



## Corporate Services Scrutiny Panel

### Quarterly Hearing

## Witness: The Minister for Treasury and Resources

Friday, 13th October 2023

**Panel:**

Deputy M.B. Andrews of St. Helier North (Vice-Chair)

Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter

**Witnesses:**

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

Deputy S.M. Ahier of St. Helier North, Assistant Minister for Treasury and Resources

Mr. A. Hacquoil, Group Director, Strategic Finance

Mr. R. Summersgill, Comptroller of Revenue

Mr. G. Chidlow, Director of Finance Hub

[10:00]

**Deputy M.B. Andrews of St. Helier North (Vice-Chair):**

Good morning and welcome to the Corporate Services public hearing with the Minister for Treasury and Resources. I am the vice-chair of the Corporate Services Panel, Deputy Max Andrews and for the benefit of the transcript my colleague beside me will introduce himself before the Minister and his Assistant Minister will introduce themselves and the officers too.

**Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter:**

Thank you, Max, for the introduction. Deputy Lyndon Farnham, member of the panel.

**The Minister for Treasury and Resources:**

Thank you, vice-chair; Ian Gorst, Minister for Treasury and Resources.

**Assistant Minister for Treasury and Resources:**

Deputy Steve Ahier, Assistant Minister.

**The Minister for Treasury and Resources:**

We are joined today by ...

**Group Director, Strategic Finance:**

Andy Hacquoil, the group director of Strategic Finance.

**Comptroller of Revenue:**

Richard Summersgill, the Comptroller of Revenue.

**Director of Finance Hub:**

Graham Chidlow, director of the Finance Hub.

**Deputy M.B. Andrews:**

Thank you very much. Minister, we have an hour and a half, so we will go through a series of different question areas. I believe Deputy Farnham has a number of questions he would like to ask you to commence this hearing.

**Deputy L.J. Farnham:**

Yes, if I may just talk briefly about the hospital. I want to ask the Treasury Ministers present, or any officials, that the Government has recently laid out its proposals for a multisite hospital or hospitals or health facilities spanning 4 sites, possibly 5 sites, with an estimated timetable of completion somewhere between 2031 and 2033. Do any Ministers or officials know what the total cost of the project will be to completion, as outlined?

**The Minister for Treasury and Resources:**

We have been very clear with colleagues that it is important that the team do more work before asking for amounts in the Government Plan. We have been clear that the only way this approach is affordable - because, as you intimate, if you carry on you get to a big number over time - is if we do it in ... I was going to say bite-sized chunks but that is not really a very good word to use, so the first tranche ...

**Deputy L.J. Farnham:**

Manageable phases, yes.

**The Minister for Treasury and Resources:**

The first tranche would be and is proposed to be the acute at Overdale. We have not yet got a financing strategy for that but it will not be a surprise to say not dissimilar to other approaches. We want to keep the borrowing to the market down and we want to borrow as late as possible because the interest rates will stabilise or come down slightly. We have been clear, you finish one phase that you can afford and you do not start building on other phases. You can do some prep work, you can do some feasibility work but you do not start the other phases until you know that you can afford them as well. My view is that you could extrapolate a big number now; I think you have done that in the States previously. I think we focus on the tranche and whether we can afford it now and deliver it now, rather than the full stream of work. There could be a number of different approaches to it, but it could take a long time.

**Deputy L.J. Farnham:**

Okay. I think I am interpreting that as you do not know the final cost as yet of completing the project as outlined, no?

**The Minister for Treasury and Resources:**

No, because I take the view we do not know, as we sit here, exactly the sequencing or the timing. What we do not want is to leave a big programme or if you did it as a project and it being a problem and that is why you do not have a programme. You do not want to leave half-finished buildings, you need to focus on we are going to do this, okay, then ...

**Deputy L.J. Farnham:**

It is always a fine balance between getting the best clinical and medical outcomes and cost.

**The Minister for Treasury and Resources:**

Yes.

**Deputy L.J. Farnham:**

As I said at a previous meeting earlier on in this Government, that we have got to balance that and not necessarily put money ahead of people's health. There is a risk of having a multisite option where different components of the health service will be spread across different sites. What happens if we build half or two-thirds of it and then decide we cannot afford the rest? Does that not present an unacceptable clinical risk?

**The Minister for Treasury and Resources:**

No, well it does not, does it? If you say, okay - and we would argue about this of course - there is no one site where you can get on all of the beds that you would need and all of the services that you need. Then you say, okay, what is the most ... you have still got Overdale, you have got a good

planning permission that you could slightly amend and you can turn that hospital into an acute hospital. It is not dissimilar to the hospital approach that you chaired; it is just a bit smaller. You then say, okay, what is the most urgent need for new facilities across the existing hospital? That has to be the new acute and so you focus on that new acute, knowing that the ambulatory services at the existing hospital, they have seen improvements over the years and you can improve them. It is just trying to make something which is really urgent deliverable and managing the costs over the medium term. I do not think you are putting money over clinical needs. I think you are saying that the most important clinical need is a new acute facility and that is what you are delivering.

**Deputy L.J. Farnham:**

But back to the money, if you are embarking on a project without knowing the final cost and saying we are going to do it in affordable phases and then sometime in the future if the Island cannot afford to finish it; that surely presents an element of an additional risk. But, look, just moving on quickly ...

**The Minister for Treasury and Resources:**

No, because the whole thing is that you do not start a phase until you know you can afford it. Every other capital item we plan it over a Government Plan period and we say to ourselves, okay, well we need this amount, this amount and this amount. I think the most sensible and deliverable thing is build - we could call it little Lyndon - what is largely what the previous incarnation was but it is just focusing on the acute, and then try and make sure that you have got a capital programme that throughout the period of time you make sure you have got in that capital programme funding to do those next phases and that will mean it can be deliverable and affordable.

**Deputy L.J. Farnham:**

There are all sorts of management logistics that will lead to our solution for that. But the point I am trying to make is the Government seem to be embarking on a major project of multisite health facilities without knowing the final cost and without being able to guarantee that it can afford to finish what is proposed. Can I just move on quickly ...

**The Minister for Treasury and Resources:**

I would say we can only take that approach to ensure it can be completed and afford it.

**Deputy L.J. Farnham:**

Okay, just very quickly, you are asking for a further £52 million in the Government Plan for the project. What is that for, that £52 million?

**The Minister for Treasury and Resources:**

As I understand it, the breakdown of that has been provided confidentially to the panel. The reason it has been provided confidentially is so that the particular phases that will require a contract to do something do not go into the public domain until they have got the prices in to do that work and then it can be made public. But you will have seen that, so there is demolition work that needs to take place. There is work to deliver acute hospital to R.I.B.A. (Royal Institute of British Architects) Stage 4, I think it is. There is work on Kensington Place to R.I.B.A. Stage 2.

**Deputy L.J. Farnham:**

Fine, okay.

**The Minister for Treasury and Resources:**

It is doing that work so that we can then have confidence in the numbers that the team bring forward to allow for a States debate.

**Deputy L.J. Farnham:**

To the Assistant Minister.

**The Minister for Treasury and Resources:**

Yes, of course you can ...

**Deputy L.J. Farnham:**

I am not saying you can compare a hospital project with funding for a rugby team, for example. In the States last week the Assistant Minister said there was no way Treasury would commit to supporting a project without knowing the final cost because it would amount to writing a blank cheque, yet you are prepared to support spending a further £52 million without knowing what the overall cost is going to be of finishing the project. How do you reconcile that with your comments in the Assembly, Deputy?

**Assistant Minister for Treasury and Resources:**

The money that was being proposed to put into the Jersey Reds, there was no ...

**Deputy L.J. Farnham:**

Sorry, could you just speak up a bit?

**Assistant Minister for Treasury and Resources:**

I beg your pardon.

**Deputy L.J. Farnham:**

Thanks, yes.

**Assistant Minister for Treasury and Resources:**

The money that was being proposed to put into the Jersey Reds, which I objected to so strongly, was what I regard as a bottomless pit because we had no estimates of how much it was going to cost and the benefits that were going to be reaped. Although you estimated them to be rather large in the multimillions, I doubted very much that those estimates were correct. Obviously the hospital project is very much for the good of the people.

**Deputy L.J. Farnham:**

Yes. No, the point I am making is, I mean the hospitals are essential, schools are essential, lots of other things are essential but if the principle of starting a project and pouring tens if not hundreds of millions into a project without knowing the final cost, and I think we can leave it there because we have a lot to deal with. But what I am keen to try and do is get the Government to produce their best estimations as to the final cost of this project, rather than continue to pour money into it without knowing what the end game is.

**The Minister for Treasury and Resources:**

For me the question is: do we need a new acute facility? Yes, we do. Can we plan to build it and finance it? I think, yes, we can. Unfortunately, I think the history of a new hospital shows us that that is now the really only approach open to us because we have had other versions. We remind ourselves - what was it called? - Future Hospital, where there was a good estimate of just under half a billion, and not we around this table but others said: "That is terrible, you can build a hospital for £100 million." They went away and did their work, hey presto, they come back with: "Well, we will have a new hospital. Oh no, it is going to cost us a lot more." We have got to get out of that rut basically and my view is that the acute hospital ... I would take credit for it, Deputy Farnham, that you have ... it is Overdale, it is varied to a good extent the really important changes that Our Hospital were proposing and we can get on and deliver it.

**Deputy L.J. Farnham:**

I know and we have to move forward. But would you not both be more confident or happier if you knew the final cost? Surely it is prudent and sensible, Members and Ministers at Treasury and Resources, surely you are going to want to know the final cost or a good estimate of the final cost of the project.

**The Minister for Treasury and Resources:**

What I am going to want to know is back to your point about sometimes clinical necessity is the most important part of the decision, and I believe that you can build an acute hospital. That is what is

urgent clinical necessity, and we can have a really good understanding of what that is going to cost. That is putting the needs of Islanders as the first point and it is saying we can deliver a funding mechanism to afford it, and then we will deal with the other bits as we go through.

**Deputy L.J. Farnham:**

Would you undertake, Minister, to try and ascertain the cost of the total project and keep Members updated appropriately?

[10:15]

That is not half the project; that is to try and ascertain the cost of the full project. Because there is no point having an acute hospital if we cannot afford to build the ambulatory one at Kensington Place.

**The Minister for Treasury and Resources:**

No, I think there absolutely is. I think the thing that we really need as a community is that acute facility and we can then let us get on and get it done and we can then argue about the medium-term costs of either updating this building or building a new building at Kensington Place. The reason I do not think I can give you a commitment about the overall cost is because it will change over time, just like all the other iterations have changed over time. Ministers could have sat in front of Scrutiny Panels and say: "We are going to build a hospital for this and that is the number we are going to do it for."

**Deputy L.J. Farnham:**

Okay, we will leave it there. I do not accept ...

**The Minister for Treasury and Resources:**

But we have never been able to build it for that.

**Deputy L.J. Farnham:**

We will leave it there but I do not accept the answer that we cannot pinpoint a fairly accurate cost of the whole project, so we will have to agree to disagree and continue this but I think we all want the same outcome, which is the best medical facilities we can get.

**The Minister for Treasury and Resources:**

We do, yes.

**Deputy L.J. Farnham:**

Thank you, Chair.

**Deputy M.B. Andrews:**

Minister, I just have one question in relation to this matter: the question of overcapacity and especially in the building trade. Do you believe that the hospital, as a capital project over the numerous sites, will be deliverable within the given timeline?

**The Minister for Treasury and Resources:**

Hopefully I have made it clear that my focus is building the acute hospital at Overdale and I am told by the team and the officials that they are able to do some of that work through local firms because of the way that they were contracted. But we will need to look at that to make sure that does not push the contract up. We need to make sure that we have got the proper expertise that will require off-Island work as well. I do think that it can be delivered.

**Deputy M.B. Andrews:**

Okay, thank you very much, Minister. We have just spoken about the hospital, the multisite hospital, but the next section is about the cost of living. Of course Members, especially the non-Executive, have looked at the Government Plan and they have seen the Council of Ministers' plan for 2024 in terms of income and expenditure. But, Minister, please may you outline what policies have been put in place to assist Islanders who are maybe affected by the cost of living?

**The Minister for Treasury and Resources:**

As you know, Vice-Chair, one of the first things that the Government did when it was elected was to produce a mini-Budget; that either kept or put into Islanders' pockets £65 million. We have continued to, in effect, build on that mini-Budget in the Government Plan. We are uprating tax thresholds by £1,450; that will mean for an individual they do not start paying tax on their income until they have earned £20,000. We think that is an unprecedented amount of tax-free money. I did ask officials if they were aware of anywhere across the globe where there was such a generous threshold, and they are not. We do think that it is better to allow Islanders to keep their own money and make their own decisions about it, rather than being dictated to by Government; so we have done that. The Minister for Social Security has recently, probably about 6 weeks ago I think, maybe slightly longer, is re-running the Community Costs Bonus. She is also uprating the income support package by R.P.I. (retail price index). That is helping the most vulnerable Islanders that are eligible for income support. She has also announced an uprating to pension as well. We continue to make those interventions but we also continue to think about other interventions that Government might need to make in the coming year as well.

**Deputy M.B. Andrews:**



Okay, thank you very much, Minister. As you mentioned, you spoke to your officers about tax allowance increases and being across the globe but do you believe increasing net incomes could also have an inflationary impact within our domestic economy as well by increasing consumption?

**The Minister for Treasury and Resources:**

Yes.

**Deputy M.B. Andrews:**

What work has been undertaken to see if this is the right proposal to bring forward?

**The Minister for Treasury and Resources:**

It is like looking at the same issue through 2 different lenses. On the one hand we have got to balance supporting Islanders and that, I think, is the right thing to do, recognising that if we support too much we will have that detrimental effect of keeping inflation higher for longer. If we look at the most recent inflation figure, I think it was about a 10.9 sort of figure; that shows that inflation has come down slightly. We think we have got the balance right. We will get the view of course of the Fiscal Policy Panel and they, being independent economists, will give their verdict, which I expect will be, on the one hand, this and, on the one hand, as you have just mentioned, that there is a balanced approach to take and that certainly is what our internal economists have said.

**Deputy M.B. Andrews:**

Okay. You also mentioned about transfer payments being indexed to support Islanders again during what is unprecedented for some people, so how do you counterbalance giving people tax allowances and then also, at the same time, increasing transfer payments in line with R.P.I.?

**The Minister for Treasury and Resources:**

Because a lot of those people receiving transfer payments are not always able to have mechanisms available to increase their own household income, and so that is why we increased those transfer payments. There is an argument that some can but we have a system that ... and government systems, their downfall is nearly always that they deal in the broad-brush process or framework. They are not necessarily able to deal well with each individual. However, in that income support system, you do have the recognition that you want to encourage work and, therefore, every pound that you earn in work we do not take a pound away from your transfer payment. We are still encouraging work for those that can but we recognise that a lot cannot, so it is the right thing to do.

**Deputy M.B. Andrews:**

Yes. Minister, we are to expect our own inflation rate to be published next week, is there any indication as to what that figure will be; if there might be a potential drop or not?

**The Minister for Treasury and Resources:**

I do not, nor does any Minister, get to see the inflation figure before it is published.

**Deputy M.B. Andrews:**

What about in terms of if we are speaking about trends from, say, now all the way through to December 2024? What can Islanders expect with inflation?

**The Minister for Treasury and Resources:**

The problem is that we are in a difficult situation. All things being equal, we might expect a downward number in the number that is going to be published next week. But we also have to recognise that since last weekend and the atrocities in the Middle East and in Israel, we saw on Monday morning that oil prices have gone up by 4.5 per cent. We do not know how long those difficulties will continue for or what contagion there will be around the Middle East. We can - because of those global events - expect that inflation might be a little bit stickier than we would have forecast or the F.P.P. (Fiscal Policy Panel) would have forecast when they last visited us. Where we were thinking the pressure was on the downward side because of global events, so we think it is going to be sticky or even back on the upside again.

**Deputy M.B. Andrews:**

Minister, one other thing that is quite important is also recognising households and household debt. I know discussions have taken place between the banks and the Government of Jersey to some extent in relation to housing, but what other discussions have taken place with the banks as well in relation to private debt?

**The Minister for Treasury and Resources:**

As you know, the Minister for Social Security is doing a piece of work around regulation of lending, and that is in consultation process now. But the Economics Unit keep in regular contact with the banking sector really largely about mortgages and their mortgage books. Ministers, when they are seeing senior reps from the bank, also ask these direct questions as well. Thankfully, to date we are seeing, I think, responsible actions by the banks. There is a little bit of arrears starting but banks are managing that and working with customers, and we are not seeing any repossessions. We have been quite clear with the banks that we do not want to see repossessions, we do not think it should be necessary. If they are starting to see difficulties with their mortgage books or their lending books, then they need to come and speak to us and we will work together to support those individuals because it is not in anybody's interest.

**Deputy M.B. Andrews:**

It has been something that obviously the panel has touched on in previous public hearings in relation to mortgage relief. Is there any reconsideration about - obviously mortgage relief is going to be phased out - to maybe extend that period of time to assist people?

**The Minister for Treasury and Resources:**

We say that there is not and every time that we have looked at it we know of course that Islanders have enjoyed mortgage interest tax relief and it has helped them with their payments. But we also know, from an economic perspective, mortgage interest tax relief just adds to the overall cost of housing. It seems counterintuitive but we know from the economic perspective that is what happens. Even it is painful at this time and for some Islanders no doubt it will be difficult or make things difficult, but that is why of course we have done the threshold increases that we have done. From an economic perspective and the wider economy, it is a sensible thing to keep maintaining it. What is interesting, so we look at the Irish budget that has been much in the news over the last couple of days, and we see there they have reintroduced a mortgage interest tax relief, which of course is interesting. But they have only reintroduced it at a maximum level, which is just under - I think with the exchange rate - what our rate will be for 2023 anyway. Even where countries are thinking about whether they should intervene in that way and there we are, big economy, there is lots of cash coming in, they are still only reintroducing it at what the rough level is still in Jersey, so that would indicate that where we are is not unreasonable.

**Deputy M.B. Andrews:**

Okay.

**The Minister for Treasury and Resources:**

But we equally recognise that Islanders are struggling with the cost of living and we do not ever rule anything out and, as you say, we have not put it in the Government Plan.

**Deputy M.B. Andrews:**

Yes. As you touched on obviously, many Islanders are struggling with the cost of living and, earlier on as well, I think in response to one of the first questions I did ask you, you mentioned there potentially could be additional support provided throughout 2024. That is maybe not mentioned within the contents of the Government Plan.

[10:30]

I guess my question really here is: what form of support would that be? What would that look like?

**The Minister for Treasury and Resources:**

I think I said that the Minister for Social Security is continuing the cost-of-living bonus. She has announced upratings as well for transfer payments and pensions. The other things that we are thinking about is we know that there is ongoing concern about the cost of childcare. Government has intervened previously with childcare but the Cost of Living Group is working with C.Y.P.E.S. (Children, Young People, Education and Skills) to properly understand the problem and then to properly think about policy interventions, which will help with the problem and not just put money in which does not see any benefit. We are also thinking again - and this is because it is a moving situation - about the child tax allowances and whether in the very short term there is not something else we could amend the Government Plan for to help alleviate some of that. I do not think that can be the only answer to the problem because I think it is a bigger multifaceted problem.

**Deputy M.B. Andrews:**

Yes. Thank you very much for informing the panel on those points. I do not know if Deputy Farnham has any questions in relation to the cost of living.

**Deputy L.J. Farnham:**

I do but let us move on with the agenda because we are getting pushed ...

**Deputy M.B. Andrews:**

Yes, indeed, okay.

**Deputy L.J. Farnham:**

But thank you, you have covered those points, Minister.

**Deputy M.B. Andrews:**

The next question area is the legislative programme for 2024 and Deputy Farnham has a number of questions he will be asking you, Minister.

**Deputy L.J. Farnham:**

Thank you. In relation to stage 2 of the Independent Taxation (Jersey) Law and in line with the adoption of paragraph (b) of P.32, Removal of Compulsory Independent Taxation for Existing Married Couples, when do you anticipate the new proposals amended draft legislation will be lodged for debate in the Assembly?

**The Minister for Treasury and Resources:**

As I said in the States in answer to your question last week, was it, or the week before last week?

**Deputy L.J. Farnham:**

I cannot remember.

**The Minister for Treasury and Resources:**

I think it was last week, that we are now withdrawing the existing and will be lodging a new one. We expect the new bit of legislation to be lodged in November - I think that is the timeline we are working to - so that we can debate it at the beginning of next year. We want to come and speak to you and go through it in detail because it was apparent that there was quite a lot of misunderstanding about the technicalities of it and how it would work in practice.

**Deputy L.J. Farnham:**

Yes, okay.

**The Minister for Treasury and Resources:**

But as we said to you, the main change is the joint filing, which I think deals with the issues that you were receiving representation on.

**Deputy L.J. Farnham:**

Yes, I believe so.

**The Minister for Treasury and Resources:**

Yes.

**Deputy L.J. Farnham:**

Okay, it will be interesting to learn more about that. During the last hearing you disclosed that a workshop was due to be held in relation to independent taxation; has that happened and can you sort of detail that ...

**The Minister for Treasury and Resources:**

We have had quite a few and that is we have settled on the answer to the biggest issue is this joint filing, but that then adds all sorts of when do you register to joint file. What does the tax return look like for joint filing? What does it continue to look like for individual filing? What if there were individual filers who might still want to benefit from the compensatory allowance? It is trying to work through those technicalities to make it as simple as we can.

**Deputy L.J. Farnham:**

Good, okay, so it is all good work in progress, it is moving forward.

**The Minister for Treasury and Resources:**

Yes.

**Deputy L.J. Farnham:**

Thank you. Turning to O.E.C.D. (Organisation of Economic Co-operation and Development), the international tax agenda, can you provide a progress update on the Two Pillar taxation initiative work stream and what are the expected milestones for their implementation?

**The Minister for Treasury and Resources:**

Yes. I think we have offered a briefing to the panel on that. You will know that recently the O.E.C.D. has published the M.L.I. (Multilateral Instrument). Yes, I think it is the M.L.I., there are 2 documents that are going to be published and to give effect to Pillar One. Pillar One of course is no longer a minimum standard, which means that we will need to think to ensure that we are right to continue ahead with it. This thing has changed over time, as some countries have looked at it and said: "We are not quite sure about it, we might change our minds." That is one of the reasons why it is no longer a minimum standard where everybody automatically has to sign up if you are in the inclusive framework. Certainly, our understanding is that some rather major countries are now going to go into a period of consultation on Pillar One and what it says in the Multilateral Instrument. We understand that they want to do that because they think there are other amendments that they would like to see to it. Pillar One has still got probably less certain than it was last time, in my view, that I sat before you. Pillar Two is becoming more and more certain because we see what the Europeans have said in their bit of directive and how it should be implemented. We know that the U.K. (United Kingdom) as well is committed to introducing it next year. We remain committed to our commitment that we would be introducing requirements under Pillar Two from 2025, but there is a lot of technical detail under that though it is worth us just going through with the panel.

**Deputy M.B. Andrews:**

Okay.

**Deputy L.J. Farnham:**

A separate briefing perhaps.

**The Minister for Treasury and Resources:**

Yes.

**Deputy L.J. Farnham:**

Yes. Has any further progress been made in implementing Jersey's commitment to provide assistance in the U.K. with collection of tax debts?

**The Minister for Treasury and Resources:**

Very little because everybody has been focusing on the O.E.C.D. to Pillars work, so those negotiations have not really progressed in 2023. Officials do expect that to pick up either later this year or beginning of next year because we need an M.o.U. (Memorandum of Understanding) to understand how it is going to be triggered and how it is going to work on implications.

**Deputy L.J. Farnham:**

Okay. Further to the legislation sort of noted within your proposed programme for 2023, are there further Treasury-related legislative amendments or work that will need to go through the States Assembly this year?

**The Minister for Treasury and Resources:**

I do not think so, just all the normal budget legislation.

**Comptroller of Revenue:**

Yes. Everything that is proposed to be in the draft Finance Law is in the annex to the Government Plan.

**Deputy L.J. Farnham:**

Okay, that is good, thanks. Just moving on to Ministerial priorities and the delivery plan, could we have an update on what work has been carried out as part of the review and reform of Jersey's tax appeal process to modernise and improve transparency?

**The Minister for Treasury and Resources:**

Yes. I might as well just hand over straight to Richard. It is a change and you can go directly to the Commissioners of Appeal after a set period of time. You do not have to go via the Comptroller; its rulings are published. Yes, but Richard ...

**Comptroller of Revenue:**

Yes, it is in the annex of the Government Plan but there are 2 main changes. The first is to put on a statutory footing the ability of a taxpayer to reach a settlement with Revenue Jersey without it having to go to the Commissioners of Appeal. It, effectively, reduces the burden of routine work on the commissioners. Then as the Minister has said, there is also a direct route of appeal to the commissioners in the event that we are dilatorian getting a matter then in front of the commissioners.

**Deputy L.J. Farnham:**

Okay. Any questions on that?

**Deputy M.B. Andrews:**

No, thanks.

**Deputy L.J. Farnham:**

As part of the making ongoing improvements to the public-facing aspect services, can you provide an update on the tax community helpdesk trial?

**Comptroller of Revenue:**

Yes. The tax community helpdesk is proving very popular with a section of the community. We tend to be getting a full hall of 20 to 50 people in the Parish Halls. It tends to be open to parishioners who prefer to access the service very locally, rather than coming in to St. Helier. We are also using it to help people access online services, so we are routinely helping people access the JerseyMe service, which enables them to use online services without a smartphone, so that is working very well. The most significant improvement this year has really been the introduction of online enquiry forms, which have significantly improved our ability to turn round customer enquiries. In previous years it has often been taking 20 to 30 days to answer an enquiry, and that is often because Islanders have not given us all of the information necessary to reach a decision. The new online forms help them give us the complete information we need. We are now routinely answering the vast majority of enquiries within 4 or 5 working days.

**Deputy L.J. Farnham:**

Thank you. I think those forms are a good idea and speaking to people who have got used to using them, they are saying they are getting a much quicker response time. I presume they are not compulsory, there is not a requirement to fill in a form before speaking to anyone, is there? No.

**Comptroller of Revenue:**

No, we still have members of the public who will only communicate with us by paper and letters and some people who will still communicate by email, although we have formally closed the email enquiry line.

**Deputy L.J. Farnham:**

Yes, okay.

**Comptroller of Revenue:**

We do ask people to use the online form where they can.

**Deputy L.J. Farnham:**

It is phone or the online form.



**Comptroller of Revenue:**

Yes.

**Deputy L.J. Farnham:**

Yes, okay.

**Director of Finance Hub:**

Yes, or in person.

**Deputy L.J. Farnham:**

Or in person, yes. I think there was some concern that you could not email anymore, you had to fill in a form but as people got used to that there seems to be ...

**Comptroller of Revenue:**

The online form does allow any enquiry, unlike some of the online forms one encounters where you can only enquire about certain things, although ...

**Deputy L.J. Farnham:**

Yes, we will not go down that route, we have not got time but, yes, I know what you mean. In relation to the value-for-money programme, you have presented a number of actions pending at the last hearing, can we have a bit of an update on that?

**The Minister for Treasury and Resources:**

Yes. You will know from the Government Plan that we have included another, roughly, 1 per cent efficiency across all government departments. But the area where the most focus has been is on the health recovery programme we have seen there. I do not know if they have published their documents and numbers; I think they probably have during the course of this week. They will be by 2025 making savings per year of £25 million. They of course, on the other hand, require additional money now and we will be giving them to help them deal with their overspend this year, which will be a substantial amount of money. They have taken quite a lot of underspends elsewhere. Then the numbers that we have put in the Government Plan for next year and for 2025 as well. Really what they are saying in their work is that they have found this £39 million underfunding, call it however you want to describe it, so they will get money for that. But they do not need the full amount of money because they are going to be making across the department that £25 million worth of saving.

**Deputy L.J. Farnham:**

You were cited in the media as I think - if I am quoting accurately - reading the riot act to health officials on budgeting.

[10:45]

Speaking to health officials on the front line, some of them state that procedures can be quite onerous and costly and might not be necessary. The concern is that the health service or just about any health service is always under pressure for funding. We have to draw a fine line between putting pressure to cut costs rightly, while ensuring that we are not compromising the service we give to Islanders. Are you content that the value-for-money exercise with health will not impinge upon services but seek to drive out efficiencies that will genuinely save time and money, like I say, without impacting on the health service provided?

**The Minister for Treasury and Resources:**

Do not forget we are giving additional money, and I do think it is important that we give that additional money so they have confidence that Government is supporting them in that important work. They are proposing to make a saving this year of £3 million. The team will admit that is challenging, because a lot of the savings process is about how they are managing staff. With the health service you cannot just say: "We have not filled a post, so we can make that saving." You have not filled a post, but a post needs to be filled. You need to have a nurse on the ward, you need to have doctors doing the rounds, you need all of those things. What has been happening in recent years is that those positions have been filled with interims, for a number of reasons. Those interims have been then on interim salaries, which in some cases, as I understand it, can be double than if you had a permanent position filled. However, those interims can go on for one or 2 years. The worst case, was it 3 years? The turnaround team are very experienced. They have done it elsewhere. They are surprised at some of the lack of process that they have seen. From my understanding, unless having said this people are going to contact me and say it is not the case, they are working well with the medics. They are, together, thinking about how they can deliver services to Islanders and remove some of this bureaucracy and have permanent people in position. In some cases, there is an example they have described where they can have an additional permanent surgeon to help with the provision of the service and still save money because of how they are managing their staffing budget. There is no doubt you have to take a balanced approach to it. We will be spending £286 million in 2024 on our health service. We do not say that is wrong, but it is a big number and, therefore, it has to be properly managed.

**Deputy L.J. Farnham:**

That is for 2024. If I recall correctly, it was not as generous post-2024.

**Group Director, Strategic Finance:**

It does reduce in 2025. Part of the Financial Recovery Programme has identified that you cannot deliver all of the £25 million of savings overnight. There is a profile. It is £3 million, £12 million, £10 million. The Government Plan recognises that because the £10 million will not be delivered until 2025, it needs to be met somehow within 2024. If that money was not given on a one-off basis, the health service would have to try and find ways to absorb it, so the impacts on clinical outcomes, et cetera, are more likely.

**Deputy L.J. Farnham:**

One final question on priorities, there were a number of proposals in the delivery plan but one in particular was the investigating and creating a fund for community infrastructure. Have proposals been prepared for that?

**The Minister for Treasury and Resources:**

No, they have not. Unfortunately, because of the desire of colleague Ministers ...

**Deputy L.J. Farnham:**

That did not make the cut.

**The Minister for Treasury and Resources:**

Yes, I gave that up, as you say, for some of the increases to health's front line services. That was the right thing to do in this Government Plan. It is not to say that it is not a good idea. It is a good idea and we might be able to bring it forward in other years. However, it is the right thing to do to support health with their current difficulties. We all know Islanders whose engagement and encounters with the health service is nowhere near where we want it to be.

**Deputy L.J. Farnham:**

Okay, understood. Thank you very much.

**Deputy M.B. Andrews:**

Thank you very much, Deputy Farnham. Minister, I would like to speak to you about stamp duty. There was a recent proposal brought before the floor of the Assembly and the proposition was withdrawn. The proposition was asking the Assembly to improve an increase in stamp duty rates. Could you articulate your position on this and let us know if there is anything that will be brought forward?

**The Minister for Treasury and Resources:**

Yes, it was disappointing that States Members, when it became apparent during the debate that they were not prepared to deal with an in-principle change in advance of the Government Plan ... of course, it was your in-principle change, Vice-Chair, which I supported. You see now that change that you were proposing in the Government Plan, which is an increase in stamp duty for higher value properties. We remind ourselves that this is a budget, and so we have to forecast what we think might happen. We use that forecast to then reallocate the money to see an increase in first-time buyer thresholds to £700,000. I hope that States Members will approve that.

**Deputy M.B. Andrews:**

Yes. It is also important to mention, looking at the forecast for stamp duty revenue, there is a significant drop for next year. How have you put this plan together in consideration of this income loss that would usually be generated for the Government?

**The Minister for Treasury and Resources:**

As you know, we have the economists who provide us economic assumptions and then we have the Income Forecasting Group, who take those economic assumptions and then try and turn them into numbers that we can then put in the Government Plan. We again remind ourselves, it is a budget and we have to have a balanced budget, so we have done the same in this case. As we sit here, can we be certain that those forecasts will happen in reality? No, of course we cannot. As we have just said, there has been an international incident in the Middle East at the weekend that has an effect on the global economy and has an effect on Jersey's economy.

**Deputy M.B. Andrews:**

Yes. Minister, I am aware, certainly with some sections of the public, that there were sounds that the Council of Ministers and the States Assembly approve the stamp duty surcharge of 3 per cent in December 2022. Was there potential discussion of potentially rescinding that motion, because some people are questioning did it maybe halt the market?

**The Minister for Treasury and Resources:**

That is something that I have heard, and you would be aware that a number of agents and those involved in the property market wrote a letter to my Ministerial colleagues about those things. Was the timing ideal? No, it was not. Is it likely that the 3 per cent is the sole thing that has brought the market to a grinding halt? From evidence we see elsewhere, that is not the case either. It is why the intervention of the shared equity approach is so important to get the market moving again.

**Deputy M.B. Andrews:**

Yes, indeed. I also wanted to ask you about the stamp duty surcharge in terms of looking at it from a long-run perspective. Is the intention for it to be a demand-side constraint in terms of maybe not

seeing house prices accelerate as much or is it maybe about giving people more than equal opportunity to access the housing market?

**The Minister for Treasury and Resources:**

It is probably a bit of both, is it not, if we think about it? There is an additional ... if you are in the buy-to-let market ... and I have no problem with that. Jersey's housing economy is complex. It has relied on the private sector rental for many decades. That is not a bad thing. However, it is also recognising that we would like to see home ownership increase and, therefore, it is not inappropriate to put a slightly additional barrier on stamp duty for buy-to-lets. One of the problems with tax policy is if people think it is a short-term change then they will act accordingly and wait for it to be removed. It is not in anybody's interest and it certainly will not help the current market position if there is an indication from Ministers, of which there is not, that it might be moved; everybody would just wait. You have to have a lot of tax policies, which are there for the long term.

**Deputy M.B. Andrews:**

Yes. I note as well that you mentioned the shared equity scheme. That is forthcoming in this Government Plan. Looking, for instance, if the States Assembly approve the stamp duty threshold increases, do you think this could have an impact on prices negatively for first-time buyers, because there is no stamp duty made payable and there will be, therefore, more demand?

**The Minister for Treasury and Resources:**

There is always that potential when you change stamp duty rates. There is a school of thought - it is not one I share, because I want the money in the coffers - that stamp duty is a very strange tax that has unintended consequences. Economically you could argue that. However, we do not in Jersey have very many property taxes. Therefore, it is not unreasonable that we do have stamp duty at the levels that we do. In a market where agents are telling me that property values have reduced by between ... or the only properties that are transacting are ones that have reduced in value between 10 and 20 per cent, some even slightly more. I am not sure it is a concern that would be at the forefront of our minds when it comes to first-time buyer values.

**Deputy M.B. Andrews:**

Okay. Thank you very much, Minister. Does anyone have anything to add? No. We will move on to the next question area. Part of your delivery plan, Minister, focused on reviewing the Government's insurance strategy; could you provide the panel with an update?

**The Minister for Treasury and Resources:**

Yes. Andy is going to do it.

**Group Director, Strategic Finance:**

The review is ongoing in terms of the insurance strategy. We do have a draft of the insurance strategy ready for approval, once it has gone through a final internal review process. The work has been progressing quite well. The key aim of the strategy is to make sure the Government has a full understanding of what our total cost of risk is, so we can create a stable and comprehensive insurance programme. We have seen within 2023 there have been several factors, which have influenced the insurance premiums that we can get from the external market. Making sure that as a Government we are managing that overall in the best way is important. What level of risk does Government continue to accept and what amount of risk is, in effect, passed on to those insurers? That is what the strategy will do. It is in its final stages of being pulled together.

**Deputy M.B. Andrews:**

How soon do you think the Minister and officers will be giving the panel a briefing on this?

**Group Director, Strategic Finance:**

Once the strategy has been formally approved and gone through the Ministerial approval process, it would seem we could get it through to the panel relatively soon. Sorry, that is a bit of a non-answer. I am conscious that I do not wish to commit my colleagues to something they cannot deliver. I would hope for something by the end of the year would be plausible. The plan is to begin implementation as we move into 2024.

[11:00]

**Deputy M.B. Andrews:**

Thank you very much. Minister, your Assistant Minister, Deputy Ahier, takes responsibility for arm's length organisations; what work has been undertaken to make sure that arm's length organisations are delivering the Government's strategic aims?

**The Minister for Treasury and Resources:**

It is a job that we share. Deputy Ahier attends with officers' quarterly meetings on behalf of the Minister. You will be aware that one of the Chief Minister's priorities was to create a political group, arriving out of Deputy Vallois' position a couple of years ago. My understanding is that that group has been created. It has not met yet, but it will be meeting before the end of the year. Quite a number of arm's length bodies feed into the Future Places Group. Therefore relevant Ministers have good engagement there. It is making sure that everything is as joined up as can be and that Ministers have got policies in all of these areas to help those arm's length bodies know exactly what it is that Government wants of them.

**Deputy M.B. Andrews:**

Yes. How do you find that balance between political oversight and also allowing the arm's length organisations themselves to independently go about delivery the Government's strategic aims?

**The Minister for Treasury and Resources:**

You do it through having strategic aims, in the first place, and then having a policy that is quite clear. It is also about continuing the dialogue. Deputy Ahier helps with that continuing of the dialogue, knowing what they are proposing to do, and then checking it to make sure it is sensible or in line with government policy. There is a lot of leg-work really.

**Deputy M.B. Andrews:**

Yes. We are also conscious, as a panel, that a number of the States-owned entities are also updating their Articles of Association. Andium Homes, in particular, are going through that process. Is there a given timeline where we would expect things to be finalised?

**The Minister for Treasury and Resources:**

We do not have a given timeline. Most of the work is completed and ready for approval. I do not have a timeline. Some of it needs to be lodged with the States, but it has not come to my desk for approval for lodging so I can only expect it will probably fall into next year.

**Deputy M.B. Andrews:**

Yes, okay. Thank you very much. Given the emphasis on addressing the Comptroller and Auditor General's recommendations, can you provide some insights into the key areas of improvement identified and how they will be addressed?

**The Minister for Treasury and Resources:**

The Comptroller and Auditor General has made lots of recommendations over the years and I do not have them directly in front of me, but it is largely around making sure that there are proper notice periods for meetings, that they are following a single process, that they all have their company seals in place, that they can have electronic communications and virtual meetings, they are making sure that the directors are not all ending office in the same year or the same month. It is all of those things. It is the general good governance things and bringing alignment between all of them, so they are all following the same governance model.

**Deputy M.B. Andrews:**

Yes. In terms of, say when we are looking at transparency and accountability of reporting of arm's length organisations, are you quite content in terms of how everything is being reported?

**The Minister for Treasury and Resources:**

I am, because I take the view, going back to your notion of balance, that there is little point in having arm's length bodies if we end up treating them as if they were a department of government. They do need flexibility, but equally they need to be following the Government Strategic Plan and Government policy direction. A lot of them - I know, Vice-Chair, you have your proposition before the States - are quite small in scale and the issues you are seeking to address there are much better focused and directed to Government rather than some of the arm's length bodies.

**Deputy M.B. Andrews:**

Yes. In terms of you being responsible as a Minister for holding arm's length organisations to account, have you ...

**The Minister for Treasury and Resources:**

This is where it gets a little bit complex, because it is via the shareholder function. There are other Ministers who hold the policy pen for the policy direction to those organisations.

**Deputy M.B. Andrews:**

Yes. Have you had all of the arm's length organisations in the same room to articulate what should be expected from them since the election?

**The Minister for Treasury and Resources:**

Funnily enough, I probably have. I met with all of the chairs. I cannot remember how long ago now. Yes, we have regular dialogue. Sometimes it is in group format and sometimes it is individually.

**Deputy M.B. Andrews:**

Thank you very much, Minister. I will pass you on to Deputy Farnham.

**Deputy L.J. Farnham:**

Thank you. How is the People and Development integration plan working across the 3 divisions, Revenue Jersey, Finance and Commercial Services?

**The Minister for Treasury and Resources:**

I will let Andy answer. That is very much operational.

**Group Director, Strategic Finance:**

Absolutely. I would consider they are making very good progress. We have a strategic workforce plan which does more than just around the integration of those functions, but does include that; 4 of them are in People and Development. They are around schools being developed and plugging it



into skills gaps; our approach to growing our own talents with the organisation; improving the consistency of performance and development conversations across the department, and creating Treasury-wide succession plans and talent pools as well. We have had lots of success in many of those areas. We have our trainee accountant scheme, which is continuing. We have the tax professional qualification, which has been established and is operating. There is also further training within Commercial Services with the Commercial Genius Programme. There is a lot of work going on in terms of developing our people. We are also working as an overall Treasury. From S.L.T. (senior leadership team), we meet with representatives or directors from all of those functions on a regular basis, including, for example, a meeting that is dedicated to talking about our organisational development. When we talk about matters facing our department as a whole, we are all in the same room discussing the same things.

**Deputy L.J. Farnham:**

Would you say you are seeing further operational synergies across the divisions?

**Group Director, Strategic Finance:**

We are moving towards that. To give you some examples, while Richard's team is responsible for assessing taxation, Graham's team are the people who make sure the money is collected and comes in to the government bank accounts. Those teams have to work really closely to make sure that that is working correctly. Similarly, you have individuals in certain directorates taking responsibility for key things across the whole department. A member of Richard's team is responsibility for data protection matters across the department. I will go to them for support if I need to. We have also seen successful secondments. We have people from finance going into the tax team to get experience in there. We have seen people from the tax team coming and having secondments in the finance team as well. We are getting some of that cross-pollination. However, there is still more work to do in terms of our integration. For example, in the commercial team at the moment, we are looking at the structure that is there. There has been a change in group director, as you may be aware, so that is an opportunity to take a moment to reflect on how we want to organise ourselves and make sure that we are identifying where there could be synergies between the different teams and make sure that they are working more closely. That is something I know the new group director is focused on and will be for the rest of the year.

**Deputy L.J. Farnham:**

Okay, good. Thank you, that is helpful. Turning to the compliance programme, how is that working? Is it working well to optimise the tax system? Is it having the desired effect, specifically in relation to targeting reduction of fraud and non-compliance?

**Comptroller of Revenue:**

Yes, I would say so. We started to revitalise our approach to tax compliance back in 2016/2017. We have been given further investments over that period by Treasury Ministers. We have a compliance strategy which is published. We also publish an annual compliance programme. Year on year, we have effectively generated more additional tax revenues through the compliance programme. That arises from areas where taxpayers have made simple mistakes and misunderstandings to things which are perhaps more reckless. Increasingly now we have developed and trained our staff, we are better able to tackle cases that might involve deliberate tax evasion.

**Deputy L.J. Farnham:**

Thank you. You have probably answered my next question, in relation to looking at the increased yield to evaluate its success. You were going to produce some figures on that, were you not, by the end of 2023, or metrics and indicators?

**Comptroller of Revenue:**

Yes, the Minister recently answered a written question, which effectively published the increase in additional revenues we have been able to deliver.

**Deputy L.J. Farnham:**

Good. So that appears to be working well. Have you identified any slippage with regards to the timeline targets in the delivery plan for Ministerial priorities, other than those we have talked about here? Are you generally on target, on schedule?

**The Minister for Treasury and Resources:**

I think we are. I am not sure if you are going to come on and ask us about the ... we probably said in our plan about the teachers' pension scheme.

**Deputy L.J. Farnham:**

You can talk about that, yes. I was going to give you a respite on that one, but since you brought it up.

**The Minister for Treasury and Resources:**

With you asking me whether things have slipped. I am not sure whether we would say it has slipped from our perspective, but ...

**Deputy L.J. Farnham:**

How will you review the process to be conducted to assess teachers?

**The Minister for Treasury and Resources:**

It has gone off to S.E.B. (States Employment Board). In a time when there are difficulties with those pay groups already, moving forward on that change, which there is no straightforward answer to, will take longer than perhaps we had ... we have done some work, but the overall reforming of it is what I would say was slipping.

**Deputy L.J. Farnham:**

Yes. Have the key factors or criteria been discovered to ensure its liability and stability past 2023?

**The Minister for Treasury and Resources:**

Yes. The work that we have done has said that its viability is longer than we might have thought. The timeline to do that transformation work is not as tight as we would have thought before we had done that sustainability review. The sustainability review says it is sustainable for longer than we had initially thought.

**Deputy L.J. Farnham:**

Okay. Can you provide any updates on some of the projects in the delivery plan that are nearing the targeted end dates?

**The Minister for Treasury and Resources:**

Yes. Andy has touched on Commercial Services. Rebalancing is, in effect, complete or finished or closed off and we have done value for money work. Do you have anything else?

**Group Director, Strategic Finance:**

No, that is accurate. It is part of the Government Plan 2023. The rebalancing programme was, in effect, replaced by the value-for-money programme, so it is, in effect, closed at this point.

**Deputy L.J. Farnham:**

Okay. Moving on to Revenue Jersey and Connect Finance. Part of the work was to create a 10-year digital strategy for Revenue Jersey customers with the O.E.C.D. framework. Can you provide an update?

[11:15]

**Comptroller of Revenue:**

Yes. We have started work on that this year. We have a dedicated officer starting to work across both Revenue Jersey and Modernisation and Digital. Very importantly, we are making sure that the thinking on digital strategy is within the Government's digital strategy. To some extent, in addition

to the Minister having oversight of it, the wider Government is involved. As you have mentioned, we also have regard to the O.E.C.D. digital strategies essentially, because it is obviously quite important that what we do enables us to maintain interfaces with other tax administrations in order to meet the various international commitments. It is very much continuing to focus on and develop making services available digitally and online for taxpayers and continuing to improve those.

**Deputy L.J. Farnham:**

Okay. Thank you very much. Could you provide a brief update on Revenue Jersey's current service delivery performance? Are there any notable improvements or innovations that have been introduced?

**Comptroller of Revenue:**

Yes, the online forms have been a very significant improvement. Up until last year, it was often taking 20 to 30 working days to respond to written inquiries from taxpayers. We are now routinely responding within 4 to 5 working days.

**Deputy L.J. Farnham:**

Is that because the form now requires the relevant information?

**Comptroller of Revenue:**

Yes.

**Deputy L.J. Farnham:**

So it is stopping the 3 or 4 follow-up letters?

**Comptroller of Revenue:**

Yes. It ensures that taxpayers give us all the information we need in order to answer their inquiry, whereas in the past when it was freeform and largely email it was a bit of a tennis match. Yes, the online forms have ensured that taxpayers give us all the relevant information upfront and then it is much quicker to process. As I said earlier, we still deal with letters and some emails. We also have the face-to-face services, which continue to be popular.

**Deputy L.J. Farnham:**

Have you seen an improvement in response time to phone call and traditional letters, would you say, or are we still under pressure there?

**Comptroller of Revenue:**

In 2022, we were routinely answering the phone within 5½ minutes on average. It has crept up to 6½ minutes this year. That is partly because we are constantly juggling the resources to deal with the helpdesk, go out to the community helpdesks and deal with the assessing process every year. We try to balance it so that we are giving good service across all the various channels. I would say, talking to colleagues in the other dependencies, our telephone answering time is quite good at 6½ minutes. It is significantly better than in some of the much larger tax jurisdictions.

**The Minister for Treasury and Resources:**

Yes, having said that, there is money investment in the Government Plan to help you improve that as well.

**Deputy L.J. Farnham:**

You mentioned you were juggling resources.

**Comptroller of Revenue:**

Yes.

**The Minister for Treasury and Resources:**

That is why there is that in there.

**Deputy L.J. Farnham:**

You will be aiming to reduce those times, obviously?

**Comptroller of Revenue:**

Yes, we always strive to get them as low as possible.

**Deputy L.J. Farnham:**

Yes, okay, fine. Can you provide an update on the current position for the payments of prior year basis taxation liabilities?

**Comptroller of Revenue:**

Yes. About £30 million has been paid from about 4,500 taxpayers, which is about 8 per cent of the total suspended prior year basis debt. There is about £17.5 million which is no longer suspended. That is, for example, where people have left the Island and the debt crystalizes at that point.

**Deputy L.J. Farnham:**

Do you mean written off?

**Comptroller of Revenue:**

No.

**The Minister for Treasury and Resources:**

You do not have to pay it, but if you leave Jersey that liability crystalizes and you then have to pay it.

**Deputy L.J. Farnham:**

Yes, understood.

**Comptroller of Revenue:**

There is about £300 million left to collect over the next 20 years or so. Taxpayers have until the autumn of 2024 to let us know how they propose to pay off that debt, where they have it.

**Deputy L.J. Farnham:**

Thank you. A quick question for the Minister for Treasury and Resources. Looking at the States accounts and seeing the increase in the top line of income tax revenue, that obviously included that £30 million. How is that being accounted for? We need to make that clear in the Government Plan that an element of the taxation you are forecasting includes some of the prior year stuff. Is that properly broken down in the detail?

**Group Director, Strategic Finance:**

In the accounts, that income line would not include the prior year basis debts. At risk of going into technical accounting, it would crystalize when the debt was created, so it was sitting as a debtor on the balance sheet, albeit a long-term debtor. When the money comes in it reduce that debtor, rather than going through the income. It is not included in that income line.

**Deputy L.J. Farnham:**

To simplify that, Members of the Assembly and the public would want to know what element of the tax revenue is prior year and current year, as part of the total.

**Group Director, Strategic Finance:**

Yes. The total is all current year. In the accounts, you can see the change in the amount to the prior year debt, if you look in the debtor's note. I am conscious that what you are saying is that if you are not an accountant that is not necessarily an easy thing to know where to look. We can be clearer and bring it out as a better disclosure. If that is helpful to the public we are happy to do that.

**Deputy L.J. Farnham:**

In relation to the challenges experienced with the Connect Finance system, can you provide an update on the current position regarding any unpaid invoices perhaps and the impact that could be causing?

**The Minister for Treasury and Resources:**

Yes. The high level to date is that we have paid 124,000 invoices using the new system, value of £424 million. Graham and his team have been working really hard. We were very mindful of the difficulties right at the start. Those difficulties were not just about the system, they were about users across departments as well. Graham, you could give more detail.

**Director of Finance Hub:**

Yes. The particular issue we had was regarding the 2022 invoices and earlier invoices. Obviously, when you migrate from one system to another it is quite difficult in terms of orders being raised on one system and invoices being paid on another. We always knew that was going to be more difficult and complicated to get over. We had to employ a manual process to get those invoices paid. Certainly that did impact on our performance in the first quarter of the year. We are now in the position where 98 per cent of those invoices from earlier years have been paid. We have paid about 11,000 invoices from 2022 and earlier, about £28 million. Those that are remaining are all with approvers waiting to be confirmed. Not all those will get paid. Some of them will be disputed and we will not need to pay them. We are going through that process now to finalise that. That has impacted earlier in the year. We are now getting back to more normal payment processing times. Currently around 80 per cent of our invoices are paid within 30 days. That has been our target for many years. If you look back to the last financial year, we paid about 82 per cent of our payments within 30 days. We are getting back to those levels. Irrespective of that, there are always improvements we can make. We are looking at the system to see whether there are any tweaks that will help invoices get through a bit easier; anything that will help suppliers in terms of how they use the system; look at processes generally in terms of how they could be improved; and also look at users and user-training. These all impact on our payment processing times.

**The Minister for Treasury and Resources:**

The thing about where a supplier is on Ariba, the timing that you are paying those invoices in is massively sped up.

**Director of Finance Hub:**

It is. Where a supplier fully uses Ariba, 91 per cent of invoices are being paid within a week, within 7 days. That is the benefit of getting more people, more suppliers, on to Ariba. It really helps.

**The Minister for Treasury and Resources:**

That is the challenge, getting as many suppliers as possible fully on to the system, so they can have their money almost straight through.

**Deputy L.J. Farnham:**

Okay, thank you.

**Deputy M.B. Andrews:**

How complicated is that process of trying to get on Ariba, say, for some of the suppliers you have been dealing with?

**Director of Finance Hub:**

Some have found it easier than others. Some used to use the old Supply Jersey system and it is a transition to a new digital system. Others were not using a digital system previously and they probably found it more difficult. We are trying to find more support now in terms of face to face to supply help. At the moment we are looking at high volume suppliers that make a big difference to our statistics and payments and going out to visit them. When we do that, that is well received, so we will progress on that.

**Deputy M.B. Andrews:**

So far, have there been quite a few face-to-face meetings with suppliers who may have been struggling with Ariba?

**Director of Finance Hub:**

Yes, there certainly have. Where there have been particular issues, we have sent people out to visit them and talk them through the process and get them on board with Ariba. Once people get on to it and they realise they are getting paid quicker, the feedback we get is very positive.

**Deputy M.B. Andrews:**

Thank you very much. Are there any additional questions, Deputy Farnham?

**Deputy L.J. Farnham:**

If we have time.

**Deputy M.B. Andrews:**

Yes, absolutely we do.

**Deputy L.J. Farnham:**



While we have you here, but I am not sure you will be answer, but given the severe impact on business, especially small business, with the gas outage, a question of compensation is quickly gaining momentum. There is certainly no legal responsibility for utilities to provide compensation, which is in stark difference to other countries. Are you mindful of the impact and considering perhaps some provision for assistance if necessary, without wanting to take any pressure off what I believe is a moral responsibility of the energy company involved to provide either through insurance or other means compensation to, not just their business clients ... but bearing in mind the impact it has had on the Island?

**The Minister for Treasury and Resources:**

I and colleague Ministers are very mindful of the impact that it has had on Islanders' everyday living. I was at an event last night where food was normally cooked in a gas kitchen and they had to be creative about doing something else. That, for some places, has been possible. For others they have simply had to say no to ...

**Deputy L.J. Farnham:**

Many have had to shut down with no income at all.

**The Minister for Treasury and Resources:**

That is exactly right.

**Deputy L.J. Farnham:**

It reminded me of the first week of COVID-19, to be honest.

**The Minister for Treasury and Resources:**

It is funny you should say that, because we will have to be very careful that it does not have the same longer-term effect on businesses. Islanders themselves have pulled together and supported one another, as we know Islanders always do. At this stage we are very mindful of that. We are mindful of the effect it has had on business and we do not want businesses to go under because of this difficulty that they have had with Island Energy. You are right in your question that at this point in time, the onus is on Island Energy to do the right thing when it comes to compensation. It is also for businesses to think about their insurance policy. That may have to change in due course, but that is the right approach as we sit here.

**Deputy L.J. Farnham:**

Okay, thank you. I am glad you are mindful. I am sure the Government is keeping the pressure on Island Energy. I would ask that you remain mindful that if somebody is let down they might need some assistance. Thank you.

**Deputy M.B. Andrews:**

Thank you very much, Deputy Farnham. Is there anything you would like to share with the panel before we go, Minister?

**The Minister for Treasury and Resources:**

No, thank you.

**Deputy M.B. Andrews:**

Thank you very much for attending this public hearing. I thank the Minister and his officer as well. Thank you everybody for watching at home. I bring this meeting to a close.

**The Minister for Treasury and Resources:**

Thank you.

[11:30]