
STATES OF JERSEY



FISCAL POLICY PANEL: APPOINTMENT OF MEMBER

**Presented to the States on 22nd March 2016
by the Minister for Treasury and Resources**

STATES GREFFE

REPORT

Background

The Fiscal Policy Panel was established as part of a new Fiscal Framework when the States adopted proposition [P.133/2006](#) (*Establishment of a Stabilisation Fund and Policy for Strategic Reserve*) on 5th December 2006. The objectives of the Framework are to create a more transparent and credible process for making tax and spending decisions in the Island. In addition, to ensure that fiscal policy is set in a more counter-cyclical way that supports economic growth and low inflation.

The Framework incorporates the Stabilisation Fund, with the Minister for Treasury and Resources being responsible for its operation, but having regard to the advice of the independent Fiscal Policy Panel (FPP). The States agreed that the FPP would be made up of leading independent economists that can bring together the right mix of experience and skills.

In September 2013 the FPP was put on a statutory basis, with their main purpose to continue to publish an annual report on the state of the economy in Jersey and States finances, with particular reference to –

- the strength of the economy in Jersey;
- the outlook for the economy in Jersey and, generally, world economies and financial markets;
- the economic cycle in Jersey;
- the medium- and long-term sustainability of the States' finances, having regard to the foregoing matters; and
- transfers to or from, the Strategic Reserve Fund and Stabilisation Fund, having regard to the foregoing matters.

In September 2015 the Council of Ministers set out (in [R.107/2015](#)) the fiscal framework for the Medium Term Financial Plan 2016 – 2019 and beyond. It recognised that now the role and responsibilities of the FPP are on a statutory basis, the FPP's Annual Report will remain the cornerstone of fiscal framework. Through independent, expert and transparent advice, the FPP is the most important check and balance to help the States set fiscal policy in keeping with the States' economic and fiscal objectives and medium-term fiscal sustainability. As part of the new framework, the FPP have also agreed to consider and assess what the appropriate economic assumptions should be for income forecasting purposes.

The independence of the FPP remains critical for its role in advising on fiscal policy matters. The framework emphasized the need for a transparent process through which the Minister for Treasury and Resources appoints Panel members in keeping with the legal requirement for the Minister to “seek the views of the Appointments Commission” before making an appointment.

Remuneration

The remuneration for the new member will be £18,000 per annum from March 2016 for 5 years.

Existing Panel

The previous Minister for Treasury and Resources appointed the existing Panel members (Mr. Christopher Allsopp, C.B.E., Mr. Joly Dixon, C.M.G., Ms. Tera Allas, and Dame Kate Barker, C.B.E.) in March 2014, increasing the number of members from 3 to 4. This was a transitional arrangement to allow continuity between new and existing Panel members, with an intention that membership would revert back to 3. The terms of office of Christopher Allsopp and Joly Dixon were therefore set at 2 years (finishing at the end of March 2016), and the terms of office for Ms. Tera Allas and Dame Kate Barker were for 5 years (finishing end of March 2019).

Appointment process

There was open competition for the new appointment, in line with the Appointments Commission's Code of Practice. The whole recruitment process was conducted under the supervision of the Jersey Appointments Commission, who have confirmed that they are content that the recruitment process has been conducted appropriately, meeting the standards required in openness of competition, impartiality, equality and selection based on merit.

Adverts were placed, in February 2016, in *The Economist*, including on their website, and in the *Jersey Evening Post* and the States of Jersey recruitment website. The recruitment process was very successful in attracting high-calibre candidates. Thirty-one applications were received and 4 candidates were shortlisted for interview.

All shortlisted candidates were interviewed by a Panel chaired by Dame Janet Paraskeva, D.B.E., Chairman of the Jersey Appointments Commission, and including Joly Dixon, Chairman of the Fiscal Policy Panel, Marian Bell, external assessor and former member of the FPP, and Chris Stephenson, Director of Employment Relations, States of Jersey. The States' Chief Economic Adviser was also in attendance throughout the process.

In making the decision on who to recommend for appointment, the appointments panel carefully considered the merits of all the candidates and their professional and academic backgrounds, with the aim of complementing the experience and background of the other members of the FPP.

As a result, the Minister proposes to appoint, 2 weeks from the presentation date of this report –

- Professor Francis Breedon, for a period of 5 years.

Professor Francis Breedon is Professor of Economics and Finance at Queen Mary University of London, a role which he has held since 2010. He has wide-ranging experience as a professional economist, including practical and academic experience. As well as working at the Bank of England for 7 years, he has held senior economics positions in the private sector and continues to consult for a number of financial firms. His academic research focusses on international finance, and covers international macroeconomics and fiscal policy, including government funding and sovereign wealth funds.

As well as having experience in policy-making institutions, Professor Breedon has conducted a number of policy reviews –

- *Local Authority Finance* – for Local Government Association (2014). This review looked at how local authorities in the UK finance themselves in debt markets. It has resulted in the creation of the UK Municipal Bond Agency that aims to issue debt on behalf of a large group of local authorities.
- *Exchange Rate Policy in Small Rich Economies* – for Central Bank of Iceland (2012). This review was part of a long-term collaboration with the Central Bank of Iceland, and gave an overview of the exchange rate policy of small rich economies and analysed the costs and benefits of the arrangements.
- *Strategic Asset Allocation for Norwegian Petroleum Fund* – for Norwegian Ministry of Finance (2009). This review looked at the currency allocation of the Norwegian Petroleum Fund (GPF-Global) and analysed alternative options for its investment strategy.
- *FX Reserves Management* – for HMT (2008). This review analysed the role and investment allocation of UK Foreign Exchange Reserves.