

STATES OF JERSEY



DRAFT STRATEGIC PLAN 2015 – 2018 (P.27/2015): ELEVENTH AMENDMENT (P.27/2015 Amd.(11)) – AMENDMENT

**Lodged au Greffe on 21st April 2015
by the Council of Ministers**

STATES GREFFE

DRAFT STRATEGIC PLAN 2015 – 2018 (P.27/2015): ELEVENTH AMENDMENT
(P.27/2015 Amd.(11)) – AMENDMENT

PAGE 2, AMENDMENT (1) –

For the words “must be our first priority” substitute the words “must be a priority”.

PAGE 2, AMENDMENT (3)(a) –

After the words “in the Appendix” insert the words –

“except that in the said Appendix for the words (under the heading “Our Ambition”) “The Island’s finances return to being in surplus, with prudent, sustainable and long-term financial measures and systems in place.” substitute the words “Place Jersey on a sound path to structural fiscal balance and aim to balance States revenue and current expenditure (including depreciation) over the economic cycle in line with the advice of the Fiscal Policy Panel”.

COUNCIL OF MINISTERS

REPORT

The Council of Ministers places great emphasis on ensuring that our public finances are sustainable. Our Island has a positive and strong history of solid public finances, and this will continue. Nevertheless, greater prominence in the Strategic Plan is appropriate, and therefore the amendment of the Corporate Services Panel to create a new priority is substantially accepted.

The Council of Ministers believes, however, that each strategic priority is inter-dependent and a “must do”; and do not agree that we can place fiscal objectives above economic, social or environmental objectives. We must be a success in all these areas. For example, we must ensure our educational system is first-class and internationally competitive if we are to be fiscally strong. Equally, we must meet the challenge of an ageing society.

Furthermore, the ambition to return the Island’s finances to ‘surplus’ lacks clarity and could, under certain circumstances, be contrary to Fiscal Policy Panel (FPP) advice. It is not clear whether the intention is to return finances to surplus in a particular year, or over a certain period such as the economic cycle.

The FPP gave the States clear advice in their January 2015 Pre-MTFP Report on this issue –

“The States should develop a plan that will address any structural deficit by 2018 and 2019. Care should be taken to ensure that the range and timing of the measures minimises the risk to the economic recovery, which, in the early stages, may involve using the States’ reserves.” (Recommendation 3, page 5)

“Once Jersey is on a sound path to structural fiscal balance, the States should aim to balance its tax revenues and current expenditure over the economic cycle, including an appropriate allowance for depreciation.” (Recommendation 6, page 5)”

The Council of Ministers feels that the ambition for this new priority for sustainable public finances should more accurately reflect the FPP’s advice, and therefore propose to amend as below –

Amendment (3)(a)	Council of Ministers amendment
The Island’s finances return to being in surplus, with prudent, sustainable and long term financial measures and systems in place.	Place Jersey on a sound path to structural fiscal balance and aim to balance States revenue and current expenditure (including depreciation) over the economic cycle in line with the advice of the Fiscal Policy Panel.

As to the remainder of the Panel’s amendment, the substantial proportion relies on the wording used by the Council of Ministers elsewhere in the Strategic Plan. The additions that are made by the Panel relating to allocating resources in line with strategic priorities, challenging expenditure, recommendations of the Comptroller and Auditor General, organisational culture, collective strategic responsibility, and reviewing the obligation to provide a service, are all accepted and wholly in line with

the thinking of the Council of Ministers. As to the amendment on a comprehensive programme of zero-based budget reviews, this is also accepted on the grounds that all aspects of budgets will be reviewed, while noting that there are practical constraints in the scope and extent of these exercises.

Financial and manpower implications

There are no additional financial or manpower implications arising from this amendment to the amendment.