



States Greffe: Scrutiny

Deputy Susie Pinel
Minister for Treasury & Resources

By email

21st October 2021

Dear Minister

Corporate Services Scrutiny Panel
Government Plan 2022-25 Review Hearing Follow-up

Thank you for your participation in the public hearing held 12th October 2021 as part of the Panel's review of the Government Plan 2022 to 2025. The Panel has a number of additional questions that will further aid in this review and help to provide clarity to the public:

Financial forecasting

1. The Comptroller has indicated that there are a number of missing tax returns for 2021, please could further information be provided? We would particularly like to understand any demographic indicators in order to understand the Comptroller's description of an "exodus" taking place.
 - a. Why has data, indicated to be included in tax digests previously, such as tax revenue by age etc. not been included in the Government Plan to allow for better understanding of Government income?
 - b. Please could you provide the forecasting models which identify estimated revenue included in the Government Plan?

Reviews

2. The Government Plan (P.152) details reviews taking place concerning **Tax measures and long-term climate action**, would you like to outline the purpose of these Minister?
 - a. What would Road user charging entail?
 - b. Do you predict the introduction of a solid waste charge?
 - c. Will charges be introduced for private car parking?
 - d. Will a travel duty be introduced?
3. The Government Plan contains no estimate of any potential impact from the new OECD global tax framework, what predictions can you give to the potential impact of **International Tax Reform?** (P.153)
4. How is the implementation of **Taxation of Medicinal Cannabis Industry** progressing?
5. It is noted that reviewing the need to tax vaping products was delayed by Covid-19 related health work, when can this be expected?
6. Is the cost of the compensatory allowance for those moving to **independent taxation**, which it is understood is yet to be finalised, accounted for in this Government Plan?
7. Please can you out line the progress of streamlining administration rules for establishing economic substance of **partnerships**?

8. When can Regulations to allow Jersey banks to provide information on interest returns to Jersey residents be expected, to allow for insurance of **Accurate Tax Filing**?
9. A review of the **Business Interest Rules** is outlined, with legislation expected in this year's Finance Law, a second phase considering whether to introduce a redesigned scheme is expected, could you outline this Minister?
10. What modernising proposals are being explored as phase 2 of the **Review of Tax Residency**? Is there any background report that might assist our understanding of this work please?

Revenue Programmes

Revenue Jersey Resources (OI3-26)

11. The Panel notes that additional resources have been allocated to Revenue Jersey (OI3-26) It would appear from the summary business case, that this is to improve the customer experience following additional pressure caused by COVID-19, how does this relate to the Target Operating Model of Revenue Jersey, including creating an efficient team and "one front door"?¹ Does this replace or add to existing resource allocation such as Building Revenue Jersey Team (GP20-013-01)?
12. Are the previously estimated costs of £200,000 for the implementation of the Prior Year Basis tax reforms included in this programme?²

Import GST Resource Requirement (OI4 -03) and Import GST resources (OI4 -04)

13. Why are there two separate programmes but only one business case for Import GST Resource, OI4-03 and OI4-04?
14. The business case outlines that the reduction in de-minimis is estimated to raise c.£1 million in additional GST receipts, these programmes will cost around £350,000 per annum. Is this return reasonable?

Insurance Premiums Increase and Inflation (OI4-05)

15. £2.6 million is allocated to insurance premiums through a continuing programme (GP21-OI4-02), why has a new revenue programme Insurance Premiums Increase and Inflation (OI4-05), requesting around an additional £1 million, been put forward?
 - a. Why did the previous programme not include sufficient funding when they are based upon similar, if not the same, requirements?
16. The business case identifies "One major claim arising as a result of Covid-19 during 2020 has eliminated this rebate and is forecast to adversely impact future premium renewals.", is there risk that a similar claim arise again?
17. The Panel was specifically told last year that if there were further unexpected increases in insurance requirement, departments would be expected to do their best to manage costs internally and, if this proved impossible, the General Reserve would be used, was this the case?³

Tax Policy and International team investment (GP20-CSP3-1-08)

¹ "The combined impact of these changes resulted in a c.80% increase in workloads during 2020 and extraordinarily high levels of enquiries persisted into 2021" (summary business case)

² [Letter - Minister for Treasury and Resources re Government Plan 2021- 24th November 2020 \(answer to question 20\)](#)

³ [Letter - Minister for Treasury and Resources re Government Plan 2021- 24th November 2020](#)

18. The six-monthly report in 2020 identified that the Tax Policy and International team investment was complete, in the 2021 mid-year report it was identified as on track and due to be completed by 31 December 2024, could you please explain the status of this project?
19. The Panel was informed last year, by letter on 24 November 2020, that the Comptroller and the Treasurer would keep proposed reduction of funding of this programme under close review, with policy implementation costs of independent taxation and current year basis taxation, why has this funding not been increased?

Building Revenue Jersey Team (GP20-OI3-01)

20. The Panel notes that this Government Plan does not appear to allocate any funding to the previous programme “Building Revenue Jersey Team” (GP20-OI3-01), why is this?
- a. This removes an allocation of £1.5 million, how will Revenue Jersey be able to continue building its Team as the programme was due to be funded to at least 2024?
21. Last year the Panel expressed concern over the potential “phasing” of Revenue Jersey’s aspirations, is this evidence of tapering aspirations?
- a. Despite previously being delayed, is the programme now on track and seen as a business as usual activity?

Government of Jersey bank charges (GP20-OI3-05)

22. The Panel notes no change in the allocation to Government of Jersey bank charges, it is understood that this could vary due to the changes in electronic payments made due to the reopening of sports facilities and charging of items such as parking fines, has this not been the case?⁴

GST de-minimis charges (GP20-OI3-06)

23. Are the costs to the reduction in de-minimis fully covered by the new revenue allocations, and if so why is the original programme, **GP20-OI3-06**, still required?

Increased audit fees (GP20-OI3-08)

24. It was highlighted in your letter of the 24 November 2020⁵ that as financial management continues to improve and the investment in systems is delivered, there will be opportunities to improve the efficiency of external audit. When can these reduced costs be expected?

COVID-19 Revolving Credit Facility (GP21-OI4-C-1)

25. The Panel notes that there has been a lower than forecast use of the Revolving Credit Facility, why has the allocation to the programme **GP21-OI4-C-1**, not been proportionally reduced?

Insurance Premium (GP21-OI4-02)

⁴ [Letter - Minister for Treasury and Resources re Government Plan 2021- 24th November 2020](#)

⁵ [Letter - Minister for Treasury and Resources re Government Plan 2021- 24th November 2020](#)

26. Last year the panel was informed that the Government is developing a more strategic approach to increase value for money when meeting insurance needs, why has this not resulted in a reduction in allocation?

Domestic compliance (Spend to raise) (GP20-OI3-03)

27. Despite uncertainty of the return from the Domestic Compliance programme, it appears that a larger than anticipated amount, some £10 million compared to £7 million has been documented. How is revenue return attributed to this programme recorded?

Delivering effective financial management (GP20-OI4-01)

28. The Minister indicated in her response to the Panel's previous report that Performance Measures to highlight the benefits of the programme "delivering effective financial management" would be included in the Business Plan for 2021, can the Minister highlight what benefits are being measured?

- a) What relation to zero based budgeting is included in delivering effective financial management?
- b) Does the project delivering effective financial management allow prioritisation of projects based on their ability to meet Common Strategic Policy Priorities?

Expenditure

29. Following our previous Quarterly Hearing, has the Minister been made aware of the total allocation to Information Technology projects in the Government Plan, a figure was stated as £55 million across programmes?

- a. Has there been identification of the difference as previously proposed?
 - i. The Panel has calculated that all Information Technology projects and programmes to be potentially allocated £70.9 million in 2022, and £165.2 million over the course of this plan. Is this an acceptable figure?
- b. Could the Minister commit to providing this data and comparison to evidence to the Panel calculations?
- c. The Panel notes the request for additional expenditure on the Integrated Technology Solution, for an additional £22.4 million for 2022 and 2023 bringing the total allocation to £35.2 million over that period. What are you doing to ensure this project is providing value for money?

30. Could you please clarify the drop in spend concerning the CSP "reducing inequality", does the removal of COVID items, such as the Co-Funded Payroll Scheme account for all of the reduction?

- e. What is being done to ensure that inequality does not increase in the coming four years?

31. The modernising government spend is set to fall, to what extent does that represent the completion of a programme of work against a reduction in programme spending?

32. A number of programmes such as the Covid-19 helpline or Disposal of Recycling Materials are not costed and the Government Plan merely states that these will be “funded as required”. Could you please clarify where funding for these projects will be drawn from?

- f. Why have business cases not been included?
- g. Are there any estimates of the potential cost of each project?
- h. Will this funding not impact upon the balance of revenue and expenditure?

Performance

33. In response to recommendation 1 of last year’s report by the Panel it was suggested “Additional performance metrics will be set and published once general-administration modules implementing later phases of the new Revenue Management System are implemented, over the next year or so. [BY 30/5/2022]” is this on track to be in place?

The Panel would be appreciative if these questions could be responded to by Thursday 28th October 2021.

Yours sincerely



Senator Kristina Moore
Chair, Corporate Services Scrutiny Panel