

Deputy Sam Mezec,
Chair
Corporate Services Scrutiny Panel
BY EMAIL

08th February 2023

Dear Deputy Mezec,

Corporate Services Scrutiny Panel
Quarterly Hearing – Residual Questions

I am pleased to provide responses to your residual questions from the quarterly hearing on the 27th January 2023 as set out in your letter dated 30 January 2023.

- 1. Please can you confirm the areas, if any, where reporting measures could be improved to assist Treasury in the monitoring of budget allocations being sufficient or not to meet planned Government expenditure across the period of the Government Plan?**

Budgets are allocated in the Government Plan based on planned Government Expenditure. Accountable Officers are required to deliver services and projects within these allocations. There are existing forecasting processes to monitor spend against the allocations, and the Treasury continues to work with departments to improve this forecasting. This includes developing closer links between financial and non-financial information.

- 2. How will the agreed-upon budgets for capital projects be appraised in consideration of supply shocks which have led to cost push inflation?**

The Government Plan includes a Central Reserve for Central Risk and Inflation, which has been increased to £8.1 million in 2023 in recognition of the increased inflationary pressures in Capital Projects. Forecast spend on projects will continue to be closely monitored, both in year and as part of the Government Plan 2024 process.

- 3. The States' approved the Health and Social Security Panel's fourth amendment to the Government Plan 2023-26 resulting in no funds being transferred from the Health Insurance Fund for 2023 and 2024 and instead the General Reserve Head of Expenditure will be reduced by £12,450,000 for the purposes of funding the Jersey Care Model, the Jersey Care Model – Digital Systems and the Digital Care Strategy. Will there be any financial consequences as a result of this decision and, if so, how will you be managing the financial consequences that you have identified?**

As previously referred to in the Council of Ministers' Amendment to the Amendment, the reduction to the General Reserve reduces the Government's ability to:

- a) manage inflationary pressures; the forecast for inflation has increased since the proposed Government Plan was lodged. The inflation assumptions provided by the Fiscal Policy Panel in their November 2022 Annual Report have increased by 1.4% in 2022 from 7.7% to 9.1%, and a 3% increase in 2023 from 6.7% to 9.7%, since their July 2022 Medium-Term Report
- b) support initiatives to reduce hospital waiting lists (£5m); help meet the cost, to front-line services, of the parental leave policy (£2.5m); provide a contingency for unforeseen Covid-19 response costs (£5m), and support the impact of winter pressures on health care services

I am currently considering how some of this impact can be partially mitigated through the End of Year Flexibility process, but the reality is that there will be limited funds to react to emerging issues, and greater reliance will be placed on departments to manage any emerging pressures through review of existing allocations.

4. Your Ministerial priorities for 2023-26 have been published as part of the Ministerial Plans. Can you briefly update us on the progress to date of your published ministerial priorities for 2023 in respect of our Panel’s remit?

a) Do you anticipate any challenges and/or delays in accomplishing these as intended within the 2023 timeframe?

See below table

b) Are any priorities being prioritised above others as opposed to being implemented simultaneously?

Currently no projects are being prioritised above others, however, different deliverables will have different timelines for delivery some of which will be later in the year.

c) If so, which ones are being prioritised and what is the rationale for prioritising those identified above others?

N/a

5. Do you have the resources required to service these priorities in a timely and effective manner in 2023 and, where resources are not deemed to be sufficient, what is being done to acquire the needed resourcing and capacity to achieve these priorities within the timeframes intended?

See below table

Ministerial Priority	Progress to date	Do you anticipate any challenges and/or delays in accomplishing these as intended within the 2023 timeframe?	Do you have the resources required to service these priorities in a timely and effective manner in 2023 and, where resources are not deemed to be sufficient, what is being done to acquire the needed resourcing and capacity to achieve these priorities within the timeframes intended?
Upholding customer service standards by:	The email backlogs have been cleared and an online query form has been implemented Q3 of 2022,	Statutory deadline dates are the most challenging times for Revenue Jersey,	I spoke about Revenue Jersey’s customer service at some length in the Hearing.

<ul style="list-style-type: none"> • ensuring that there are sufficient resources and effective processes in place within Revenue Jersey and the Finance Hub. • continuing to work on digital technologies to improve customer experience. • modernising the tax appeal process making it more open and transparent. • making ongoing improvements to the accessibility of public facing services. • beginning to develop the digital strategy for Revenue Jersey customers following the Organisation for Economic Cooperation and Development (OECD) framework 	<p>the current target for response time is 5 days.</p> <p>The Personal Income Tax Teams are striving to assess 80% of 2022 tax returns within 30 days.</p> <p>We will maintain a “once and done” approach on Telephone queries, with an average yearly waiting time below 6 min.</p>	<p>as we do not resource to the peaks. Fully re-opening the Helpdesk and trialling the Tax Community Helpdesk has had a positive impact on the community but is “resource hungry”.</p>	<p>To reiterate, we continue to resource all of our functions – including those involving a large element of customer service – according to risk and in order to manage the statutory peaks that arise through the year. While customer service is gradually improving, we do not consider that we have fully stabilised service.</p>
<p>Continuing to transform the Treasury and Exchequer Department by:</p> <ul style="list-style-type: none"> • embedding the integrated technology solution for Government (Connect) which will enable continuous improvement within commercial service and finance processes. • continuing Revenue Jersey transformation, including ongoing enhancements to the revenue management system and the Future Digital Strategy 	<p>We expect a leap in financial management and commercial maturity with the advent of the ITS (Connect). 2022 saw an increase in maturity in Commercial Services’ data capture, manipulation and reporting to better deliver insight-led decision making, improved ways of working, and steer transformation.</p> <p>We have seen changing behaviours across the business in registering and storing contracts in a central repository, significantly aiding contract management and improving governance and risk management.</p> <p>The Revenue Management System (RMS) has been made ready to accommodate the Assembly</p>	<p>None anticipated</p>	<p>Discretionary projects that do not have a regulatory requirement will be assessed to be descoped from the programme.</p>

	<p>decision for the first phase of independent taxation.</p> <p>Acceptance testing continues in RMS to allow the move of Social Security Contributions from the legacy Nessie system in 2023</p> <p>Measures to satisfy international standards on tax transparency (AKA Economic Substance Reporting) will be completed to ensure Jersey remains on the white-list of cooperative jurisdictions.</p>		
<p>Investigating and creating funding for community infrastructure by:</p> <ul style="list-style-type: none"> • providing funding to support small scale investment in charitable and voluntary sector infrastructure in furtherance of Government objectives. • considering possible links to existing funds, funding arrangement, local foundations and/or charitable organisations. • creating a strategy for the administration and management of the fund. • developing clear guidance on management, oversight, and governance of any related delivery partnerships. 	Planned for later in 2023	No	Yes – although dependant on other initiatives being completed
<p>Providing finance and commercial support for the Our Hospital Project by:</p>	<p>Funding and commercial strategy: supporting the programme team in programme formation, with</p>	No	Yes Finance Business Partnering posts are agreed in the team assembly – one post filled

<ul style="list-style-type: none"> • facilitating an appropriate and affordable funding strategy for the project. • providing financial and commercial advice and guidance to the project team 	interdependencies on the new plan for healthcare facilities		(HoFBP) but 1 vacant currently. Looking to commence recruitment with new posts agreed
<p>Supporting the current housing situation in the Island by:</p> <ul style="list-style-type: none"> • reviewing stamp duty. • investigating means of funding new housing developments and supporting affordable purchases especially for first time buyers. 	<p>Work to progress the Stamp Duty review will be aligned to the Minister for Housing and Communities' development of a long-term housing strategy, which is to include consideration of fiscal measures.</p> <p>Work is underway to consider appropriate options to deploy the £10m funding identified for schemes to assist Islanders with home ownership.</p>	No.	FBP input is challenging with other priorities and the addition of the major incidents support requirements
<p>Finalising and lodging the legislation for the final stage of independent taxation. This would see a move to mandatory independent taxation with an accompanying compensatory allowance by 2025 (if approved by the States Assembly)</p>			
<p>Maintaining and developing a strong regime for combatting financial crime in Jersey in line with international standards, best practice and the Island's long-term prosperity by:</p> <ul style="list-style-type: none"> • publishing the National Strategy for Combatting Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons 	See below – this is really one item	See below – this is really one item	See below – this is really one item

<p>of Mass Destruction 2022-2026 and associated action plan.</p> <ul style="list-style-type: none"> • chairing the Financial Crime Political Steering Group, which takes strategic policy decisions, ensures national cooperation between all agencies and monitors the delivery of the national action plan. • implementing measures to ensure that, from 2023, all financial crime agencies will regularly report data on their effectiveness which drives national policy 			
<p>Preparing for and delivering the 2023/2024 MONEYVAL evaluation, which will assess Jersey against the Financial Action Task Force (FATF) international standards on anti-money laundering and countering terrorist financing by:</p> <ul style="list-style-type: none"> • implementing and overseeing an effective national structure to prepare for and to conduct the upcoming evaluation. • delivering the strongest possible result for the Island, and quickly reacting to findings of what will be a critical evaluation for Jersey's international reputation. 	<p>Jersey has an established National Structure for Financial Crime Strategy overseen by a Financial Crime Political Steering Group (PSG), Chaired by the Minister for External Relations and Financial Services. Under the PSG are a number of working groups including a MONEYVAL Preparation Group which is actively managing the island's preparation for MONEYVAL and reporting back to the PSG. Significant progress has been made against the written material required for the evaluation and equally against the National Financial Crime Workplan delivering substantial policy changes relevant to the evaluation.</p>	<p>Key dates in preparing for the evaluation and submission of material will be met. Challenges may arise throughout the evaluation which will be mitigated and managed by the MONEYVAL preparation group.</p>	<p>Resources are prioritized in line with a technical assessment of where the largest amount of input/benefit/risk is realised across the evaluation process. This is managed by the MONEYVAL preparation group.</p> <p>There is contingency planning for resources being made for all eventualities of the evaluation, which will be available later this year and they will be considered by Ministers. This will be actively considered and managed throughout the evaluation process. Additional resources are not considered likely to be required immediate but will be considered during the life of</p>

			the on-site evaluation bearing in mind the likely outcome.
Overseeing work on Pillars 1 & 2 - the Organisation for Economic Cooperation and Development (OECD) initiative to update international tax rules in light of the digitalising economy to ensure that Jersey aligns with international standards while supporting the Island's long-term prosperity.	The MERFS and MTR will brief CSSP and EIAP on 6 February	The MERFS and MTR will brief CSSP and EIAP on 6 February	The MERFS and MTR will brief CSSP and EIAP on 6 February
<p>Leading the delivery of the Financial Services Policy Framework, creating the environment required to enable the continued success of Jersey's financial services industry by facilitating its digital transformation, its continued compliance with global standards, and its transition into being a leading centre for sustainable finance by</p> <ul style="list-style-type: none"> • developing and implementing a strategic roadmap for sustainable finance. • enhancing industry's ability to take advantage of the opportunities created by fintech. • enhancing consumer protections through implementing a consumer lending legislation and a comprehensive framework for pension regulation. • updating Jersey's financial regulatory framework, including a new memorandum of understanding 	<p>A FSU delivery plan has been put in place for 2023 based on the strategic priorities set out in FS Policy Framework. This includes delivering Phase 2 of the Banking Review, developing by way of a consultation and programme of industry engagement, Government's proposed strategy and roadmap for Sustainable Finance and enabling a framework for digital ID and developing a strategy for digital assets.</p> <p>Alongside these projects continued work will be undertaken by the FSU to support Jersey's delivery of its:</p> <ul style="list-style-type: none"> • international commitments • regulatory and legislative alignment to its key conduit and global markets • promotion and growth of its existing and new export markets 	<p>The financial services sector operates in a complex, international landscape and government must be responsive to these. Whilst the ministerial delivery plan has been set out with a high degree of confidence on delivery, the impact of 2023 MONEYVAL evaluation preparations and changes in the international tax landscape (OECD Pillar 1 and 2) may require a diversion of GoJ resources intra-year. These issues similarly apply to the Jersey Financial Services Commission, Jersey Finance Limited and industry members with</p>	<p>The Financial Services and Financial Crime Directorates within government are adequately (financial and headcount) resourced to deliver the planned work programme.</p>

	<ul style="list-style-type: none"> • development of enhanced consumer protections by way of consumer lending and pension regulation • enhancement of its core FS legislative framework to maintain Jersey's competitive position as an IFC 	potential impact upon their ability to engage in consultation as presently planned.	
<p>Reviewing the Government's insurance strategy by:</p> <ul style="list-style-type: none"> • investigating the options for insurance against risks whilst maximising value for money. • preparing a detailed action plan linked to government risk appetite 	<p>Work is already well underway with the intention of concluding a full strategic review of risk and insurance by the end of March 2023. This will lead to a "roadmap" of changes to be implemented over the coming years as insurance policies fall due for renewal, any resource requirements will be included in GP 2024-27</p>	<p>We continue experience recruitment challenges into a key role that will delivery our plans but are hopeful this can be resolved in the first half of the year.</p>	<p>Yes, if we can complete a successful recruitment into the key delivery role.</p>
<p>Establishing a Value for Money Programme by:</p> <ul style="list-style-type: none"> • providing appropriate governance, reporting and resourcing for the Value for Money Programme. • providing financial and commercial advice and guidance to departments in the delivery of the Value for Money Programme (including savings, improved service effectiveness and better user outcomes) 	<p>Implementation plan is in early stages of development</p> <ol style="list-style-type: none"> 1. Departments have been allocated cashable savings targets within their agreed cash-limits and Chief Officers/ AOs will be expected to put plans in place for delivery in 2023. 2. Discussions are in progress with HCS & IHE – as identified priorities in the Government – to define and agree action plans to improve VFM in third party (non-pay) spend and contingent labour. 3. Productivity Improvement / Continuous improvement 	<p>2023 is the first year of establishing the new programme, as such a good proportion of the activities will be in, for example, research, design, build and baselining. This is particularly relevant to CIP and Best Value Review.</p> <p>HCS programme of work will need to link in with the HMT report action plan where appropriate (e.g. common themes)</p>	<p>NO</p> <ol style="list-style-type: none"> 1. The intention is to operate the programme management centrally to: <ol style="list-style-type: none"> a. Maintain programme governance and oversight. Capacity not currently in place, approval for plan and to recruit needed b. deliver/ host core products and enablers to launch and embed continuous improvement agenda across the organisation and within departments. This will

	<p>framework is in early development – research and design phase. A number of workshops and forums have been run to engage with and seek input from accredited practitioners and staff in improvement roles. Engagement and feedback so far has been positive and constructive, recognising this is a group who already buy-into the principles, practice and benefits of CIP.</p> <p>4. An informal network has been launched for CIP practitioners and staff involved/ interested in service improvement. 2 meetings held and participation increased between the 2 sessions.</p>	<p>Progress to date is without any additional resources, there is a risk that further development could be delayed due to recent urgent priorities.</p>	<p>be a combination of one-off or periodic resources and some ongoing capability</p> <p>c. Support will be required from M&D and Organisational Development</p> <p>2. T&E support will be provided predominantly through Commercial services and Finance Business Partnering – agreed priority Depts will be primary focus. There are gaps/ vacancies in these T&E teams that will need to be addressed. Additional resources have been agreed for the FBP team supporting HCS, recruitment planning is in progress.</p> <p>3. Departmental delivery is expected to come from existing resources. Some initial support may be needed, from the central team or from sharing across depts, e.g. for those depts who do not have existing CIP capabilities.</p> <p>Key focus is now to agree an outline plan to approve budget</p>
--	---	---	--

			and recruit for initial programme resources.
<p>Developing the governance arrangements for arm's length bodies (which includes arm's length organisations (ALOs), States-owned entities (SOEs) and other entities) by:</p> <ul style="list-style-type: none"> • providing ministerial leadership of relationships with arm's length bodies, ensuring good value for money of these relationships. • providing clear guidance to enable arm's length bodies to contribute and evidence contribution to Government priorities 	<p>A governance checklist has been updated that is completed by ALOs to provide GoJ AOs assurance that appropriate governance arrangements are in place within the ALOs. These requirements are proportionate to the size of the ALO, with different questions being asked of those receiving <£1m from GoJ to those >£1m. This governance checklist is being used for all the ALO relationships in place with the Economy Dept (the greatest proportion of relationships), with internal discussions to agree whether to mandate the process across all GoJ ALOs. The document is also available for use with other ALBs.</p> <p>A remuneration policy for SOE has been finalised in line with the recommendations of the C&AG. Any changes to the structure and quantum of Executive pay within SOEs already requires Ministerial approval under the new Memoranda of Understanding. The situation with respect to wider ALBs is much more nuanced, although continues to be explored.</p>	<p>No significant challenges, although no specific resource is allocated to delivering the ALBOB work programme. There is some resource available from Commercial Services and Cabinet Office to support the delivery of the ALBOB work.</p>	

	In 2022, we held an event for ALBs, attended by over 40 organisations. The session focused on governance and partnerships and included presentations from the C&AG. The feedback was very positive. We intend to set up working groups in some areas to develop closer partnership working, improved governance arrangements and opportunities for shared services.		
Infrastructure funding: <ul style="list-style-type: none"> • assessing and creating a local infrastructure pool within the Common Investment Fund for investment in income generating local infrastructure. • ensuring plans preserve liquidity needs whilst also providing a return that reflects the level of risk of the investments. 	No work has commenced yet	No	Yes

6. When will the Delivery Plans be published?

They were published on the 3rd of February 2023

Yours Sincerely,



Deputy Ian Gorst

Ministry for Treasury and Resources

