Treasury and Resources:

We will know what the ... I am not sure if you can necessarily divide it down into unit by unit. I mean, we will know what the total development is and we will know what the projected cost of that is. I do not know if we get an accounting at the end that says we spent £50,000 more or less than we intended to. I presume they do things on fixed price contracts. But we know at the outset what that will cost. That is, before I think construction really starts, we have to approve the funding package.

Deputy J. Renouf:

The point we are trying to get at, I think, with all these questions is clearly there have been a lot of construction costs inflation. At some point, construction costs could rise to the point where schemes become unviable or close to unviable. To what extent are you aware of whether we are approaching that point, whether those costs of construction now mean that only Andium, for example, might be able to undertake some of these developments because the profitability margins are so small? While the social housing provider owned by Government might take that risk, private developers might not. We are trying to understand where the market has got to and you hold data on that.

The Minister for Treasury and Resources:

We hold data. We have data on a development-by-development basis about Andium. As far as I am aware, Treasury is not running some kind of massive spreadsheet about how much housing costs are in Jersey. That does not sit with us. That is not Treasury's role. Our job is to look at the spend and make sure the spend is sensible and it all stacks up at a viability perspective. Andium decides on its own viability based on its own operating model at the moment. Construction costs have gone up, I imagine, everywhere. They have gone up because wages have gone up. We know wages have gone up. The cost of bricks have gone up. The cost of materials have gone up. Jersey is not alone in all of that, so those are all costs. But there may very well be things that the Assembly have done that are not helping. If you start going to developers and saying: "You must build to these standards" that is an affordability issue. "You must make sure this is there", that is based on the issues.

Deputy A.F. Curtis:

As Deputy Renouf highlighted, what we are trying to understand is to what extent do you hold data that could help inform the Assembly or explain where we are in this construction cycle, and you touched on the word viability? You must be assured that sites are viable for Andium to make money from those sites.

The Minister for Treasury and Resources:

I am assured the sites are viable for Andium, not more widely.

Deputy A.F. Curtis:

What we are looking to understand is how much of that data could we perhaps share or use to inform that wider understanding to make policy? Because, to put it back, if Members are making decisions in these States that are not in the interests of the housing market and the Government may hold significant data on that, is it not worth sharing that?

The Minister for Treasury and Resources:

I think there are issues there with commercial sensitivity. If Andium has signed up to ... in terms of how it instructs contractors, it goes out to partners. There will be developers who build themselves. Andium will go out to other contractors to develop. I have some doubt as to what the benefit is of releasing data just on Andium when there are other social housing providers. There are Parishes building homes occasionally. There are other private developers. I think it is difficult for us to intervene in that too much. I am just not sure how we can.

Treasurer of the States:

Just to expand upon that, we would have to look at the commercial sensitivity, but we undertake similar work with S.o.J.D.C. (States of Jersey Development Company) as well of course. If you are looking at viability outside of social housing, although of course there are often restrictions put on the developments S.o.J.D.C. do in terms of first-time buyers and such like, we do the same work when we are looking at a scheme S.o.J.D.C. deliver. There are not some of the same restrictions in that ... yes, you are right, the housing market prices are coming down.

Deputy A.F. Curtis:

I think we have really got to move on. That is fine, thank you.

Deputy M.B. Andrews:

Minister, what is your understanding of what the main domestic inflationary pressures are in Jersey and what work, if any, is being undertaken to address those issues?

The Minister for Treasury and Resources:

We know that inflation has come down. I think there is still inflation that is imported inflation. It comes in with the price of goods, like the cost of bricks, the cost of food. So as inflation rises elsewhere that inflation is imported into Jersey. There will have also been inflation impacts due to rising wages, spending in the public sector, but again we need to spend money. There is a limit to what we can do with imported inflation and there is a decision to be made as to do you want people to ... is the best thing for the cost of living for people to have more money or not?

Deputy M.B. Andrews:

I know obviously the Fiscal Policy Panel in their May report mentioned about imported inflation but also about domestic inflation, such as with the pay awards for public sector workers and also with the transition to a living wage. How is the Council of Ministers and yourself, as the Minister for Treasury and Resources, going to be in a position where the Council of Ministers are going to try and curb the rate of inflation as much as we can do in the Island during the period of 2026?

The Minister for Treasury and Resources:

As I say, it is clear that if wages go up there may be an inflationary impact, but the balance of wages not going up ... you have to remember that there were teacher strikes and it is difficult to give one group of employees pay rises and not others. We have to reward our public sector appropriately so that we keep good staff, and that is the balance between paying people well and giving people a living wage, which is what we are working towards, with the risk of inflation.

Deputy J. Renouf:

It is often mentioned that there is imported inflation and domestic inflation. Do you do any work at all to try and understand the relative contributions of imported inflation versus domestic?

The Minister for Treasury and Resources:

I would imagine the Economy Department. That sits with the Department for the Economy, the economist team. I am not sure how much work they do on that. Are you aware, Richard?

Treasurer of the States:

Yes, they do look at that. At the moment they are focusing on the housing market, so we know what some of those factors are. As you pointed, the living wage F.P.P. (Fiscal Policy Panel) has talked about that. F.P.P. also talk about therefore it is important that the package that sits alongside moving to a living wage improves productivity, which would therefore counteract those inflationary pressures.

Deputy J. Renouf:

I think the point we are trying to get at is that we cannot control the imported inflation but we can have some control over domestic inflation, and we are just trying to understand what work is being done to try and control that.

The Minister for Treasury and Resources:

As I say, that is a balancing act. You could control inflation by not putting up any duties but then what does that mean for environmental argument, the public health argument. But as the Treasurer says, the living wage was accompanied by the Better Business support package, which is looking to support those industries which are most affected to help make them more productive. There is a productivity grant which has been taken up. We have had about 700 businesses signed up for that. I will find the notes later on, sorry. But monies have been paid out under that grant. People have applied for that grant. There is the apprenticeship grant, there is the upskilling grant. So we have had mechanisms in place to help businesses become more productive at the same time as paying more wages. So we are doing that. The Cost-of-Living Group meets to discuss cost-of-living issues regularly.

Deputy M.B. Andrews:

Minister, obviously it has been touched upon about the Council of Ministers seeking to invest in the public realm and obviously if we are in a position where we see inflation, as reported in the May report, exceeding 2 per cent until 2029, what impact is that potentially going to have and is there a risk that we could be crowding out the private sector as well?

The Minister for Treasury and Resources:

I am sorry I missed the first part of your question because I was looking for that information. Sorry, can you repeat the question?

Deputy M.B. Andrews:'

Yes, so in simple terms, I will keep it very brief. The Fiscal Policy Panel in their May report mentioned about inflation exceeding a rate of 2 per cent. Of course we are fully aware of the Council of Ministers seeking to invest in the public realm. What potential impacts could that have on domestic inflation? Is there a risk that we could be crowding out the private sector?

The Minister for Treasury and Resources:

I am not sure what you mean by crowding out the private sector because investing in the public realm, that will be capital projects. We do not have our own builders, so we will be going to the private sector construction companies, I believe, to build those projects. They will be very much benefiting from that investment as will the general public and the whole ongoing well-being and the well-being and the attractiveness of the Island to attract more business, attract people into town.

Deputy M.B. Andrews:

Can I also ask as well, Minister, obviously we have got the forthcoming Government Budget that is due to be lodged in September. What is this Budget going to look like and also what considerations are being made when we are looking at the rate of inflation and also we are looking at the level of public investment and the potential impacts that could have on inflation persisting?

[10:30]

The Minister for Treasury and Resources:

I am not sure that public investment will necessarily lead to a rise in inflation.

Deputy A.F. Curtis:

It depends on the extent.

The Minister for Treasury and Resources:

Well it depends what it is. I mean investing in capital projects may not lead to inflation if we ...

Deputy A.F. Curtis:

Or overall public spending?

The Minister for Treasury and Resources:

Overall public spending; well, would you like us not to spend? What would you like us not to spend on?

Deputy L.K.F. Stephenson:

We are about to move on to some questions about the Budget, so we will do that.

The Minister for Treasury and Resources:

The Budget will be the Budget.

Deputy L.K.F. Stephenson:

Just before we do move on, just around shocks to the economy that may come up. To what extent, given global uncertainty, and it seems every day there is a bit more uncertainty in one way or another, how does the financial planning factor in additional unexpected economic shocks?

The Minister for Treasury and Resources:

As I said earlier, financially we are in a better place than many other jurisdictions. We do have strong reserves. We have relatively low levels of borrowing. We would be able to borrow if we needed to borrow for large capital projects. I think the F.P.P. recognise that while there is uncertainty, as an international finance centre we may benefit from that because there may be people will look to put their money into safe and stable jurisdictions like Jersey, which is why preserving that reputation for stability and good regulation is important and competitiveness that Deputy Gorst is leading on. Equally, there may be downturns here and there, so we just need to monitor that and see where we do it, and we do keep track with the F.P.P. on how things are going. I think we have to remember that inflation is over 2 per cent, but it is vastly down from the 10 per cent or 11 per cent it was 2 years ago, so it has fallen to a much more manageable level. We will take that into account with all the usual forecasts. We are taking all of those things into account in developing the Budget.

Deputy L.K.F. Stephenson:
Which brings me nicely on to, can I ask for an update on how the preparations for the Budget are going, please?

The Minister for Treasury and Resources:
The Budget is proceeding as you might expect. Treasury have done some preliminary work, as they usually do. We have had several meetings with the Council of Ministers to look at where our funding pressures are. We are continuing with the strategies set out for the Budget last year of trying to restrain growth in the public sector. We are trying to restrain growth in spending, trying to restrain growth in headcount; in fact, reduce headcount. That is always more difficult than it sounds. We are also focusing on delivering the C.S.P. (Common Strategic Policy). We have had a number of workshops with the Council of Ministers and we are working through all those elements at the moment.

Deputy L.K.F. Stephenson:
Thank you. You say reduce headcount there, does that mean that there will be more redundancies along the way coming?

The Minister for Treasury and Resources:
Departments, I think, had efficiency targets for this year, they will have efficiency targets for next year. We will be expecting them to deliver those savings. I think redundancies have been relatively limited. It has been done by vacancy management. We have had a recruitment freeze. We are not engaging consultants. We are cutting back on the use of consultants. We are trying very hard in Health and other departments to cut back on agency and temp staff, which are expensive. It is not just a matter of redundancies, but there are a number of elements and strategies that have been brought in to reducing the overall pay bill, if you like.

Deputy L.K.F. Stephenson:
Do you have a target for reducing?

The Minister for Treasury and Resources:
I do not know if there is a target as such.

Treasurer of the States:

It is the same targets as was set out in the Government Plan for the Budget last year for 2026 with some detail given in respect of that. As things stand, those are the ones laid out in that. We are currently updating the tracking of savings to date this year and departmental ability to deliver or the progressing of their plans to deliver next year's targets. There was about £4 million unallocated from the 2026 target, which is being worked on. Whether there are higher savings depends on the outcome of the Budget round we are going through with the Council of Ministers at the moment.

Deputy J. Renouf:
You have mentioned once or twice the overspends in Health, which have had to have money allocated from elsewhere. We have had overspends in Health for a number of years. Are you going to attempt some kind of rebasing of Health spending in this year's Budget to more realistically reflect true costs of Health?

Treasurer of the States:
We are working with Health colleagues on what the long-term settlement, for want of a better word, would be in terms of balancing health service sustainability with financial sustainability. We are not alone in that world, a lot of press in the U.K. (United Kingdom) relating to the N.H.S. (National Health Service), similar pressures across sister islands, so we are working with the department and the Ministers are meeting. The Minister meets with the Minister for Health and Social Services looking at what that will be. I think the long-term sustainability will be an issue to be addressed in the subsequent Government Plan. This plan will provide what we can see currently in terms of run rates and what it means for next year into the plan, and there is that more strategic issue relating to the ongoing funding of healthcare will come back into the next Government in the subsequent plan. But there is a lot of work going on, just not in a shape to bring forward in this Budget given the tight timescales.

Deputy J. Renouf:
So the current funding formula is inflation plus 2 per cent for Health and every year it has overspent that. Are you going to try and rebase that inflation plus 2 per cent figure in this Budget or are you signalling that that is actually a problem for the next Government?

Treasurer of the States:
So there is a wide range of what that number might be and there is a wide range of experience elsewhere. It is fair to say there will be a stopgap rebasing likely in this Budget and then what we need to do is have a stable funding formula going forward. The current formula is from 2013. It was health-led. We are working with Health colleagues on what that might be going forward. There is a lot of inflation out there in the health system, be it through tertiary care, what we refer to the U.K., be it through drugs costs. That 2 per cent was not just about inflation. It was also about new

technologies and new drugs and treatments that come online. So we are looking at what we see elsewhere and that work is fairly well-advanced, but also need to think about how you fund it on an ongoing basis so that work will come through into the next Government. But there will be a degree of rebalancing.

The Minister for Treasury and Resources:
The work has begun. We are not kicking the can down the road for another Government to pick up.

Deputy J. Renouf:
But a stopgap solution for this next year?

The Minister for Treasury and Resources:
I do not think it is a stopgap, it is a piece of long-term work. It will take time to work through but we have started that work and the Minister is working on it.

Deputy J. Renouf:
I guess what I was asking about was the formula, inflation plus 2 per cent; will there be a new formula?

The Minister for Treasury and Resources:
You are asking about something what is going to be in the Budget and I am not going to tell you what is going to be in the Budget.

Deputy J. Renouf:
But you could say whether there will be a new formula.

The Minister for Treasury and Resources:
I am not going to say if there is going to be a new formula. It is a work in progress.

Deputy L.K.F. Stephenson:
Minister, I wonder if I could ask how confident you are that we will get to a point where we do have a sustainable footing for healthcare in those ... having been part of the discussions and the work that is going on now sometimes it does feel like in the 4-year political cycle we are never going to get it done if we do a bit of work each cycle then change a little bit, so we pass it on to the next Assembly. Are we ever going to get there?

The Minister for Treasury and Resources:

I think we have to. We have to. The work has started, we are working closely with Health to look at the whole health ... we are always going to struggle. As the Treasurer says, we are not alone in having struggles with funding healthcare. We have an ageing population as well, we have people who are older living with more conditions, the Minister is very keen that we do, as they are doing elsewhere, much more in terms of public health preventative healthcare from an earlier stage. I think the whole model needs looking at in terms of how we go down the ... make sure we use some preventative care as much as we can but yes, we have to be confident that we will get an answer to that once we ... because we are possibly working to a model that does not fit anymore and that model needs to be addressed and how we fund the whole healthcare system going forward. There may very well be hard decisions to be made. Can you pay for particular drugs if paying for one drug for one person means that 10 people over there do not get treatment? There are always going to be difficult decisions, but those are not for me.

Deputy L.K.F. Stephenson:
Is there anything that Treasury can do process-wise to try and help those processes level out over political terms so that you do not lose the work every time and do not have to start again?

The Minister for Treasury and Resources:
That is a matter of political intervention really. If the new Minister for Health and Social Services comes in and says: "This is all rubbish, I am going to do something completely different", or if we have a Minister for Health and Social Services who comes in and says: "Good work has been done and yes, we need to carry it on", so it is really what the political will is. I think we should carry on with the Treasury team and the finance team in Health are working very hard together to try and reach solutions on that.

Treasurer of the States:
So we have a much improved understanding of where the pressures are coming from, much improved understanding of where the inflation is coming from. That should lead us to be able to, working with Health, come to a position alongside policy work that gives them an envelope that they should be able to live within. That is the focus for what we are trying to do for 2026. But the cost will not become stable because of the pressures within the system that are additional every year. We are starting also to see the pressures that relate to an ageing demographic. The formula was not intended to deal with the ageing demographic but that is ultimately something we are starting to see pushed through now. But we are in the early foothills of that ageing demographic pressure, so we are trying to model through what that would be in such a way that you do not just go from year to year, and that you have a better understanding of where the trend is taking you. Rather like has been done on pension costs previously and rather like is better understood now in terms of care costs funded through the Long-Term Care Fund.

Deputy L.K.F. Stephenson:

Thank you. Growth bids: are you accepting growth bids from departments as part of the Budget process?

The Minister for Treasury and Resources:

We have not had a process for growth bids this year. In the past, departments have come forward with numerous growth bids. We have not done that this year. There are some requests for funding due to ...

Deputy J. Renouf:

Desperate need.

The Minister for Treasury and Resources:

Not desperate need, no. Where there are risk elements, things have come forward over the course of the year that do represent, should we say, unavoidable spend, addressing risks, but we have not said departments cannot just come forward and say: "We have got a great idea, we want 10 people to provide this new service." We have not had that type of growth bid. But there are funding pressures happen during the year, and we are looking at how those can be accommodated, and that is what we are discussing with the Council of Ministers.

Deputy L.K.F. Stephenson:

We know that a vape tax is likely to be part of the Budget coming up. Are there any other new revenue-raising measures that are likely to be included as part of the Budget?

The Minister for Treasury and Resources:

We are not starting on the basis that there are no plans for significant increases; no new revenue raising measures. We will be considering the usual uprating of tax allowances and increases to impôts and duties. We are looking at those. The vape tax is the only new one that will come in. We are anticipating that coming in the second quarter of 2026. That will not generate a huge amount of income, but it is not really about income. That is more about public health and deterrents for children, from my perspective.

Deputy J. Renouf:

Just on that, will you be sticking to the Government to reintroduce the fuel duty inflationary component that was suspended last year?

The Minister for Treasury and Resources:

Fuel duty; that is one of the things that we are discussing. But, as we say, the balancing act.

Deputy A.F. Curtis:

Moving on to a few questions about the Government Headquarters acquisition, which I believe at this point has now gone through. Of course, the Government is now leasing the building from the Social Security Reserve Fund. In light of its completion, what steps were taken to assess the lease agreement as then finally agreed as being the best investment for the Social Security Reserve Fund?

[10:45]

The Minister for Treasury and Resources:

I think firstly it is not entirely complete. We have gone through part of the process. We exercised the option to purchase from the developer. In the interim, the public own the building. They have paid the relevant sums of money to acquire the building, so the public owns the building. We are just working through the actual structure for how the fund will hold. So there will be some form of special purpose vehicle to be established and the law officers are working on that at the moment. The public owns the building.

Deputy A.F. Curtis:

Where has the public funded the building purchase cost from?

The Minister for Treasury and Resources:

It was funded by the public on behalf of the fund; effectively, the fund will have paid. It is an investment for the fund. That assessment all happened last year before we went to the Assembly. The Assembly approved the fund's purchase and it was agreed, the Treasury Advisory Panel approved it. It was a satisfactory investment grade property. It had the right level of yield, and I think I have got a note of yield somewhere. Yes, we are expecting a long-term low-risk investment 5.4 per cent I.R.R. (internal rate of return), which was approved by the Advisory Panel. The rental terms mirror what would have been paid to Dandara.

Deputy J. Renouf:

It is interesting you say the public own it. It is the Social Security Reserve Fund who own it, and that is not the same as the public.

The Minister for Treasury and Resources:

As a matter of legal ownership, the fund cannot own the property. I believe the fund is not a legal entity that can own property. The public can, so the public own the property at the moment. This is within the realms of legal technicalities, which I find slightly frustrating.

Deputy J. Renouf:

The reason it matters, though ... sorry, Minister, for interrupting.

The Minister for Treasury and Resources:

We are working on the structure and in early course the public will transfer the land to a vehicle, which is owned by the fund. So this is an interim step to allow us to complete the transaction as quickly as possible.

Deputy J. Renouf:

The fund has a separate set of interests to the taxpayer, that is the point, and the Social Security Reserve Fund, its only interest is to maximise returns for the fund and secure the stability of that fund. The worry is if there are trade-offs which are being made to help Government, which might be ...

The Minister for Treasury and Resources:

There are no trade-offs being made to help Government; it is a question of legal technicalities. The Government is paying the rent that it said it would pay, which is the rent it paid.

Treasurer of the States:

Just to draw a parallel here. Philip Le Feuvre House was notionally held by the Social Security Fund but the legal technicalities of it, my understanding was it was held by the public of the Island, like any property that is owned by Government and States departments. The work that the Minister is talking about is, in this case, putting it on that more protected footing through transfer ... the contract with Dandara was with the public of the Island, essentially, in terms of the contract we had in place. We did not, at that point, have a decision that the Social Security Reserve Fund ... so we have executed the option. We are now working through moving the property into a special purpose vehicle that protects it for the fund.

Deputy A.F. Curtis:

I get that, that is fine.

The Minister for Treasury and Resources:

The fund has not been prejudiced. We are working towards a ...

Deputy A.F. Curtis:

It is a process. So there is a plan and will obviously be updated when the special purpose vehicle has been formed and the property is transacted through?

The Minister for Treasury and Resources:
Yes.

Deputy A.F. Curtis:
Quickly, you mentioned the return that you calculate as 5.4 per cent. Could you explain how the fund calculates that, in part because I know Deputy Ozouf calculated that the initial rate of return was based on - well his calculation - £3.8 million on a £91 million purchase equates to about a 4 per cent return in the first year of ownership. Under what model are you using to calculate your investment return?

Treasurer of the States:
We use a technique called the internal rate of return. It is the rate of return, so obviously, just to illustrate, there is a residual value to the property at the end of the lease between the Government and the Social Security Reserve Fund. That is taken into consideration. There is the cost up front. There is then rent that rises with inflation every year with a floor of 2 per cent and a ceiling of 5 per cent. The internal rate of return is that discount rate that when you apply to those cash flows gives you a net return of zero. It is a means of calculating the return because obviously that would change each year as the inflation on the rent comes through and you take into account the residual value.

Deputy A.F. Curtis:
Okay, and of course 5.4 per cent return on commercial property, notwithstanding that the tenant being a Government with a high safety net, is not a high yield in commercial property in Jersey. D2RE's latest publication highlights a number of rents on commercial property recently purchased between 7.75 per cent and 8.33 per cent. To what extent is the fund also happy to invest in assets that are deemed very safe but give a lower yield, like the government building, versus a higher risk?

Treasurer of the States:
We have a blended portfolio that drives the return. Not all of the investments within the fund return the same investment. So they invest in pools within the common investment fund. There are different risk reward profiles from those different funds and we get a weighted return.

Deputy A.F. Curtis:
So is there any plan to change that blend to invest more in government style, lower yield, lower risk, or is it felt that the fund has to, without prejudice, ensure balance and not preference low risk in its blend?

Treasurer of the States:

There are assets already that we invest in that are lower risk, lower return. You are focusing in solely upon the property class of assets. We are looking at this asset in its own right, not necessarily by investing and comparing it to property funds in the U.K. or other assets locally. I will say that the risk in terms of those other assets would, of course, be higher, given that they are not occupied by Government, and that is generally the case. Therefore, they would be expected to have higher returns. I think what is less relevant, but it is still relevant to the Social Security Reserve Fund, is the liquidity aspect. If we invested the whole £2.6 billion on illiquid assets in Jersey, then that would make it very difficult to use the fund for the purpose that it was created. That comes into the balance as well.

Deputy J. Renouf:

We move on to Pillar Two. The news last week carried news that the U.S. (United States) administration had reached a deal with various other Governments to effectively, as it was reported, exempt U.S. companies from Pillar Two. What effect do you see that having on Jersey's Pillar Two regime?

Assistant Minister for Treasury and Resources:

I suppose the first thing I would say is, would you like me to answer the question now or in the States on Tuesday with your oral question?

Deputy J. Renouf:

You have 2 opportunities.

Assistant Minister for Treasury and Resources:

I am happy to do both. Yes, I am happy to do both. The first thing is I would not use the word "deal" because nowhere in the communication, be it U.S. Treasury or the G7 member states, use the word "deal". They use the word "understanding" and the reason I think that words are important is because an understanding is one thing, a deal is a very different thing. If we set the context of the U.S.'s Big Beautiful Bill, which had something called a clause at number 899, which is quite technical, which would have allowed the U.S. or President to, in effect, add additional tariffs and charges to foreign companies that were invested in the U.K. if they were based in a country that had implemented Pillar Two tax regimes. Both those foreign countries, other G7 members, and the U.S. domestic companies lobbied the White House very strongly because they felt it was counterintuitive to the President's aim to get more foreign investment into the U.S. and repatriate funds rather than the reverse. I think we have to see that understanding in those terms, that the G7 were prepared to give an undertaking of an understanding in order to remove that 899 from the Big Beautiful Bill, which we have all seen play out during the course of this week, and the U.S. has now got it through. It was either signed last night or it is going to be signed into law today. I think that is an important context. Notwithstanding that, the understanding does say that G7 member states will seek to remove, in effect, under tax profit rules and income inclusion rules and allow the U.S.'s model of global tax to sit alongside Pillar Two. Now the reason I outline it in that detail is because you, Deputy, as chair of the group that looked into that, understand that there is a dichotomy there because - let us take the U.S. position - is a global blending solution between high and low tax jurisdictions. Pillar Two is a jurisdictional blending solution and so, as we sit here, the only honest answer is that no one actually quite knows what effect the understanding will have in due course. There is a working party of the relevant O.E.C.D. (Organisation for Economic Co-operation and Development) bodies this week, and then next week is the steering group. Our deputy director is on that steering group so she will be in Paris having those detailed discussions. Again, as we sit here, we do not know what will be but there is quite a lot of difficulty in resolving those 2 positions. I think everybody agrees it is a good thing that 899 has been taken out of the U.S. statute, but then there will be a price to be paid for that. Quite what that means at this stage, we do not know. We will remain engaged, we will remain to our core principles of tax neutrality as we continue to do this, because it ... one partial solution might be that the O.E.C.D. looks at Jersey's model and say that helps resolve some of these issues so everybody could do that particular model. The important thing for us, as we have learned since 21st January, when the President was inaugurated, is not to panic but to keep working through the detail and keep having these conversations. So that is where we stand.

Deputy J. Renouf:

So the Budget included estimates for revenue from Pillar Two of £52 million next year, £52 million the year after, and £54 million the year after that. In your judgment, how secure are those estimates today?

Assistant Minister for Treasury and Resources:

Well, they are not as secure as they were last time I came before you and you asked me these questions. I think I suggested then that there was uncertainty. I suppose generally the biggest impact of what is happening in the U.S. and global uncertainty for Jersey is our economic outlook and the effect that it is having on big financial institutions and then thinking about their profitability through the medium term. That number was a base case number. It did not have any upside but it would not be ... I do not think anybody on the panel will be surprised if that forecast, in light of what the F.P.P. said in their economic assumptions, is not quite as fulsome as it was in last year's Budget when the Budget is presented later this year. The other question is how quickly can those differences in the 2 systems and the approach that the O.E.C.D. will need to deliver, how quickly can they be resolved? We know that the U.S. has said publicly they would like them all resolved this year so that it affects U.S. companies tax liabilities in 2025. But we are sat with the E.U. (European Union) and places like ourselves, who have got laws on the statute book, which is right now creating a liability for those in-scope companies. You can see there is technical difficulty and then there is political difficulty as well right across the board.

Deputy J. Renouf:

Sticking with the revenue forecast, they were at the time portrayed as very conservative base cases. What you are saying now is that they were not conservative enough?

[11:00]

Assistant Minister for Treasury and Resources:

I would not say that they were not conservative enough, I would simply reiterate that it would not be surprising in light of global events if they are not as fulsome. Having gone through what is a really painful technical political process at the O.E.C.D. where the Americans were in agreement and signed up to Pillar Two, even though they had some concerns, we raised all of those concerns that we could foresee and yet the O.E.C.D. went along, 140 countries. Could we foresee that, however many months or years later from the initial agreement, the G7 would, for the reason that the President made a decision in his Big Beautiful Bill, could we foresee it? I do not think any of us could say that we could have foreseen that action. We, of course, have seen things since we have had a new President and I have been open and clear that we should be more cautious and it was more difficult throughout that period. Some people have challenged me saying: "Well, you are stating the obvious" but I think it is important that we have had that journey. This is where it gets even more nuanced because if those issues cannot be resolved and we carry on exactly where we are today, there is still that potential for the upside that we have never put into our conservative base case.

Deputy J. Renouf:

You did raise, though, the possibility that our legislation is going to be potentially in conflict with what the United States would like. How are we going to unpick that? At what point might we have to decide we have to change our legislation? Is there a material risk of that being necessary?

Assistant Minister for Treasury and Resources:

The only thing I can say is, as we sit here, it is not possible to answer that question because of all of those considerations, those conversations, those negotiations that will take place at the O.E.C.D. and the E.U. You have also got this problem at the E.U. where some member states that are part of the G7 have given an understanding that they have got a Brussels-imposed directive that says they have to go to inscribe and have inscribed in domestic legislation all of the requirements of Pillar Two. While there is a high degree of uncertainty, there are also some pretty high barriers to get over before legislation is changed in the countries that signed up to Pillar Two in the first instance.

Deputy J. Renouf:

Given that then, where are you with the more practical short-term things, commitments that you said you were going to, by August, have in place, the domestic ...

Assistant Minister for Treasury and Resources:

Did we say August? I think we said after August and the reason I pick that up is ...

Deputy J. Renouf:

"We will be making a full decision on the new system in about August this year."

Assistant Minister for Treasury and Resources:

"About", yes. Okay, so that did give me the flexibility that we now need. We have basically continued to be cautious. We have issued information to industry. Jonathan and his team have continued to have both one-to-ones and more workshop-type approaches. Internally, I think we have recruited only 2 people, if that is right, not the many that we thought we would, and they are first class people. As we said last time, we were trying to pick people who are able to do this work or help us with other important policy and implementation work as well. We have taken the same approach with the technology solution. We very much are trying to make the decision as late as we possibly can so we do not have any wastage spend and making a decision to use technology that can help with the overall improvements to the technological interface between Islanders and Revenue Jersey as well rather than just thinking simply about Pillar 2.

Deputy J. Renouf:

There was also a registration process that was going to be opened in May. Has that opened?

Deputy Director - International and Competent Authority, Revenue Jersey:

Registration is on track to open at the end of this month.

Deputy J. Renouf:

That does not sound on track for May.

Deputy Director - International and Competent Authority, Revenue Jersey:

No, not on track for May but it will be at the end of this month. The reason that we have done that is we have had engagement with industry and working groups and the tax agents about the registration process environment. I think we have had about 8 or 9 different conversations with different groups or one-on-one conversations about the registration process. We have taken that feedback on board and modified the process and been upfront about the information that is required so that we can launch a product that has taken on board that initial feedback. We have not had anyone come to us saying: "Why can we not register now?" We have not had anyone saying ...

Deputy J. Renouf:
They want to hit the deadline.

Deputy Director - International and Competent Authority, Revenue Jersey:
Exactly, and I think the reason for that is because engagement has been high in that space. We have got a very good product that is going through some security testing just now and it will be released in July. We have also issued our first bulletin as well and in that bulletin what we covered off was narrative about entities that are in scope and then narrative about registration. We have told industry about the information that they require to get ready for registration so that when it goes live it is good to go. Then we also talk about key dates and deadlines in that bulletin as well.

The Minister for Treasury and Resources:
We could send it to the panel.

Deputy Director - International and Competent Authority, Revenue Jersey:
Yes, I am happy to send a copy.

Deputy J. Renouf:
But the summary here is that there is extreme uncertainty, that you are leaving things as late as possible as you reasonably can in order to make sure that you can be as up to date and timely as you can.

Deputy Director - International and Competent Authority, Revenue Jersey:
That is right. As things stand just now, the legislation says there is a registration requirement, which the first registration deadline we will see is 31st December this year. Going live in July gives those groups time to get the additional information that they need.

Assistant Minister for Treasury and Resources:
I would not use the word "extreme", but that is just a difference of vocabulary, of course.

Deputy J. Renouf:
Perhaps we can pursue that in the Assembly next week.

Deputy A.F. Curtis:

We are going to move on to procurement plans. Minister, there was not a timeline set out for delivery of a procurement plan in the 2025 business plan, so perhaps you could provide us with one.

The Minister for Treasury and Resources:
If you could bear with me for a moment, I will find my notes on procurement. You are jumping around the order.

Deputy J. Renouf:
We only provide a list not an order.

The Minister for Treasury and Resources:
Right, okay. Here we go. Procurement plans, the strategy, we have continued to work on that and it will be finalised over the summer. It is moving along and the high-level plan will be rolled out, I think, in quarter 4. That will very much look at improving customer focus internal and external, looking at roles and responsibilities we are trying to improve, the delivery advice and guidance, both on the internet and in person, enhancing accountability between Treasury and departments because Treasury does not do all the ... the procurement team, Commercial Services, cannot possibly do everything but they are setting procedure and guidelines that departments will need to follow. It is how we make sure that departments are following those and, clearly, a focus on better management of public money and contributions to the local economy. Those are the high-level themes for the end of the year.

Deputy A.F. Curtis:
As Minister, what are your priorities within that? Where do you see the most pressing areas for not maybe reform but just priorities?

The Minister for Treasury and Resources:
I think the priorities are that we get fair procurement that is not ... that we are procuring things in a fair manner that is not so burdensome it is just clogging the wheels up. In Jersey, if somebody is spending up to £100,000, which is quite a high limit, they need to get 3 quotes. For £100,000 and 3 quotes, I would be surprised if people are going off-Island for those. It is only the much bigger spend where ... I would be surprised if people are going off-Island unless there was a specialist need for a specific service. I think it matters that we are facilitating local businesses tendering and that we are getting fair pricing and that we are managing contracts appropriately, that if someone says: "I will provide this service for £30,000", you do not find yourself looking at a bill for £45,000 6 months later. People managing the delivery and managing the cost and being prepared to challenge increases is something that I personally think people really need to focus on.

Deputy A.F. Curtis:

Your example of the £100,000 limit and 3 quotes, was your thinking there that that is an example of good practice we should continue or perhaps where we are being disproportionate? I did not quite understand your thrust. Do feel we need to revisit the ...

The Minister for Treasury and Resources:

I think that is good practice. I think if you are spending ... I was surprised it was £100,000, but I think if you are spending that sort of money it is not unreasonable to get 3 quotes and if you can get 3 good quotes locally from people who appear able to provide the service they are bidding for, then if we can do that locally that makes more sense than having people coming in from off-Island. But if you are looking at something that is costing much more than that or is more specialist then that may need to go off-Island.

Deputy A.F. Curtis:

Touching on local businesses, what engagement with local businesses has taken place as part of building the refresh of the procurement plan?

The Minister for Treasury and Resources:

I believe there has been quite extensive procurement engagement with suppliers and they have certainly been doing lots of work. Various departments have been having meetings with certain sectors to talk about the pipeline to give them guidance that is coming up. Digital Jersey workshops for local suppliers will be taking place in the fourth quarter in terms of how to win business. Digital Jersey procurement has been making sure that opportunities are better communicated. They are holding workshops. They had a workshop recently with about 40 people. Health are working with people in Guernsey. I. and E. (Infrastructure and Environment) have regular meetings with industry to communicate possible opportunities working with the Construction Council. They are trying to do as much as possible to let people know and to help people understand the system.

Deputy A.F. Curtis:

Lastly on that, I know that some businesses find some of the procedures and practices that they need to use to engage with Government to procure as barriers or challenging. Given that the refresh to the procurement plan is not quite finished. Is there still time for those people who find frustrations within the process to talk to Commercial Services and, if so, is there a best point of contact for those who want to engage in this process?

Treasurer of the States:

We will provide one. We had the P.A.C. (Public Accounts Committee) report. We saw this from our interaction in private with the committee and through the report ... we have to balance value for money with that. What we need to understand is the barriers within that process and there is a balance between needing to satisfy ourselves as to the standard of the work that we are procuring but we will look at what it is within those businesses that those businesses find difficult at the lower value end of the process. We will take the report, try to understand what the particular barriers are and address them.

Deputy A.F. Curtis:
For those who want to go directly to talk with yourselves, executive government, is there still time to feed into the refresh?

Treasurer of the States:
Yes.

[11:15]

Deputy A.F. Curtis:
You would welcome those comments from businesses?

Treasurer of the States:
Yes. As always.

Deputy A.F. Curtis:
Brilliant.

Deputy L.K.F. Stephenson:
You have just mentioned the P.A.C. report there. I presume that will feed into the plan, anything you are going to take from that report; is that correct? Is it something you will now review and if there are parts of you want to ...

The Minister for Treasury and Resources:
As normal, we will review the report and respond as ...

Deputy L.K.F. Stephenson:
I think one of the recommendations talks about increasing weighting for local companies who are employing local people and paying local tax. It is quite specific in how it phrases it. Is that something you are minded to accept?

Treasurer of the States:

There is differential in some different recruitment between 5 per cent and 10 per cent of that weighting. It is now mandated at 10 per cent rather than the variability, as the Minister said, at different tender levels. We got ourselves knotted up in some of the interaction with the Public Accounts Committee about whether it was possible or not to limit it locally. If you are only having to go for 3 tenders up to a threshold, that flexibility is available to the departments and the people leading the procurement. Often that will be only local companies but there is a shift when you start to get into the higher value of whether that relates to the need for specialisms that may not be on-Island. I would expect that to be taken into account, but that applies probably more so at the high value procurements that go out to the general market. We can look to see how we address above that. I am personally very interested in the local employment, local apprenticeships that go hand in hand with those as opposed to necessarily what I might describe as the more peripheral social value aspect. Those are the ones that really add to the future sustainability of the local economy. We will look at the recommendations.

Deputy L.K.F. Stephenson:
What you are saying is it is slightly more complicated than just yes or no.

Treasurer of the States:
Yes, in principle. It will apply differently to different procurements.

Deputy L.K.F. Stephenson:
Okay, thank you.

The Connétable of St. Mary:
I have a couple of questions regarding the transition to a living wage. Can you please update us on the role of the Treasury and Exchequer in providing assurances of administration and use of funds provided through that transition to a living wage package?

The Minister for Treasury and Resources:
The Better Business support programme sits with the Minister for Sustainable Economic Development, so he has the high-level responsibility, if you like, and the chief officer is responsible for those factors like the adequacy of the system, making sure money is spent wisely. That sits with the accountable officer. With all expenditure of Government, we are relying on Ministers and their teams, their own accountable officers, to ensure value for money and governance and Ministers providing policy direction. The support package has 6 schemes. We have got the productivity grant, the skills grant, destination marketing, route development, the rural and marine grant and employee support. The productivity grant, the skills grant are being delivered by Jersey Business and 200 companies have registered for that and 70 applications have been received with over £500,000 of

grant funding approved at the moment. Those grants require matched funding, so that means the businesses themselves will have been investing £500,000, so that is £1 million of investment going into productivity and skills through those grants. It is being marketed, Jersey Business is managing the process and I think it is going … they are grants that are being taken up. Visit Jersey is managing destination marketing, route marketing is done via Ports of Jersey and we have just seen the Jersey to Paris flight launched and Jet2 also coming in. The Minister for Sustainable Economic Development, all of those grants and economic development sit with him and the proposal being that they are there to support businesses who are now paying the increased minimum wage in the move towards a full living wage.

The Connétable of St. Mary:

I appreciate the Minister for Sustainable Economic Development is involved, but you mentioned 6 teams. Are they your teams in Treasury or his Ministers?

The Minister for Treasury and Resources:

No, they are schemes. There are various schemes. There are 6.

The Connétable of St. Mary:

Did they sit under your …

The Minister for Treasury and Resources:

No, they all sit under the Minister for Sustainable Economic Development. He and his team and his accountable officer are responsible for the policy setting and then the operation of those funding schemes.

The Connétable of St. Mary:

I appreciate you may well say the question is better directed to that Minister, but from your own perspective can you provide an update about how the increase in the minimum wage has been received by the business community or is that again …

The Minister for Treasury and Resources:

I am not hearing a huge amount of noise from them. I think the living wage has gone up, they are paying those wages. I think everyone seems to have accepted that is the way things are, so if they can qualify for these grants, they are free to apply for those grants to help them increase productivity. I think the Minister was always very clear that we are not just going to give money to businesses but we would help them with initiatives to improve productivity, to upskill their employees so that that would improve … so they can add value and improve profitability by doing those things.

The Connétable of St. Mary:

You have touched on my final question in this area, which again you might say is more to another department. From your perspective, do you anticipate that the transitionary wage package support will translate into productivity and have an impact on economic growth? Is that within your general area?

The Minister for Treasury and Resources:

That is not within my area of expertise, no. Those packages are aimed at improving productivity, helping businesses to become more efficient, more productive to counterbalance the cost of higher wages.

The Connétable of St. Mary:

I am trying to get a feel as to when you might anticipate that that transition might transfer or result in productivity.

The Minister for Treasury and Resources:

It will not happen overnight, I do not imagine, but if they are getting grants to help introduce new technology … well, it may happen very quickly depending on what new businesses, what the productivity enhancements are. If you have an employee who is having a course for a year to upskill, then it may take a longer time for that employee to add more value. I think it is very much dependent on the initiative the business adopts and how quickly they adapt and use better productivity measures. I do not know, the economists may have looked into it, they may have a view, but I have not been briefed on it.

Deputy J. Renouf:

I think it is trying to understand if there is a plan to audit the impact of the living wage on the one hand and the support measures on the other to see are those support measures delivering the kind of growth and productivity increases that we are anticipating. I appreciate that these are not straight lines, but is there an audit proposed?

The Minister for Treasury and Resources:

It is difficult to see how you would audit it but you would think increased … the Business Tendency Survey, more positivity there, better profits, more taxes. I am not sure how you necessarily, without going into … I do not know. It may be that Economic Development have set rules that say: "You must report to us at intervals of what you have done and whether it has enhanced your profitability." That does seem quite burdensome and bureaucratic, but it is there to help businesses improve productivity, which you would assume will ultimately flow through to higher taxes. Not higher, more taxes being paid. Higher revenue, sorry; not higher taxes, higher revenue.

The Connétable of St. Mary:

Okay, moving on to a not unrelated topic in a way. Can you please update the panel on your oversight of the priority to keep government fees and duties and charges as low as possible to help Islanders with the cost of living?

The Minister for Treasury and Resources:

Again, my oversight goes to what is directly in my control and, as we said earlier, we have said that is a priority that we will try to minimise growth but that takes us back to what we have already touched on: are you going to increase fuel duty, are you going to control inflation? Yes, we did freeze certain duties last year. We have continued to increase tax allowances. There is a procedure that says anything … so, yes, that is always at the back of our minds. We are trying not to increase duties and government charges, we are trying to help with the cost of living. That has to be balanced against public health arguments on alcohol, environmental arguments on fuel duties, but any other charges that are being increased have to be … if they are being increased by more than 2.5 per cent generally have to be approved by the relevant Minister and they also have to be approved by me.

The Connétable of St. Mary:

That is what I was trying to get to, your department's oversight role on individual Ministers. They always come back to you as well, do they?

The Minister for Treasury and Resources:

They come, but I do not think there has been a case where if it is reasonably argued and they have said their department … or there is an ask for a fee to be increased and the Minister supports it, then I would find it difficult to say "no, you cannot", particularly because they are principally in school fees. Most of the increases are in school fees, there have been some in Highlands, in health, private patients, and then in parking. We have had some parking charges that were increased because we need that to maintain the car parks.

Deputy J. Renouf:

It sounds like a fairly steady stream of people coming to ask you for those exemptions over 2.5 per cent.

The Minister for Treasury and Resources:

Not really. There is only really 3 departments. It is not a steady stream and it is not frequent. It is like once a year. There are checks and balances there to try to not have … there have been a couple of areas where fees have been increased that have been very low for a long time. I have seen that in certain departments. They charge fees that really should be uprated annually and they are just not, so then it is like: "We have not uprated for 5 years; can we uprate by 10 per cent?"

Deputy L.K.F. Stephenson:

That is a longstanding Government policy, is it not, the 2.5 per cent? That is not anything new.

The Minister for Treasury and Resources:

It is not new, no, it is part of that overall …

Deputy A.F. Curtis:

Could I ask about your remit and how you are applying your aim, the C.S.P. aim, of keeping fees and charges low beyond the Government to the States-owned entities? For example, Ports of Jersey have a price limit set by the J.C.R.A. (Jersey Competition Regulatory Authority) of R.P.I. (retail price index) plus 1.8 per cent every single year to 2029. To what extent, as the shareholder representative, are you having conversations to say: "Notwithstanding your maximum limit, we have a collective ambition to keep fees and charges as low as possible"?

The Minister for Treasury and Resources:

They are aware of it but again, under the no surprises policy, if there was an increase they would come and discuss that. Normally they are coming and they are putting forward a very well-reasoned argument as to why fees may have to go up and they are not all regulated. There are companies, Jersey Electricity and Jersey Water, that are not wholly owned and we cannot influence those if we risk prejudicing the interests of the minority shareholders.

Deputy A.F. Curtis:

But, for example, Ports of Jersey is wholly owned, so to what extent do they come to you and do you push back or not to say anything going above R.P.I. is inflationary, in a sense?

The Minister for Treasury and Resources:

I think we normally hear about price increases that are significant but, as I say, if you have a subject matter expert, if you like, saying: "Operationally we need to increase these fees or we will not be profitable or because we have these other costs that need to be met", it is difficult to push back. There are areas I do push back but on their fees. We talk about them, we challenge as much as … I will challenge as much as I think is appropriate.

The Connétable of St. Mary:

In a way, that is my final question. Have there been instances where you have succeeded in pushing them back or not acceded to their request?

The Minister for Treasury and Resources:

Not that I remember, but generally I think where a department is saying: "We have reason for this increase" and the Minister supports it, there has not been a case I have thought … if I thought something was open to challenge then I would. I did have a conversation with the Minister for Education and Lifelong Learning recently about some small fee increases that he wanted to make and I found it rather confusing, so we have talked about that and it is all fine. I think where something feels reasonable … if something felt unreasonable or unnecessary or it was not a well-argued case I would push back. When you are presented with a sensible, reasonable, well-argued case and the Minister supports it, I have not had a case …

[11:30]

Treasurer of the States:

The way I present it currently, you pointed to it being a long-term policy and I think departments have learned that if they are going to come to look at an endorsement or the agreement to be over 2.5 per cent they come with a well thought through rationale. That is over a long period of experience of interaction where perhaps in the past it may have been less well thought through and the rationale not identified. It is through that longer-term interaction departments now come forward with better thought through and well-researched rationale as to why those costs go up.

Deputy L.K.F. Stephenson:

I suppose it does just beg the question, just to push it a little bit further, about if it is effectively business as usual and people are complying, they are not really pushing back on anything. Why is it a C.S.P. priority as if something new or different is being done and we are saying as part of helping Islanders with the cost of living and being anti-inflationary, et cetera, we are keeping charges low? Are we not just doing the same as usual?

The Minister for Treasury and Resources:

No, we are not. There is a guideline. We have put a greater focus on it. We have frozen, because of the cost of living, to try and keep, as I come back to … last year we froze alcohol and fuel duties so it impacted the cost of living. That would have kept inflation down. If we put up those duties, that would be inflationary. We are very cognisant of that and the fact that there is a longer-term thing saying: "Do not put up by more than 2.5 per cent", there is also a general principle in the public sector, public service, that you should not be charging more than cost. I think we often charge a lot under cost. That is because of the way it … you cannot necessarily charge cost because it would just be unaffordable but we have to bear in mind that while that policy is at 2.5 per cent, we have seen inflation very much higher for quite a number of years, so there will be demands. That is why some departments have had to come and say with the cost of inflation in various aspects, the cost of car park maintenance, the cost of construction, whatever, we need more than 2.5 per cent, which also helps feed into the policy of trying to stop people driving. We are still trying to do that but if we were to say: "You cannot have more than 2.5 per cent" means that various departments have got to cut back on services, then that is counterproductive. There just has to be a constant balancing act between what services can we provide and what is the impact on the public.

Deputy L.K.F. Stephenson:

Thank you very much. At a Health and Social Services Scrutiny Panel hearing on 12th June, it was raised, I think before the Minister for Social Security, that the cost-of-living group, which I think you referenced earlier, had not met since 26th March this year. Do you know has the group met since then and, if so, what considerations have come to light since then?

The Minister for Treasury and Resources:

Yes, it met 2 weeks ago. We all know it is often very difficult to get 3 Ministers in a room at the same time because people have … 4 Ministers actually in a room at the same time and there are not always things that are necessarily updated enough to talk about. Things do not necessarily change at 6-weekly intervals, but we met last week and we were talking about … we looked at the Better Business support package. We met privately to discuss a particular piece of work that the Minister for Social Security is working on and then members from the Economic and International Affairs Panel were invited. Deputy Tadier attended the meeting to listen to the discussion and we talked about the Better Business support package because that was directly of relevance to them and we are just looking at … that was the main two items on that agenda. We do meet fairly regularly and I think it is keeping an overview across Government of cost-of-living pressures. Sorry, I am wrong, 5 Ministers.

Deputy J. Renouf:

Is the aim of that meeting to drive an aggressive agenda to tackle the cost of living or is it simply to review what is already ongoing?

The Minister for Treasury and Resources:

I am not sure it is driving an aggressive agenda. It is looking at cost-of-living pressures and what can be done about them, where they are arising and what we can do to address them. How do we address cost of living? We try to not create inflation by trying to keep fees, duties and costs down, by increasing the living wage and you have to look at what are the impacts of all of these. Is the answer just to give everybody more income support? Probably not. There are lots of things that can be done. In the same way that there are things that can be done, there are limited things in some ways that can be done about the cost of living.

Deputy J. Renouf:

Can you give one example of something that has come out of that cost-of-living group, something that was generated within that cost-of-living group?

The Minister for Treasury and Resources:

There is work going on but I am not sure if it is in the public domain and it is with the Minister for Social Security, so I am not able to discuss that.

Deputy J. Renouf:

No, I was after stuff that comes out of the group as opposed to work that Ministers are doing that they report into the cost-of-living group.

The Minister for Treasury and Resources:

It is a general oversight of what is the cost of living and just a general monitoring of what is happening. We have to remember, as I say, inflation has gone down from 11 per cent, 12 per cent, to 2 per cent. That does not mean prices have necessarily dropped. Wages have gone up in that time. We are doing what we can, so it is an oversight group.

Deputy L.K.F. Stephenson:

It is not a proactive group that meets to thrash around ideas and then say how are going to achieve X, Y and Z?

The Minister for Treasury and Resources:

Well, we will do if Ministers had ideas. As I say, there is some work going on but I do not think it is in the public domain, so I am not going to steal the Minister for Social Security's thunder while that work is ongoing and depending on how it goes and what it looks like in the end and what the impact might be.

Deputy J. Renouf:

If we move on to the hospital funding, there is a Ministerial Oversight Group. On 11th April you told us that meetings of the group had faded a bit. Are those Ministerial Oversight Group meetings regarding the hospital continuing and when did you last meet?

The Minister for Treasury and Resources:

If I said "fading", that is probably the wrong word. I think a couple had been cancelled just because of other pressures. I think there was meant to be one this week, which was cancelled because the Minister and the team were in the U.K. doing engagements in relation to the hospital. But, yes, they are happening. I do not have the date of the last one but we did have one relatively recently, and in the interim I meet with the finance business partner. I asked to meet the finance business partner monthly and I have been doing that since the end of January. That usually involves … I do not remember the titles of Ms. Hardwick and Ms. Bratch but they are usually there as well. So I am giving, from the Treasury perspective, an overview of progress on what is happening, particularly the financial reporting. It is reported in very, very great detail and certainly monitored in very, very great detail, so I have a monthly update from the finance team from the new healthcare facilities project from the Treasury perspective.

Deputy J. Renouf:
Presumably the Ministerial Oversight Group has a particular purpose. Can you give us a sense of what it is you are talking about in the Ministerial Oversight Group?

The Minister for Treasury and Resources:
We will be talking about developments in terms of the procurement process, what has happened so far. Clearly the planning application was a success, so we talked about the planning application, how the procurement is going. That is a reasonably complex process and budgetary matters. It is what it is. We have a plan that we are working towards. The Ministerial Oversight Group are not going to say: "Can we have a different colour on the outside wall?" That is not what we are there to do.

Deputy J. Renouf:
But you might challenge the Minister about some costs that had appeared that were not what you expected or something like that?

The Minister for Treasury and Resources:
Well, they are significantly underspent at the moment; significantly underspent.

Deputy J. Renouf:
For this year?

The Minister for Treasury and Resources:
For this year, yes.

Deputy J. Renouf:
That reflects a project that is slightly behind schedule.

The Minister for Treasury and Resources:

Well, because procurement is taking longer but we now have planning, work has gone on, Overdale has been largely cleared, as I recollect. We have got planning. Work is still going on, procurement is still going on. I think a decision … we are hoping for a final decision I think probably quarter 3 but stage 2 is moving. We are still in the competitive process. The tenderers have asked for more time. It is not sitting with Government but the procurement is going ahead, but it is a complex piece of work and it is important that we get the right partner.

Deputy J. Renouf:
The longer it is delayed, obviously inflation pushes up costs. Are you concerned that uncertainties arising …

The Minister for Treasury and Resources:
I am not sure it is necessarily delayed. I think it is moving along to time.

Deputy J. Renouf:
You just said it was delayed.

The Minister for Treasury and Resources:
I do not think I said it was delayed. We have done planning, there has been progress. We have demolished Overdale, we have got planning, we are working through procurement, which is taking, I think, a little longer than we hoped. Then once we have that partner we will then be able to move on further but during all of that, the spend is … sorry, I have got the 2024 figures but I think they are under budget for this year.

Deputy J. Renouf:
Would you summarise your position with regard to the new hospital facilities as saying you do not have any concerns at the moment?

The Minister for Treasury and Resources:
I do not have concerns at the moment. I do not have concerns with the financial management. It has planning, the site has been cleared, I believe, and we are working as fast as we can in a complex scenario with the tenderers to get to appoint the delivery partner.

Deputy J. Renouf:
The future funding depended to an extent on Pillar Two revenues. Is that something you are going to have to revisit from the conversation we had earlier?

The Minister for Treasury and Resources:

We have always said that the funding … we will use the revolving credit facility for the time being until the time is right to go to market. We will fund it when the time is right and the Treasurer can say more about that.

Treasurer of the States:

The plan for the financing in the long term, we will use the shorter-term revolving credit facility that we already have in place and choose our time to go to the market for the longer-term debt in terms of the financing. In terms of my understanding in terms of the profile of the spend to date, obviously the profile that is set or was estimated and is just that estimate. When I have conversations I am told that there will be a degree of catch-up as they understand better how the development will proceed. Of course the next critical point is the outcome of the tender process in terms of determining what the build is likely to actually cost as opposed to the estimating work that has been done to date.

Deputy M.B. Andrews:

Minister, I just want to move on to a publication in May of this year regarding Revenue Jersey providing some data regarding the number of tax returns. It was stated that there were about 33,000 Islanders who provided their tax returns and obviously there are 67,000 taxpayers. I just want to know whether you have an up-to-date figure on the number of those who have provided their tax returns since then.

The Minister for Treasury and Resources:

The number I have - I am not sure what date - is 49,141, of which 46,777 are for the 2024 assessment, just shy of 2,400 for the previous year’s assessment.

Deputy M.B. Andrews:

Obviously there are still quite a few people …

The Minister for Treasury and Resources:

We still have 3 weeks to go.

Deputy M.B. Andrews:

Can I just ask, Minister, when you are liaising with your officers, what efforts are going into this to try to get people to make their submissions soon? That is obviously quite a large number of people who remain outstanding.

Comptroller of Revenue:

Well, the deadline is 30th September for online returns.

The Minister for Treasury and Resources:

September? It is July.

Comptroller of Revenue:

Sorry, yes, July for online returns and 31st May for paper returns. This is about the same as every year and as you will be aware, I constantly encourage people to file their returns as early in the year as they can. It is in their best interests in terms of ITIS effective rates and so on and it is in our best interests in terms of keeping the system moving.

[11:45]

We understand the biggest obstacle to moving people on to online filing is the I.D. (identification) verification but I.D. verification is absolutely essential in terms of protecting people from identity fraud. We started with the Yoti system and that still is available and, as far as I can see, works very well indeed. You do need a passport in order for it to work. Over the last 2 years the Government have introduced the JerseyMe system, which does not necessarily depend on a passport. I think it would be fair to say we undertake a number of activities every year through the media, through nudge techniques, to encourage people to file early.

Deputy M.B. Andrews:

Can I just ask as well, from an administration perspective, since the Treasury Department obviously moved things online, how much have things improved compared to the original manual-based process?

Comptroller of Revenue:

If we wound back to 2019 and 2018, all returns were paper. It took the larger part of the year to assess them manually. We are now at a position where over 50 per cent of people file online. The significant majority of those are effectively assessed automatically without human intervention. That has driven significant efficiencies. Our people are largely now being deployed into better quality work and that includes improved customer service. We have been able to manage our customer service very well in recent years and it has improved our ability to investigate tax returns and challenge those that are incorrect. Online filing has been a game changer. The sooner we can get from 50-odd per cent to 90-odd per cent the better for the whole tax system.

Deputy M.B. Andrews:

I also note that about 88 per cent of the tax returns are assessed within a 30-day period. I just wanted to know what that is down to. Is that down to moving online or that just down to having good or sufficient resources within the department?

Comptroller of Revenue:

That is largely down to moving online because, as I say, quite a lot can be assessed without human intervention. Depending on what is put in the return, it might trigger a risk parameter that requires manual intervention, so quite a few are intervened. It is a little technical but at the moment we do not have self-assessment in Jersey, so strictly speaking a tax assessment is only final once an officer has taken some action with it. At some point in the future, we would like to move to a system of self-assessment where effectively once somebody has submitted a return and it has been processed through the computer system, it will stand as a legal assessment unless we choose to challenge it within a period of time.

Deputy M.B. Andrews:

Thank you very much. Minister, I just want to also speak about independent taxation. I know there are obviously preparations in the works and this is also involving a system as well. Hopefully it will be in place for October and I was just wondering whether you could provide an update on that.

The Minister for Treasury and Resources:

I think the system work is ongoing. The system will be there. We have had the added wrinkle of still allowing joint filing for couples who elect to have it. That will have added to the complexity and the cost of doing that but that has all been built in, I believe, until this week. So that I think is working, is coming along on time. We will be doing further public guidance to be issued in October or November for independent taxation and all married couples will receive a guide in January explaining the mandatory move. Those will be sent to both partners in the couple, so it will not be a case of the previous taxpayer getting it and hoping he or she shares it, so both members of a couple, partnership will receive that. We are having ongoing conversations with FREEDA (Free from Domestic Abuse), which was formerly Women’s Refuge, to ensure that they can help support women navigating independent tax, and we are also speaking to them about additional support that might be needed if there are situations of coercive control of financial independence. We are taking that into account. A guide will be sent to each spouse and we are also sharing resource and communicating through other networks, community networks and organisations, so the Children’s Cluster, Learning Disability and Autism Cluster, Cancer Support Network, homelessness, equality, diversity and inclusion, to help share information and support clients who need extra support with assisted taxation. The guides have been worked on; they have been user tested; we have been working across a 2-year period. We have got checklists, timelines to help people prepare and there have been surveys. We have taken feedback from early soundings into account. We are also planning webinars and in-person sessions in October where people can come in and ask questions, and particular support for seniors, for older people who are transitioning although they will still have the option, if they wish, of having joint filing but we already, in fairness, provide … the department will help. As I probably said during the debate, you cannot insulate someone from never having to do a tax return and we regularly deal with elderly widows who are having to navigate the tax system for the first time following the death of their husband or partner, so we are well-versed in doing that.

The Connétable of St. Mary:
Finally from me, a couple of questions on the general legislative programme. During the last quarterly public hearing we were advised that the merge of the Financial Stability Board and the Fiscal Policy Panel had been delayed because of other demands on the programme and it is likely to be lodged in Q4 2025. Leaving that particular aspect aside, can you please provide more context about other demands on that programme?

The Minister for Treasury and Resources:
It is not necessarily demands on our programme. It is demands on the legislative programme more widely, I believe, so it is across-government. It is reflecting, I believe, the demands on law drafting time and the Legislative Drafting Office and what they and officers can realistically progress. So I think that there are other pieces of legislation in the pipeline for Government as a whole. I cannot give you those but there is a list, and we have talked about it at C.O.M. (Council of Ministers) quite recently. This one has been slightly delayed but I am hoping it will be lodged as soon as we can because I do think it is an important one to progress.

The Connétable of St. Mary:
Going back to general delay, who has overall control over the demands on the law drafting office? I ask that in the context, I am aware from other briefings, that you can go outside our own law drafting office to instruct law draftsmen. Does that happen often and in what circumstances would that be? If that is the only reason why we are not getting legislation through, should that not be considered?

The Minister for Treasury and Resources:
Well, my understanding is certainly that previous law draftsmen members would certainly not accept other people drafting laws for them. I think that the principal law drafter - sorry, I cannot remember her title - Ms Marsh-Smith will bring legislative drafters in as they did on a contract basis, on short-term contracts to help. Where there is a need of specialists, and I think there has been a lady recently working on all the electoral legislation that has been brought forward by P.P.C. (Privileges and Procedures Committee). I believe Cabinet Office, I think, have an overview or the chief execs have an overview of the entire government programme and we talked about that recently in terms of progress. I think the reality is that even though people may have lots of pieces of law they want

to bring forward, there is a kind of natural capacity as to what the Assembly can deal with or what it has dealt with in the past. There is an oversight. I think the C.O.M. make those decisions and Ministers make those decisions to do it or not.

The Connétable of St. Mary:
Going back to the overall view, are there items of legislation there that you know or the Cabinet Office know are going to be held up in this term simply because of the lack of drafting capacity?

The Minister for Treasury and Resources:
There will always be things that they just do not have capacity to bring forward. I cannot remember what is being … there has to be which are the pieces of legislation that need to come forward but it is like everything else, there will be a degree of prioritising about what legislation needs to come through, what is urgent, what is less urgent, and those decisions come to C.O.M.

The Connétable of St. Mary:
Going back to the merger of the 2 boards, is that on track for later this year?

The Minister for Treasury and Resources:
I think later this year. It may slip into next year.

Deputy L.K.F. Stephenson:
Thank you. We have about 5 minutes to go, Minister, and there are a couple of questions if you do not mind us returning to a couple of earlier sections. My one is on the Budget. Could you tell us the method of how you expect to present the funding for Investing in Jersey as a piece of work? How are we expecting that to be presented in the Budget?

The Minister for Treasury and Resources:
I believe that would be presented like other capital projects.

Treasurer of the States:
If they are related to decisions that need to be made in 2026 for funding of projects from 2026, the usual way we do these things would be to make sure that that funding is agreed by the Assembly. If it relates to a longer-term initiative, you would typically expect that to be either - and I do not know which way it will be - standalone debate or will be in the body of the Government Plan.

Deputy J. Renouf:
The new hospital programme, for example, is a separate box within the Budget. Is Invest in Jersey envisaged … because it is a big programme of long-term investment, it is different workstreams and

so on. Are we going to have to fillet around in the Budget to find it or is it going to be presented as a thing?

Treasurer of the States:

I think anything that is coming forward in 2026 for funding in 2026 will separately come forward. I anticipate it being a thing. You are usually better with words than I am, so I will go with yours.

Deputy J. Renouf:

I do not think it is a technical phrase.

Treasurer of the States:

You can go to somewhere in the Budget and you will see that rather than coming at it from numerous different angles …

The Minister for Treasury and Resources:

I would think it would be fairly obvious in the Budget. It is not going to be tucked away where you cannot find it.

Deputy J. Renouf:

I have got a question about something that has been in the news recently, which is bonuses for arm’s-length organisation senior officers. What oversight do you exercise in terms of those bonuses, which can amount to hundreds of thousands of pounds, more than £100,000 per person, 40 per cent of salary?

The Minister for Treasury and Resources:

The first thing that we have to remember is that bonus schemes are often set out in a contract. When somebody is engaged, they will be engaged on the basis of there is a bonus scheme of some description, whether it is a short-term plan, whether it is a long-term plan, so that is a matter of contract. Sometimes they are not contractual but that is just the … and then we see the objectives. Bonus schemes are normally structured against a number of objectives of key performance indicators and there will be targets that have to be met and based on the level of meeting of target or exceeding of target - have you met, have you exceeded, have you super-exceeded, for example - that will depend on the weighting of that particular objective. Each objective is weighted. You might have a balanced scorecard type arrangement. We will be consulted at the start of the process. We will be told what the objectives are in terms of measuring. That is a matter for the board, so the boards all have their own remuneration award committees. They go through all those very closely and they then make the assessments and we are usually notified.

[12:00]

It is not normally something that you can get to … and clearly, if I had a real problem, if they said: "We are going to pay this person full bonus" and I am thinking: "What about this situation over there?" the boards … I do believe, I am assured by the boards that they follow a very rigorous robust process. I know that one of the boards, certainly one of the remuneration boards, cut back budget, cut back the … there are a very small number of individuals. It is generally the very senior executive team. They said: "Well, technically the bonus could be yours but we are not going to award as much." The board and the Remuneration Committee take a very robust view on that, as I believe they do in all the other A.L.O.s (arm's-length organisations). I speak to them about executive remuneration. I have challenged them more than once, for example if they come in and say … I am not going to name names but, let us say, one of them came and said: "We are going to put an X per cent pay rise across the board because that is matching government" and I said: "Well, no, at senior level government did not get that, they got that, and I do not expect senior executives who are on very high salaries to be getting the same pay rises as the cleaners." I expect a degree of objectivity and rationality about that. I do challenge them a lot on salaries. I have met them recently and I have said that I do not want to see a continuing … I do not want to see bonuses spiralling, that they have to be appropriately benchmarked against … we cannot compare some of our utilities or our companies with massive listed companies in the U.K. I have also said for future schemes I would like them to look at objectives that really are about delivery for stakeholders, customer experience, customer service. I would like them to be very much more focused on having categories for those going forward. Whether those come in right away, but I have challenged the chairs of all the States-owned entities on that.

Deputy A.F. Curtis:
Could I really quickly ask? You mentioned each bonus scheme will have, in essence, a scorecard of how it is calculated.

The Minister for Treasury and Resources:
Each have slightly different schemes.

Deputy A.F. Curtis:
Is it readily available to your department the current scheme that each scheme is on so that your officers who exercise a stakeholder representative function can pull up to you at any moment: for all the schemes in existence, these are the scorecards, these are what performance is measured against?

The Minister for Treasury and Resources:

Yes, I am sure they could. We will see them.

Deputy A.F. Curtis:

You will hold on record what those …

The Minister for Treasury and Resources:

You say “hold records”. We are not holding records and analysing them all the time but we will have them in a file somewhere but if we could not find them, we could go and say: “Please give us those” and they would give them over. They would provide the information we asked for. There is not: “No, we cannot tell you that.” Then the board gives us, the Remuneration Committee gives us their assessment, so we also see their assessments of how those bonuses are calculated. I do believe they follow a robust process and I have made it clear. I think they were quite offended that I might have thought they were not following a robust process.

Deputy L.K.F. Stephenson:

Thank you very much, Minister. We have come to the end of our time. Thank you to the Assistant Minister as well and your officers for your time today. We appreciate it. That is the meeting closed.

[12:03]