Proposed Budget 2027-2030 and Common Strategic Policy 2026-2030

Submission on behalf of the members of IoD Jersey

To	Economic and International Affairs Scrutiny Panel
From	Alex Ruddy, Chair, on behalf of IoD Jersey
Date	29/10/2026

Introduction

IoD Jersey welcomes the opportunity to contribute to the Scrutiny review of the Council of Ministers' first Budget and Common Strategic Policy of this term. Our comments draw on the positions set out in the joint IoD Jersey and Jersey Chamber of Commerce Manifesto published ahead of the 2026 election, which called for evidence-led decision making, longer-term fiscal planning, good governance and genuine partnership with business. We have confined our comments to the Proposed Budget and the proposed CSP and to the matters most relevant to our members as directors and business leaders.

Summary of our position

We broadly support the direction of travel. The four CSP pillars, the return to balanced budgets, the move to three-year budgets from 2028, the prudent treatment of Pillar Two windfall receipts and the early Time to Win measures all respond to calls made in our manifesto. However, we have concerns in four areas that we would ask the Panel to explore with Ministers:

- the narrowness of the financial buffers and the reliance on savings not yet identified;
- the deferral of structural revenue reform to the 2028-2030 Budget;
- the absence of commitments on immigration, skills and key worker housing; and
- the cumulative cost to business of new charges and contributions from 2028.

Detailed comments

Fiscal discipline and reserves

We support the return to balanced budgets, the £21m of savings in 2027, the stricter measure of the operating balance after core transfers to the Jersey Capital Investment Fund, Climate Emergency Fund and Strategic Reserve, and the move to three-year budgets from 2028. These reflect our manifesto call for fiscal planning that transcends the political term and for adherence to Fiscal Policy Panel advice.
However:

- The forecast operating surplus after transfers is £0.7m in 2027, £10.0m in 2028, £5.1m in 2029 and nil in 2030, and the Budget acknowledges that contingency is at minimal levels.
- The Strategic Reserve remains below the level recommended by the Fiscal Policy Panel, the Stabilisation Fund has not been replenished since the pandemic, and the wider debate on reserves is deferred to summer 2027.
- The 2030 figures restore the States Grant to the Social Security Fund (£44.1m) against a future savings line of £33.8m that has not yet been identified.

We query how resilient is the plan to an economic shock given minimal contingency. We question the source and timetable for the £33.8m of future savings and await publication of a credible path to rebuild the Strategic Reserve and Stabilisation Fund.

On page 53 the Budget includes recurring savings from 2027, helping strengthen the island's long-term fiscal position while protecting investment in priority public services. The savings programme focuses on reducing administrative overheads, simplifying internal processes and ensuring that public resources are directed towards activities that deliver the greatest value and impact for islanders. All welcome news, however as indicated above, it is not clear where savings will be made. If the approach is a percentage cut across departments, it is unclear how the productivity gains anticipated will be achieved. Increased productivity is achieved by implementing technology (and Ministers specifically noted this in IoD's Leaders Lunch on 4 November) which would infer a greater need for Digital Services spend yet the budget has been reduced.

As business leaders we encourage transparent, regular reporting on the delivery of savings, and that any shortfall is not met through increases in business charges without consultation.

Pillar Two receipts

We welcome the principle that permanent commitments should not be funded from temporary revenues. Treating Pillar Two receipts of at least £160m above the 2026 forecast as windfall, and applying them to the hospital and reserves rather than recurring spending, is prudent and consistent with our manifesto emphasis on sustainability of revenue.

However the Budget itself notes that the scale and durability of these receipts remain uncertain and that geopolitical uncertainty increases the likelihood of business restructuring and relocation. Base case Pillar Two revenue is already allocated to recurring purposes, including baseline funding for public services and investment in financial services competitiveness.

We query whether there is any contingency plan exists if base case receipts fall short and advise transparency in the reporting of actual receipts against forecast during the year.

Revenue reform and personal taxation

The retention of the existing corporate framework, with over 95% of local businesses unaffected by Pillar Two, supports our manifesto pledge to protect tax neutrality.
The reviews of personal tax residence and of taxable permanent establishments (including through home working) are welcome, but their outcomes could affect how businesses employ and deploy staff. With current models of outsourcing and offshoring in the finance industry in conjunction with a number of redundancies any changes need careful consideration to establish how this might impact businesses and indeed personal tax revenue.

Competitiveness and Time to Win

We strongly support CSP priority 2 and the early Time to Win measures: the reduction of the International Services Entity fee from £4,700 to £950, tax warehousing for investment assets, the increase in the de minimis shareholder reporting threshold from 2% to 5% and the extension of the RegTech Super-Deduction to MCIT groups. Our manifesto explicitly asked Government to expedite and implement the Time to Win review. We also welcome CSP priority

3 and the commitment to assess major policies against their impact on growth, inflation and value for money.

We would encourage faster, more predictable approvals and fees, a more responsive Revenue Jersey (the new financial services support service looks like a good step), continued modernisation of older regimes, and access to housing and skilled staff.

Time to Win funding is held in the Central Reserve until allocated in the year, so the pace and scale of delivery are not yet visible. We would ideally like to see a published delivery plan with milestones and query whether the £30m competitiveness funding from last year's Budget is being maintained.

The economy contracted by 0.7% in 2024, and Jersey remains heavily reliant on a single sector. The competitiveness plan for the non-financial services sector is not yet published and the CSP contains no measurable productivity or diversification targets. Our manifesto identified slow business licensing, delays in opening business bank accounts, limited R&D incentives and complex registration and contribution rules as barriers to entrepreneurship. Beyond the RegTech Super-Deduction, we cannot see specific measures to address these in the Budget. We note that the UK budget specifically focussed on encouraging growth through entrepreneurship and free enterprise such as Founders' Relief and EMI2, funding for AI-related projects, a (quantified) reduction in red tape for business, and legislation to stop non-compete clauses acting as a barrier to hiring.

We are concerned that unlike the UK Budget AI is not mentioned in the Jersey Budget. The UK Budget has allocated a substantial sum to AI projects. AI is both an opportunity and a threat and will dominate the way we do business especially in the finance sector over the term of the budget.

Regulation and red tape

The IoD, by Royal Charter, was incorporated to lobby Government and advocate for free enterprise. We have repeatedly stressed the need for Government to be the enabler to growth through incentives and reducing red tape rather than overt involvement.

We support CSP priority 4, including revision of the Island Plan, planning reform, a systematic review of regulation and the commitment to keep fees, duties and charges as low as possible. These align with the legal and regulatory reform pillar of our manifesto.

However The CSP does not yet set out how progress on reducing the regulatory burden will be measured. Our manifesto asked for adoption of the Comptroller and Auditor General's 2024 recommendations on the governance of Arm's Length Bodies. These are not referenced in either document.

Infrastructure and capital investment

We support the first Budget to implement the Jersey Capital Investment Fund and the 25-year Investing in Jersey programme, with £211m of capital investment in 2027, up to £5m for feasibility work and £15m of excess Pillar Two receipts allocated to establish a Capital Reserve.. However, capital in 2027 is dominated by the New Healthcare Facilities Programme (£103.7m of the £211m), and much of the wider programme remains at feasibility stage, which carries delivery and timing risk. The Budget notes that much of the £132m Government Estate allocation is committed to new-build projects and cannot be redirected to legacy maintenance and compliance. We query the validity of at least one of the new build projects given the evidence demonstrating a declining birth rate and therefore potentially a revisit or amalgamation of existing educational institutions might be more cost beneficial thus alleviating the risk identified of insufficient funding for maintaining the existing Government Estate.

Cost of living

We support the targeted package for families and lower and middle-income households, including increased funded nursery hours for 2 to 3 year olds from 15 to 20 hours a week, the doubled parental grant of £1,800, and the £250 family support payment. The childcare measures in particular reflect our manifesto pledges on childcare access and workforce participation.

However, much of the package is one-off or time-limited, and structural affordability is deferred to a review informing the 2028-2030 Budget. There is no indication of any willingness to work with the private sector to encourage investment in creche/ nursery provision by corporates.

Inflation is forecast to peak at an annual average of 4.1% in 2027, which will continue to drive wage and cost pressure for employers. We query the scope and timetable of the affordability review and respectfully request that businesses are invited to contribute.

We also request that housing supply be addressed as a driver of affordability noting that this is a key component of the Investing in Jersey Strategy document.

Skills, workforce and employment

We support CSP priority 5, including the expansion of apprenticeships in the public and private sectors recognising that there is an imperative to keep young people and skills on island. We advocate careful consideration of achieving maximum benefit in relation to the proposed new further and higher education campus in St Helier for 2032. Education provision should be tied in with a skills analysis driven by the strategy for diversification of the economy. For example, if medical tourism is a strategic priority consideration should be given to including a School of Medicine as part of this programme. Essentially we are requesting that the Government examines matters holistically aligned with a longer term strategy.
We note that the proposed increase in Long-Term Care contributions from 1.5% to 2.5% from 2028, could affect how attractive Jersey is for senior hires. Furthermore the £10m Living Wage Transitional Support for businesses and charities ends in 2026 while the move towards a living wage continues, which will bear most heavily on hospitality, retail and the third sector.

Our manifesto's central workforce asks were a skills-linked immigration framework (including exploring employee rather than employer permits), affordable key worker housing and a Skills and Employment Council. We cannot see these addressed in the proposed CSP or Budget.

Cumulative cost to business from 2028

We recognise the need to fund infrastructure and long-term care sustainably however:

- The Long-Term Care Fund contribution rate is proposed to rise from 1.5% to 2.5% by 2030, starting in 2028.
- Liquid waste charging is planned from 2028 (estimated at £10m a year), and policy work on a vehicle ownership charge to replace declining fuel duty begins in 2027.
- The strategic and actuarial reviews of the Social Security Funds report in spring 2027 and may lead to changes to contributions.

We are concerned that no assessment of the impact of these measures on employers and employees before they are introduced has been undertaken.

We note that there is a CSP commitment to assess policies against their impact on growth and inflation.

Energy and net zero

We support CSP priority 10 and the aim of a practical and affordable transition to net zero by 2050, with energy security at its centre. This reflects our manifesto pledge to anchor energy affordability and reliability to underpin competitiveness. However, the revised Carbon Neutral Roadmap has not yet been published, leaving businesses without clear sequencing or cost estimates on which to plan investment.

Conclusion

IoD Jersey supports the Council of Ministers' focus on financial discipline, competitiveness and targeted support, and recognises that Budget 2027 is intended as a stabilising step ahead of the 2028-2030 Budget. The test for this term will be delivery. We ask the Panel to press for clear timetables, measurable targets and transparent reporting in the areas identified above, and for business to be engaged as a genuine partner in the design of the 2028-2030 Budget.