Deputy Lyndsay Feltham
Chair, Corporate Services Scrutiny Panel

By email

29 October 2026

Dear Deputy Feltham

Corporate Services Scrutiny Panel Proposed Budget 2027-2030 Review

Further to your letter of 9 October 2026, the Jersey Audit Office (JAO) would like to make the following submission as part of the Corporate Services Scrutiny Panel's review of the proposed Corporate Strategic Policy 2026-2030 and the proposed Budget 2027-2030.

In doing so I confirm that I am happy that this named submission to be published by the Panel.

Overarching comments

- **Integration with the Jersey Performance Framework**

The proposed Common Strategic Policy 2026-2030 (the CSP) presents four overarching Council of Ministers' ambitions (the four pillars), each linked to specific priority areas and set in the context of the Jersey Performance Framework wellbeing and Outcome targets. In my view this structure works well to establish the context for the CSP and helps to indicate how short-, medium- and longer-term targets are integrated.

I consider this is an improvement on the 2023-2026 CSP which did less to anchor the CSP priorities within the Jersey Performance Framework explicitly.

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- **Consistency across the proposed CSP and proposed Budget**

It is relatively easy to see how the proposed CSP priorities are funded through the proposed Budget. There is a consistency to wording which is important for Islanders to be able to follow threads.

However, as the responsibilities at department level are changing in 2026 or will change in 2027, it is not straightforward to gain a view of 'like for like' funding in comparison to 2026. For example, in December 2026 the Regulation Directorate will move from the Infrastructure and Environment Department to the Cabinet Office.

I have undertaken my own analysis but an 'at a glance' view in the published Budget would be a valuable addition so that Islanders can easily understand the extent to which departmental budgets have or have not changed.

- **Proposed CSP and proposed Budget in light on the work of the JAO**

In my view there are key actions needed to underpin some of the proposed CSP priorities. As one example, the focus on specific elements of education and life-long learning, in the absence of an overarching Education Strategy and fit for purpose funding formula, risks services being designed without a framework to support coherence and value for money.

In the following paragraphs I have set out this and other examples under the Panel's specific headers where I consider the work of the JAO provides insights.

1a. The impact of the Budget proposals on departmental budgets, savings and staffing levels.

Work undertaken by the JAO relevant to budgets and savings targets at corporate and departmental levels includes a 2023 audit of ***Efficiency Savings.*** A key recommendation was that the States should:

> R1: Distinguish between income generating measures as a means of mitigating cost and efficiency measures as a means for either reducing costs or improving service quality, or both, when setting out public targets and measuring and reporting performance publicly.

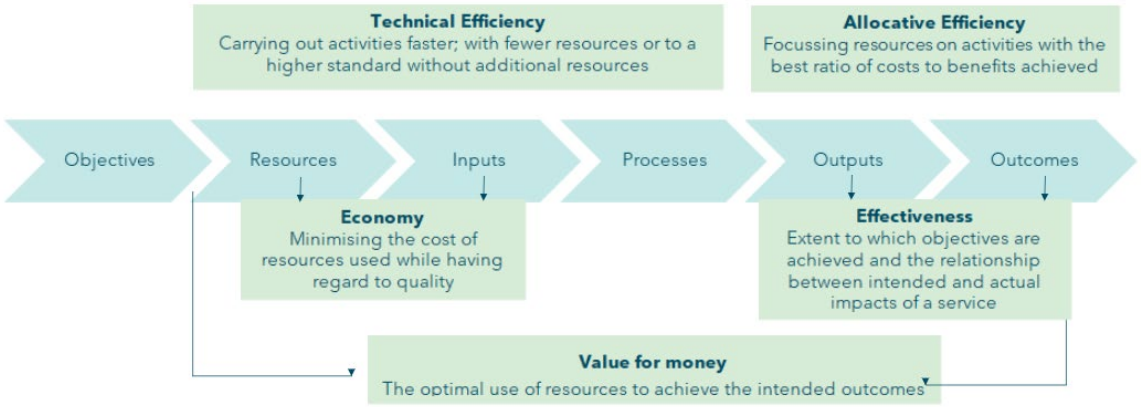
In response, the Government noted that its efficiency programme would be amended to cover '*efficiency and rebalancing*', where income generating measures would be captured under the 'rebalancing' section. It closed the recommendation in April 2023. However, my planned follow up audit in 2025 was not undertaken as the

Government had not made sufficient progress in implementing its [then] Value for Money Programme for progress against my recommendations to be evaluated.

Instead, in June 2025 I published ***Efficiency Savings: a Good Practice Guide.*** This was written to be relevant at all levels of public sector planning and delivery, aiming to provide insights and practical approaches to maximise success in identifying and implementing efficiency savings. It was based on the principles that:

- simply spending less without reference to the service quality and outcomes for Islanders is not an efficiency saving; and
- efficiency is not improved by only changing the way services are funded, for example by increasing 'user pays' charges.

The Proposed Budget includes a savings programme, some of which relates to role reductions with other future savings also included. The Guide included the following diagram relating to efficiencies that the Panel may find useful in considering the extent to which future savings plans will deliver greater efficiencies.



Source: UK National Audit Office

In July 2025 my report ***Financial Management and Internal Control – Follow Up*** noted that the Government should:

> R13 Ensure that the HCJ [Health and care Jersey] Financial Recovery Plan is updated to address the weaknesses identified [ ] including:
>
> - a focus on the actions to be taken to manage rising costs of social care and mental health packages, high-cost drugs and off Island contracts and to better control permanent staff vacancies through establishment control and productivity to avoid excess overtime
> - a focus on specific actions to realise the efficiency savings identified by benchmarking services

- specific actions to be taken to address the deficits in income from private patient activity; and
- specific actions to be taken to improve internal controls and compliance.

Despite the on-going budget pressures in HCJ, this recommendation remains 'open'.

JAO frequently reports on weaknesses in workforce planning, crucial to understanding how best to use budget to meet priorities. There remain 'open' recommendations from:

- my January 2023 report ***Deployment of Staff Resources in Health and Community Services***:

  R2 Enhance the engagement at specialty level in the development of the HCS Workforce Strategy. In doing so, ensure that there is an agreed way forward for future clinical operating models and medical staffing models at specialty level.

  R4 Ensure that the HCS Workforce Strategy provides clarity as to the future planned management structure of HCS.

- the audit of ***Fire and Rescue Service*** (March 2026):

  R2 Develop and implement a four-year Strategic Business Plan that takes account of the ambition and vision for the future with clarity over staffing and roles. Ensure that the Strategic Business Plan includes key objectives, with clear measurable targets.

1b. Whether the revenue expenditure growth, capital and other projects are appropriate and likely to have a positive impact on Islanders.

JAO has undertaken a number of relevant audits and made recommendations regarding the ability to demonstrate the impact of expenditure. Focussing on those audits where the Government has assessed that recommendations remain 'open' (not delivered as at mid-September 2026) illustrative examples include:

In September 2023 I reported in ***Economic, Social and Health-related Recovery from the COVID-19 pandemic*** a recommendation that Government:

> R6 Review current and implement enhanced procedures to improve performance and financial management information in HCS. Ensure that management information reports that are produced relate finance to service outputs and service outcomes.

In ***Grants and Subsidies – Follow Up*** (April 2025) I found in some cases poor alignment of grants and subsidies with intended positive outcomes for Islanders and recommended that decision makers:

> R5 Require specific consideration of the Jersey Performance Framework and Island Outcomes in the grant approval process.

More generally, my July 2025 report ***Financial Management and Internal Control – Follow Up*** identified the need to take a more robust approach to managing and reporting departmental expenditure, including in light of quantified risks and with a focus on desired outcomes. I recommended that Government:

> R1 Enhance the management information produced, reviewed and challenged in respect of departmental expenditure to include:
>
> - regular reporting of procurement breaches and exemptions to Senior Leadership Teams, the Government Risk and Audit Committee and the Non Ministerial Departments Audit Committee; and
> - links to operational service and workforce plans.
>
> R7 Finalise the articulation and implementation of the Government risk appetite statements

In March 2026, the JAO ***Fire and Rescue Service*** audit identified an issue in ensuring that growth funding is used to target the greatest areas of risk at departmental level. A recommendation that the Government has not yet implemented required that the service:

> R4 Track the use of the growth funding approved in the Government Plan 2026-2029 to demonstrate the benefits achieved through the additional investment. In doing so, ensure there is clarity as to what the additional funding has enabled the service to do and what level of risk remains to be managed.

1c: How the proposed revenue expenditure growth, capital and other projects align with the Common Strategic Policy to deliver on the priorities, and in line with Departments' plans for delivery; and

1d: Whether the resources allocated to revenue expenditure growth and capital and other projects are sufficient, ensure value for money and demonstrate the best use of public funds.

The proposed CSP includes a focus on:

- increasing the provision of lifelong learning
- upgrading and replacing [ ] education facilities; and
- progressing a new campus for higher and further education

In my view it is important that such development is undertaken in context.

In November 2025 I published the JAO audit ***Education Reform Programme***. Key recommendations from this work yet to be delivered and crucial to establish the context for developments are:

> R1 Develop and publish an Education Strategy setting out the ambition for delivering a 'world-class' education system with clarity about targets for performance at all stages.
>
> R2 In the light of the falling birth rate and financial pressures, review whether the structure of the education offer along with selection is affordable for the future. In undertaking the review: [ ]
>
> - ensure that the role of Highlands College is clear including how it integrates into the education strategy
>
> R4 Update and refine the schools funding formula to include all schools.

A recurring finding of JAO work is the need to ensure that the intended benefits (including value for money) of capital and revenue spend are clearly set out at the outset and their delivery monitored and assured during and after expenditure. Weaknesses in this mean the Government struggles to demonstrate value for money.

My predecessor's ***Review of Procurement*** (March 2014) recommended that Government:

> R25: Establish arrangements for corporate monitoring of attainment of savings on States-wide contracts.

The March 2023 report on ***Efficiency Savings*** recommended that the Government:

> R5 Ensure that benefits realisation strategies are documented at the outset of all major and strategic projects.
>
> R6 Ensure that benefits realisation strategies are implemented, monitored and reported on all major and strategic projects.

I have made similar recommendations concerning benefits realisation in subsequent reports - these remain 'open':

Integrated Technology Solution: Follow Up **(**April 2023):

R3 Ensure that the monitoring and communication of benefits realisation is a centralised responsibility that endures beyond the closure of the ITS programme and continues to 2030.

Major and Strategic Projects including Capital Projects (November 2023):

R3 Enhance requirements for the recording, ownership and monitoring of benefits realisation both at project level and across the portfolio of projects.

R7 Enhance procedures to document benefits plans including requiring:

- benefits plans to be signed off by the project board and accountable officer; and
- an accountable officer to be appointed to deliver the projected benefits over the expected benefits period.

Electronic Patient Record (February 2024):

R4 Ensure that programme benefits are identified and tracked as an integral part of programme delivery during the planning and delivery phases and not left until after programme closure and the move to business as usual.

Education Reform Programme (November 2025):

R8 Apply appropriate programme management disciplines including a focus on tracking outcomes and benefits to future education reform programmes and the investment planned in early years.

As well as 'business and usual' revenue spend and previous funded growth schemes, there are several proposed CSP priorities where ensuring a best practice approach to setting, monitoring and realising benefits across the breadth of targeted areas will be crucial to demonstrating good use of public fund.

In particular, the 'Invest in Jersey' priority to provide more homes and upgrade core infrastructure that Islanders rely on covers a range of actions including:

'*invest in upgrading the Island's core infrastructure, including the drainage network and extend the mains water system to enable housing development and upgrade flood protection systems and sea defences*'

It will be important for the Government to ensure that best practice arrangements are in place to support delivery of the intended benefits of such programmes of work.

The JAO report ***Learning from Previous Hospital Projects: A Follow Up Review*** (May 2023) identified key actions needed to reduce the risk to delivery of intended benefits. Although all recommendations from this audit are marked by Government as 'closed' – that is, delivered – it is important that the Government ensures that those relevant to all building projects have been systematised.

In particular I would expect principles drawn from these recommendations to be adopted across all building projects and programmes:

> R4 Ensure that effective mechanisms are put in place to review and, where appropriate, update the Functional Brief for key strategies which should inform capacity requirements as they are finalised.
>
> R5 Establish clear and robust criteria to underpin decision making for the New Healthcare Facilities Programme. Document targets and tolerances and any weighting against the criteria.
>
> R6 Clearly set out reasons for any deviation from the agreed criteria, the thresholds or the weighting and what has been done to mitigate the risks of the changes made.
>
> R9 Maintain a discipline of robust recording of key discussions and decisions made in major and strategic projects.

Over the past four years I have undertaken a series of audits focussing on ***Critical Infrastructure Resilience*** (CIR). Significant public funds can be spent responding to emergencies relating to critical infrastructure. It is important for Jersey to have in place an effective resilience framework supported by effective resilience plans and procedures across the States, asset owners and operators.

The proposed CSP includes actions intended to improve community safety and Island resilience. Two specific actions are relevant to the CIR work the JAO has undertaken:

- Strengthen online safety and cyber protection for children and young people.
- Deliver the new resilience law [and] continue to invest in our Emergency Services.

Three CIR audit have been undertaken and others are in plan.

An 'open' recommendation from the CIR work in ***Energy*** (June 2024) indicates that, at the time of my fieldwork, the Government had committed to developing a new resilience law. My recommendation therefore built on this:

> R10 In line with the development of a new resilience law, update laws governing energy provision so that they are aligned, fit for purpose and drive high standards of resilience.

As progress in developing this law was paused, recommendations in the CIR ***Transport*** (August 2025) report included:

> R5 Make a clear decision about progressing work to draft a Resilience Law, including a timetable and action plan. As part of this, take steps, through for example a proper stakeholder consultation exercise, to understand what might make the Resilience Standards a better fit for Jersey.
>
> R6 In line with the introduction of a new Resilience Law and further development of Resilience Standards, ensure there is a mechanism to integrate the Resilience Standards into contracts with owners and operators of critical infrastructure, including for transport links.

My work reinforced the need for all parts of the emergency response, including crucially at community and individual Islander

Due to the nature of the CIR audit of ***Cyber Security*** (April 2026), recommendations have not been made public. In summary, my audit found:

- varying levels of cyber security maturity across the Island's Operators of Essential Services
- that all entities reviewed have work to do to ensure compliance with the new obligations placed on them by new Cyber Security Law passed by the States Assembly in January 2026; and
- that while Government has taken action to improve its own cyber security resilience there remains considerable work to be undertaken to ensure that the arrangements in place meet minimum expected maturity standards.

The Government is yet to provide a formal response to this audit.

2. To assess the impact of the Budget proposals on the States Funds relevant to the Corporate Services Panel including the General Revenue Fund, Jersey Capital Investment Fund, Strategic Reserve Fund and Stabilisation Fund.

In commenting generally on impact on Funds, my audit ***Health Insurance Fund*** (February 2026) included the following recommendation:

R5 Update procedures for States propositions and Ministerial Decisions to ensure that any future expenditure changes proposed are supported by business cases which demonstrate good practice characteristics in documenting the resource and system implications. This should include consideration of the long-term impact on States' finances and specific funds.

This recommendation was partially accepted. In its Executive Response R-26-2026-Res.pdf the action described is:

The Greffier of the States will advise the new Privileges and Procedures Committee of the recommendation and support the Committee's consideration of options to promote robust policy development within the current procedural framework. The Government of Jersey will work with the Greffier and PPC to help to ensure that any preferred option is proportionate in terms of cost/benefit and can be appropriately supported

My audit also recommended that the Government:

R3 Prepare and implement a formal policy statement specifying the minimum balance to be held in the Health Insurance Fund.

This recommendation requires that the Health Insurance (Pharmaceutical Benefit Advisory Committee) (Jersey) Order 2017 is amended and the provisions of the Order are applied.

3. To assess the Budget and its impact relative to: Implementation and Sustainability

A number of the JAO recommendations touch or focus on 'enablers' to support the States-wide implementation of improvement, reduction of risk and longer-term sustainability.

For example, the need to reduce 'silo' working and instead encourage and enable 'whole system' responses to Island issues and opportunities led to my predecessor's 2016 recommendation in her report ***e-Government*** to:

R18 Expedite the planned development and implementation of policies and procedures for data sharing (and related data quality) and of arrangements to secure compliance.

Though agreed ten years ago, this recommendation remains outstanding. In my audit of CIR ***Energy*** in 2024, I noted the continuing need for data sharing to support a 'whole systems' response. This recommendation is also 'open':

R12 Ensure that data requirements and data sharing protocols, including those needed to comply with the Resilience Standards and support the Community Risk

> Register, are in place in a risk-based way which seeks to anticipate the needs of critical incident responses.

Where departments rely on corporate services to deliver their priorities, the JAO has noted the need for Government to ensure resources are applied in a risk-based way and properly monitored. For example, in the ***Grants and Subsidies – Follow up*** report (April 2025) recommended that Government:

> R6 Set clear requirements in the PFM for regular monitoring of existing individual grants and grant schemes awarded, proportionate to the size of grant and the type of service being delivered.

In my audit of Jersey's ***Fire and Rescue Service*** (March 2026), I recommended that:

> R10 The Chief Officer of Justice and Home Affairs and the Chief Fire Officer should reassess the urgency and timescales being applied to key digital projects aimed at mitigating extreme risks.

In April 2026 the audit ***Insurance – Follow up*** identified the need to:

> R3 Establish how insurance risk appetite is derived from the States' overall risk appetite.
>
> R5 Improve the quality and usability of management information from insurance claims data to drive improvements in claims management and risk identification.

Each of these describes how 'enablers' can be improved to better-support the implementation of States priorities. In all cases, these recommendations remain outstanding as at mid-September 2026.

More generally I note that the Jersey Financial Reporting Manual for 2026 issued in September 2026 by the Minister for Treasury and Resources includes the following statement in respect of sustainability reporting:

Specific requirements for sustainability reporting by the States of Jersey based on recognised best practice remain under review.

While Jersey follows UK public sector financial reporting standards, it does not follow UK public sector sustainability reporting requirements.

I trust that the Panel finds this response helpful. If you would like to discuss any aspect of this response, please do not hesitate to contact me.

Yours sincerely



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