

The States of Jersey

Keeping Jersey Special July 2008

Keeping Jersey Special – July 2008

Summary

Our principal challenge for the twenty-first century is to keep Jersey special in a rapidly changing world. We all want to protect our quality of life and, after three years of Ministerial government, and almost three years into the Strategic Plan, the Council of Ministers has decided it is time to take stock. Ministers believe that if we all work together we can sustain a thriving community in which all Islanders can take pride. It is only by maintaining a balance between economic, social and environmental policies that Jersey can remain a successful and wonderful place to live.

The Strategic Plan, adopted by the States in June 2006, set out a vision for Jersey and described the Island as a successful Island community with a strong international identity and a good quality of life. But increasing global competition means we have to work hard to maintain the international reputation that sustains the high quality of services Islanders enjoy.

In the last three years many of the initiatives in the Strategic Plan have been delivered on time. Income support has been introduced, Eco-Active launched and progress made on the Skills Executive, Early Years Strategy, Energy Policy, improving the housing stock and health improvement. Significant success has also been achieved relative to our economic objectives. Economic growth has been sustained across the economy - in finance and other sectors such as hotels/bars/restaurants, transport, agriculture, construction and retail. This growth has been achieved with low inflation, increased employment opportunities for local people and without exceeding the States target of 1% growth in the workforce.

There may be some who think this success has been despite government policies, rather than because of them, but it was government policies that allowed this growth to flourish here in Jersey.

The challenge now is to maintain the right balance between three pillars of policy:

- Independent households enjoying life - social
- Sustaining our economic success - economic
- Reducing our environmental impact - environmental

It may, at first sight, be difficult to see how these three pillars stand together, but the detailed analysis in this paper shows that they are inextricably linked. We need to keep the three pillars in balance, like a three legged stool; if one leg is weaker than the others the whole structure becomes unstable.

The Strategic Plan needs to be flexible enough to cope with developments that may upset this balance. The ageing population is probably the biggest

issue that Jersey faces in the long-term. Over the next 30 years the number of people in work will decline in relation to those, both young and old, who do not work. Fewer workers will be generating the money needed to provide the services for the non-working population.

Public consultation and discussion on many aspects of social, economic and environmental policy has helped the Council of Ministers understand Islanders' opinions on key aspects of all three issues. In addition, as part of this process of collecting information, the Council of Ministers set up *Imagine Jersey 2035*. They wanted to find out how Islanders expect to manage this change in demographics; what their hopes, fears and aspirations are and what changes they would accept to meet this challenge. This involved two public events, a detailed consultation paper and a wider survey of Islanders' views.

Whether it was through *Imagine Jersey 2035* or other public consultations, Ministers received an unequivocal message. Islanders want to keep Jersey special, but also accept that difficult decisions and compromises have to be made.

It will be the responsibility of future Councils of Ministers to balance social, economic and environmental policy with Islanders' aspirations. A consistent view from the public, reinforced by the participants of *Imagine Jersey 2035* has emerged:

- The countryside should be protected and houses should not be built on green fields
- The economy should be grown and become more productive
- They would be prepared to work longer and wait longer for their States pension
- They accepted that they may have to pay more for certain services
- They accepted a limited level of inward migration is necessary

All this is possible, but only with a concerted effort by everybody living and working in Jersey. The analysis in this paper explains that:

- We can achieve economic growth with an ageing population, if we achieve continued productivity growth (including a shift to higher value activity and employment opportunities), increased participation and sustain the Island's workforce.
- A significant increase in the working age and States pension age would be needed to improve participation and sustain the current States pension provision.

- Population levels can be accommodated without building homes on green fields.
- Islanders are likely to have to pay more to fund long-term care and social security pensions and benefits.
- All the above must be supported by moderate inward migration which does not lead to an ever increasing population or to an increasing proportion of dependents (old and young) relative to those of working age. [The balance cannot be achieved with no net inward migration or inward migration significantly above 250 heads of household a year].

Can Ministers develop policies to manage an ageing society along with the other challenges Jersey is bound to face? The answer is yes. The financial analysis presented at *Imagine Jersey* showed there would be a deficit of £140m p.a. by 2035 if there was no net inward migration. This was based on assumptions and indicated the scale of the impact on the economy rather than a precise forecast for 2035.

But would the above policies combine to deliver the balance required? The table below shows that comparing the impact of policies on a consistent basis i.e. from the analysis underpinning *Imagine Jersey 2035*, it is possible to combine policies to reach a sustainable path with enough flexibility to meet future economic impacts. However, this could not be achieved with no net inward migration.

Table 1: The impact of the different policies

Measure	Fiscal Impact p.a. by 2035
1% p.a. productivity growth	£40-70m
Shift 2-3,000 into high value (finance or equivalent)	£20-30m
Increased participation : 2,000-3,000 people (part-time and full time)	£10-15m
States pension age increases by 3-4 years	£30-40m
Islanders pay more in taxes/ contributions	£20-30m
Inward migration of between +150-250 heads of household supports the above	£10-20m
Total	£130m – 205m

Source: Oxera calculations for Imagine Jersey 2035

To reach this sustainable path, strategic plans need to be devised and the right policies put in place. The next Council of Ministers will need more evidence to take policies to the next level. To provide them with that evidence, more research is needed on:

1. Reviewing and enhancing social policy relative to the objectives outlined in the Social Policy Framework;
2. Developing the skills base and other aspects of productivity policy and improving productivity growth of the Island's key industries;
3. Determining what is achievable and desirable in terms of the future make up of the economy and the scope for more high value added activity;
4. Determining how best to increase participation of those currently not working;
5. Considering how to allow people to work longer and delay drawing their States pension;
6. Assessing the public acceptability of a new social insurance scheme for long-term care and the scope for small increases in social security contributions;
7. Developing new policies to meet our environmental objectives;
8. Ensuring that the next Island Plan prevents development on our green fields.

These actions require detailed work. Under the three pillars of policy the detailed work that is required is set out under the following three headings:

1. Independent households enjoying life in a thriving community

The Social Policy Framework has already set out four recommendations to assess, deliver and review social policies to meet this first objective:

- All major initiatives that impact on social issues in Jersey should be assessed against the aim and key principles of the Social Policy Framework;
- The States should develop a joined up system of "Support Pathways" that provide tailored support, to help people experiencing problems to build an independent future or reduce levels of dependency;
- A process should be introduced to collect and analyse data to inform and evaluate social policy decisions in Jersey;
- A formal process should be introduced to –
 - Produce an annual Strategic Social Assessment
 - Issue overarching Policy Recommendations
 - Rigorously review compliance.

Increasing participation, as discussed under the next section on economic policy, is also an integral part of social policy.

2. Sustaining our economic success

Productivity growth

This would require continued development of policies that could enhance all aspects of productivity:

- o Skills
- o Investment
- o Innovation
- o Competition
- o Enterprise
- o Economic stability

If productivity growth is to be maximised over the long-term Ministers will need a better understanding of the barriers to productivity growth and, in particular, those specific to the various industries present in the Island.

Higher productivity growth could also be achieved through a shift to high value activity. How could this be achieved?

- **Inward investment** – develop the ‘Jersey proposition’ – attract high value/low footprint businesses to the island. Focus on Jersey being open for business. Promote and support Jersey as a good location for business.
- **Regulation of Undertakings and Development policy** – can also facilitate growth/entry of high value activity and structural change within existing sectors.
- **Growth in finance** – continue the drive to enhance competitiveness and to expand existing business, new markets, new businesses and new sectors.

A wider debate is needed on the future make up of the economy and on the trade-off between diversification and more finance. This will inform policy development in these areas.

Increased participation and working longer

To achieve these objectives there is a need:

- To understand who the various groups of people are – those looking after the home, early retirees, the long-term sick, and other returners – under what conditions they would return to work (if indeed they would) and what barriers need to be tackled.
- For an evidence base to develop policy on participation and barriers to work.

Paying more

Further work is needed to:

- Assess the public acceptability of a new social insurance fund for long-term care costs and the scope for/impact of small increases in social security contributions.

3. Reducing our environmental impacts

The work on the new Island Plan and the consultation on the Strategic Options set out how it will be possible to provide adequate housing under moderate inward migration without encroaching on the Island's greenfields.

The wider environmental impacts of moderate inward migration can also be managed. Keeping Jersey Special - a vision for a greener Island focuses on four key areas for Jersey's future and will develop a package of environmental measures on:

- The use of energy
- The generation of waste
- Transport
- Developments on green field sites.

The Council of Ministers has begun this work to provide the new Council of Ministers with the evidence they will need to devise the right strategies and policies for the future. Those policies will need to keep the economy, the environment and society in balance and it is only by achieving that balance that we can look forward to a successful and sustainable future.

Imagine Jersey 2035 responses represent only part of the evidence for future policy development but, importantly, also mark the starting point in a process of engagement that will keep Jersey special for future generations of Islanders.

The next sections look in more detail at:

- The background to the report (page 7)
- Social Policy - independent households enjoying life in a thriving community (page 15)
- Economic Policy – sustaining our economic success (page 16)
- Environmental policy – reducing our environmental impacts (page 23)

The detailed work underpinning these sections is also included in the 3 appendices to this report from page 26.

The background to the report

The States approved the Strategic Plan 2006 - 2011 on 27th June 2006 after four days of debate, with nearly 20 amendments brought forward by States Members. The Plan was the first strategic document produced by the first Council of Ministers and its adoption by the States after a vigorous debate marked a milestone in the organisational development of the States of Jersey. By adopting the Plan, individual States Members agreed to a common vision for the future of Jersey and an initial foundation on which to build that vision. Jersey is a special place to live and, although a very small jurisdiction, has grown to be a prosperous, highly regarded independent Island. The common vision expressed in the now approved States Strategic Plan is that,

- **Jersey has a unique and recognised identity:**
- **People living here enjoy a good standard of living based on a strong environmentally sustainable and prosperous economy;**
- **We are an inclusive society where everyone has equality of opportunity and access to the services they need,**
- **Our environment sustains a sense of well-being, and**
- **Government promotes self-sufficiency and enables enterprise.**

The strategy to achieve this vision consists of three basic aspects: to nurture those aspects of Jersey that already make it a special place to live and work; secondly, to tackle certain problems such as the inequalities that exist in our society; and, thirdly to prepare for the challenges that we face in the future. Critics of the plan believed that it was aspirational and that it represented an uncoordinated wish list rather than a realistic set of objectives.

To some extent this is because Islanders have contradictory objectives. The population wants well paid jobs, to live in affordable houses with gardens and drive cars but does not want houses on green field sites, to sit in traffic jams or pay relatively high prices in shops. It wants more from government in terms of services, promotion and support but wants less from government in terms of spending and taxes. The population also wants to enjoy the natural beauty and countryside safely, in peace and quiet but also wants the land to be used for their personal desires.

Is this achievable in the future?

Squaring the circle

There can be no doubt that Jersey is a success and it has been described as “punching above its weight”. In developing the vision, the Council of Ministers has recognised that with success comes international competition and scrutiny, which can be seen as a threat or a challenge. The States has risen to this challenge by adopting a vision which seeks to enhance Jersey’s international standing as an independent Island with a strong recognised identity, well able to regulate itself. Although a small Island, Jersey is not isolated from the rest of the world and is not immune from global factors that affect all other countries. With growing recognition Jersey will take a seat (as with the British-Irish Council) at the international table.

To sit comfortably at this high level table, and to benefit from the position, Jersey needs to reconcile the three pillars of social, economic and environmental policy. Rather than suggesting that these policies are in conflict, it would be better to recognise that these policy areas need to be in balance. Like a three legged stool at the table, if there is an imbalance, if one leg of policy is neglected, the whole structure is unstable and subject to collapse. On the other hand, if the legs are in balance and of equal importance then the structure is robust and stable, and with regular maintenance can last for many years.

Is the search for such a balance of policies an unattainable goal?

The Council of Ministers believes a balance between economic, social and environmental policies is achievable and is the key to Jersey’s continued success. It also maintains that the States Strategic Plan has proved to be a solid foundation on which to build this balance. However the Strategic Plan needs to be flexible. It needs to allow amendments to cater for challenges Jersey may face on the way to meeting this vision for the future. Following this path needs the engagement of the whole population, as attitudes and behaviours change over time, when new information becomes available and as new opportunities arise.

This journey may not be comfortable as opinions of politicians and Islanders are challenged but it needs to be positive because the destination is a sustainable Jersey.

Over the past three years, the beliefs of this Council of Ministers about this potential for a balance in policies has been reinforced by a growing coordination of work across departments that has highlighted common threads between the three policy pillars. Economic, Social and Environmental policy making is not mutually exclusive. The following tables show the headlines of these policy areas and the key strategies behind them.

Table 2: Basic Strategies

Independent Households Enjoying Life	Keeping Jersey Special	Strong Economy and High Standard of Living
Increase Participation	Carbon Reduction	Anti-inflation Strategy
Improve Health Status	Improve Built Environment	Improve Productivity
Improve Educational Status	Protect Countryside	Manage Workforce
Adequate Housing	Transform Transport	Shift to High Value Added Activity
Adequate Income	War on Waste	
Improve Social Behaviour		
All supported by a strong international identity and status (e.g. Kyoto Protocol, International Conventions, Employment Law, Ramsar)		

There are clear interrelationships between these strategies. Some are essentially the same (increased participation and managing the workforce) whilst others may appear more difficult to reconcile (adequate housing and protecting the countryside). Some links may be a little more obscure and could give rise to unforeseen consequences if not identified and managed. *Imagine Jersey 2035*, through the consideration of the impact of the ageing society, brought out many of the linkages and trade-offs.

Imagine Jersey 2035

Imagine Jersey 2035 was the third Imagine Jersey initiative. It focused on the issue of the ageing population and incorporated a survey, two public events and a consultation to determine islanders' views on how the demographic changes facing Jersey could be managed.

With a predicted increase in the numbers of retired people alongside a predicted drop in the working age population, scenarios were presented to the public to help them decide how they would manage the change. In essence participants were given factual information on the social, economic (including fiscal) and environmental policies to help them determine where the balance should lie.

The process was independently co-ordinated and reported upon by the not-for-profit organisation Involve.

Over the past three years the Council of Ministers has had to make difficult decisions dealing with urgent need, short-term issues and long term challenges. It has done this by listening to evidence and opinion from many sources not least from the people who may be directly affected. The ageing population issue is a long term challenge, but decisions are needed in the near future if it is to be managed successfully. People who will reach the age

of 65 in 2035 are already aged 38 and those who will be 38 in 2035 are currently at school. It is for this reason that the Chief Minister arranged an *Imagine Jersey* event of equal importance for young people in Jersey.

The detailed work underpinning *Imagine Jersey 2035* shows that the impact of ageing is caused by a number of demographic trends:

1. Increase in numbers of people over 65 – by 75% by 2035 (and the associated costs in terms of health expenditure and States pension provision).
2. Decline in working age population – by 25% by 2035 (and therefore decline in the workforce, employment and overall level of economic activity).
3. Decline in the school age population - by 27% by 2035 (and therefore a decline in school places and investment).

If there were no net inward migration these demographic trends combine to lead to population decline. By 2035 the population would fall to just over 80,000 and by 2065 it would be just over 60,000.

The fact that people currently living in the Island are going to age is a trend that cannot be avoided. The make up of the current population by age is known, which gives us certainty about the scale of the impact in Jersey. Ultimately ageing will mean that there are significant additional costs that need to borne by those resident in the Island. Improved public sector efficiency may help to mitigate such costs but at the same time there will be other factors (e.g. the rising costs of public services such as health) that will increase the costs.

The effect of an ageing population is often described as the number of people of working age compared to the numbers of the young and the elderly. The basic assumption is that it is the money generated by the working population that supports the services for the dependant population. Under no net inward migration there would be 1.3 workers for each non-worker by 2035 (compared to just over 2 in 2007). Even with an extra 250 heads of household per year, the ratio is estimated to reduce to 1.5 workers for each non-worker by 2035.

The decline in the working age population would bring with it a decline in economic activity, assuming participation and productivity remain unchanged. However, for a given population this impact can be mitigated by increasing participation and productivity. These issues are considered in more detail in the next section.

The responses from *Imagine Jersey 2035* reaffirmed the Council of Ministers view that a policy balance was achievable and, furthermore, the balance between economic, social and environmental policies was what the public wanted. There were few, if any, responses that advocated extreme or outlying strategies and those with strong views accepted that compromises had to be made. Engaging with the public in this way was extremely useful,

as very clear and consistent messages came from the public to their political representatives;

- **Protecting the environment** - there was an overwhelming desire to protect Jersey's countryside and to prevent development on green field sites. People recognised that attitudes and aspirations for home ownership outside of St Helier might have to change.
- **Growing the economy** - there was broad support that to meet the challenge of the ageing population it was necessary to: encourage economic growth; make the economy more productive; move to more high value industries; and encourage more people of working age to join the workforce. There were concerns that the growth should not be unfettered and that environmental and social impacts and inequalities should be managed.
- **Working longer** - there was strong support for increasing the participation of older workers in the labour market as well as increasing the pensionable age.
- **Paying more** - there was an acceptance that the public may have to pay more, but this acceptance was linked to maintaining and perhaps improving public services. At the same time there was a strong feeling that the States should control spending before taxes were increased. There was general concern about the effect of tax increases.
- **Allowing more people to live and work in Jersey** - this was easily the most contentious issue. Some people were fiercely in favour of boosting the workforce whereas others were staunchly against wholesale increases. There was qualified acceptance that some inward migration would be necessary but delegates were adamant that it had to be controlled and that high levels were unacceptable. The idea of no net inward migration did not find favour. Concerns were raised that inward migration should not have undue impact on the character of Jersey, its culture, countryside and environment. There was overwhelming opposition to developments on green field sites but acceptance of development in urban areas. There was also widespread support for considering innovative solutions such as moving the port.

The Council of Ministers noted the variations between the youth event and the general public events with the results being similar but with different emphases. While the options of increasing taxes and increasing the population of the Island were contentious and divisive issues at both events, there was a difference in how the two were rated:

- Attendees of the main event in January showed more support for the idea of increased taxes rather than increased population.

- For the participants at the youth event increased population met with much less resistance than it did at the larger event in January.
- Raising taxes met with more resistance at the youth event than it did at the January event.

There were also differences of opinion on the building of a new village or expanding an existing one. These options met with overwhelming opposition at the January event whereas many young people at the March event were in favour or undecided.

At the end of each event, the participants were asked to prioritise those factors that were important to them. There was a difference of opinion between the adult and the youth participants on the top priority. The adults wanted to protect the countryside and green areas whereas the young people wanted to maintain and improve the level of public services. Both events emphasised the importance of providing job opportunities for young people returning to Jersey and remaining in the Island.

Delegates to both *Imagine Jersey 2035* events reinforced a clear message. In many respects Islanders want Jersey to remain as it is today; a beautiful place to live with a high standard of living. However, to achieve this they recognise that difficult choices have to be made to protect the countryside and maintain a successful economy.

They are prepared to work longer by retiring later in life and are willing to pay a little more tax whilst accepting a limited amount of controlled inward migration .

In essence the public, too, are balancing the future in terms of social, environmental and economic impacts but individuals may place the emphasis on different policy pillars.

The links between these pillars are clear:

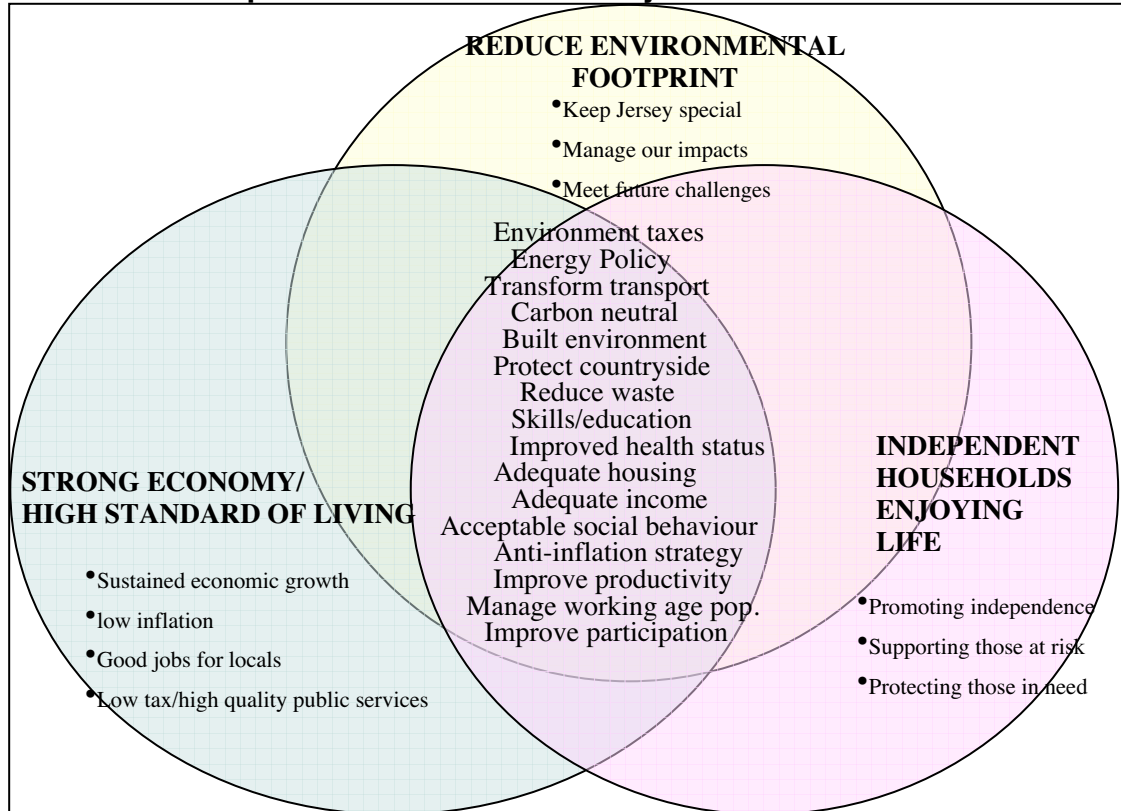
To reduce the environmental footprint the Island needs: higher productivity; more value (low labour footprint) activity; high labour participation in the resident population; and independent healthy households.

To have independent households enjoying life the Island needs: a beautiful environment; good job opportunities for the resident population; and a high standard of living.

To improve the economy the Island needs: higher productivity; a sustainable natural environment; to manage the impacts of growth; and have independent households enjoying life.

The linkages and overlapping nature of the three policy pillars is illustrated in the diagram opposite.

The Relationship between the Three Policy Pillars



Working towards the balance

When the vision was being developed in 2006 the Council of Ministers knew of initiatives under development and added new priorities to them. Amalgamating these initiatives produced the framework for new legislation and major policy proposals.

The table below shows some of the major priorities that the Council of Ministers inherited and the new priorities that were set and agreed in the States Strategic Plan for 2006 to 2011.

Table 3: Existing and new priorities

Existing priorities	New Priorities
Economic Growth Plan	Social Inclusion Strategy
Income Support	Health and Social Care Strategy
Migration Policy	Plan for Demographic Change
14-19 and Higher Education	Maintain and improve infrastructure
Cultural Strategy	Update the Island Plan
States Modernisation Programme	Develop an Energy Strategy
Balance Income and Expenditure	

The Chief Minister reports every six months on progress against the Strategic Plan and in December 2007 reported that of the 230 initiatives in the Plan, a

quarter had been completed and half were on track. Some of the initiatives highlighted as being on track are:

Training and skills - a Skills Executive to promote better skills in the local population has been agreed and is due to open later this year;

Education - a group has been set up to advise on options for the Early Years Strategy for children and is consulting the public on the options;

Health - a strategy for health improvement has been developed;

Prison - a learning and skills centre has been opened;

Housing - a programme is underway to bring housing stock up to “decent homes” standards;

Social Security - the unified Income Support benefit has been introduced;

Tax and Finance - a new fiscal framework including the Stabilisation Fund and independent Fiscal Policy Panel has been established;

Environment - awareness programmes for individuals and businesses have been developed to help make informed choices to benefit the environment (Eco-Active);

Energy - an Energy policy that includes commitments on greenhouse gas emissions is being developed; and

Waterfront - a masterplan for the integrated development of quality business, housing and leisure facilities has been approved by the States.

Even this short list shows that the States of Jersey has made progress on all three fronts or pillars of policy and furthermore, has shown a degree of co-ordination between Departments that might not have always been evident. Progress against the Strategic Plan has as much to do with environmental and social policy initiatives as fiscal and economic policy.

Work is already underway to further develop policy in all these areas. The Social Policy Framework sets out how we can meet the objective of independent households enjoying life in a thriving community. Work being co-ordinated by the Chief Ministers Department on the ageing population is looking at the key issues of Productivity, Workforce and Paying More (Economic), Participation and Working Longer (Social) and Managing the Impact of More People (Environmental). Importantly on this last issue the *Keeping Jersey Special - a vision for a greener Island* initiative shows how we can manage the impact of more people and achieve our environmental objectives.

The next sections look in more detail at how policy can be developed under all three pillars.

1. Independent households enjoying life in a thriving community (Social Policy)

The Social Policy Framework (appendix 2) highlights that to achieve the goal of *independent households enjoying life in a thriving community* requires engagement and behavioural change by Islanders to enable them to feel more in control of their own lives. The Framework suggests three principles to guide policies and initiatives:

- *Promoting independence*
- *Supporting those at risk*
- *Protecting those in need*

Four corporate recommendations are set out to assess, to deliver, to understand and to review social policies,

- All major initiatives that impact on social issues in Jersey should be assessed against the aim and key principles of the Social Policy Framework,
- The States should develop a joined up system of “Support Pathways” that provide tailored support, to help people experiencing problems to build an independent future or reduce levels of dependency,
- A process should be introduced to collect and analyse data to inform and evaluate social policy decisions in Jersey,
- A formal process should be introduced to –
 - Produce an annual Strategic Social Assessment
 - Issue overarching Policy Recommendations
 - Rigorously review compliance

The Social Policy Framework is not a series of social policy initiatives. It is a mechanism to co-ordinate social policies to meet the goal of households living independently.

2. Sustaining our economic success (Economic Policy)

Jersey has enjoyed unprecedented economic success over the last 30 years which has resulted in a high standard of living for Islanders (one of the highest Gross Value Added per heads in the world), high quality public services, low personal and corporate tax and all within a beautiful Island environment. The supporting papers to the *Imagine Jersey 2035* consultation process show that given the significant ageing of the population over the next thirty years, it will be a real challenge for the Island to repeat such levels of improvements.

The ageing population is not the only economic challenge that the Island will face in the next 30 years. It could face additional pressures from any number of factors, many of which we cannot predict and others from more familiar sources such as :

- o Rising cost of/standards in public services e.g. health care
- o Competitive economic challenges e.g. corporate tax
- o Pressure from the OECD and Europe

Economic growth through increased participation and productivity would normally combine to meet some of these challenges. However, if they have already offset the costs of the ageing society there will be nothing 'left in the tank' to meet any additional challenges. As already discussed, increasing participation and productivity can offset some of the decline in economic activity caused by a decrease in the numbers in the working age population. This decline in activity has to be addressed before future economic growth is achievable

Keeping inflation low will also be critical if the Island is to maintain its competitive position and meet its economic objectives. The new Anti-inflation Strategy shows how Jersey can focus on the factors under its control and help to contain inflation in the Island.

The key policy areas are:

- o Understanding the economic cycle and setting policy relative to the position in that cycle
- o Facilitating economy wide productivity improvements
- o Allowing competition to prevail.

Keeping inflation low will make it easier to deal with the economic implications of ageing but will not directly address the issues.

If Islanders want to continue to see their standard of living rise the aim should be to provide a stable economic base that can allow the economy to grow to meet their future aspirations.

What is meant by a stable economic base? In the context already discussed it means an adequate pool of labour that, combined with higher participation and productivity growth, allows economic growth that will meet Islanders

aspirations for a higher standard of living without jeopardising social and environmental objectives.

If no net inward migration was permitted it is very hard to see how this can be achieved as, even if the working age rises and participation rates increase, there is a significant decline in the working age population and a sharp rise in the dependency ratio.

No net inward migration is therefore a recipe for economic decline. The size of the impact cannot realistically be mitigated by simply increasing participation and getting people to work longer.

It would be possible to offset some of this decline through higher productivity growth, but it is also likely that if the Island were to experience such decline in the labour force it would be sucked into a downward spiral. That would lead to people and businesses leaving the Island, a greater decline in economic activity and the labour force contracting at an even sharper rate. No net inward migration is not a realistic option.

The only other way to offset a decline in the labour force is through inward migration. The public have told us that inward migration would be acceptable if it were moderate and controlled. But what level of inward migration would provide a suitable base in terms of the labour force?

The analysis in the appendix 1 shows that inward migration of between 150 and 250 heads of household per year, combined with increased participation and productivity growth of 1% per annum, would allow economic growth to take place at relatively moderate rates over the next 30 years.

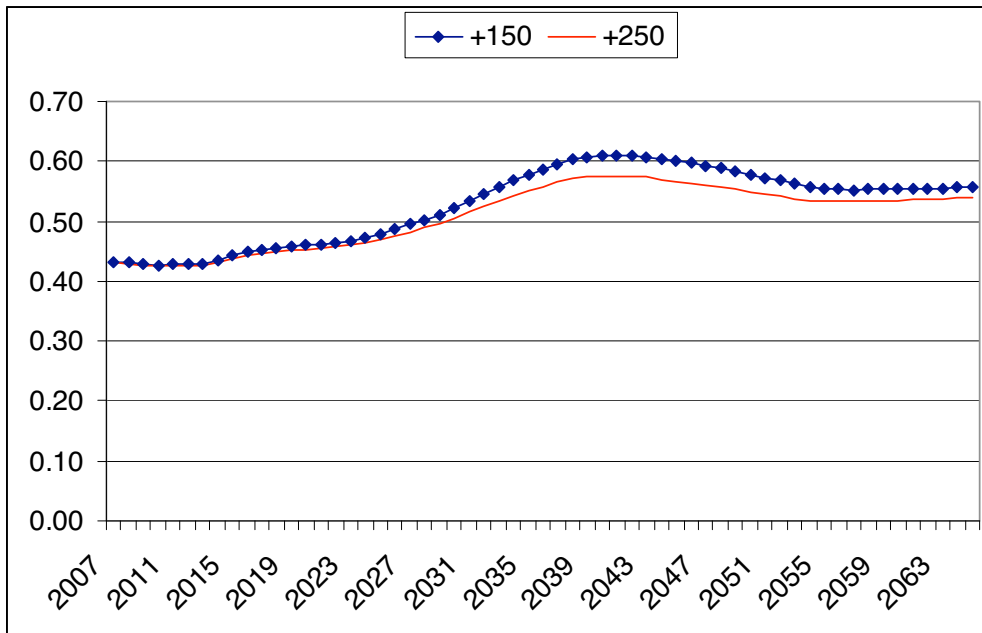
Would such levels of inward migration store up trouble for the future?

The chart below shows the dependency ratio stabilises in both cases after the peak of the ageing society in 2035. In the case of the +150 scenario the population rises to 92,000 in 2035 before falling back to 83,000 in 2065. Under the +250 scenario the population rises to 99,000 in 2035 and only falls slightly to 98,000 by 2065.

Under both scenarios the dependency ratio does not rise after the peak of ageing and population levels do not continue to expand. Inward migration scenarios of greater than 250 do not show these characteristics, would not be easy to accommodate and would impact on the environment, housing and other policy issues.

Dependency ratios under +150 and +250

People of working age of 16-67, dependency ratio = those above and below working age as proportion of those of working age



Source: Statistics Unit Population model/Economics Unit calculations

The analysis suggests that to provide a stable workforce on which to build moderate economic growth it will be necessary to:

- Sustain average productivity improvements of at least 1% a year, every year for the next thirty years.
- Improve participation within the existing population.
- Increase the working age.
- Allow a moderate level of inward migration.
- Accept that Islanders will have to meet some of the costs of ageing through paying more in taxes and contributions.

The analysis of an ageing population showed that no net inward migration would create a deficit of £140m p.a. by 2035. This assumed expenditure per head remained at current levels and that at today's personal and corporate tax rates tax revenue declined as a result of less economic activity. It indicated the scale of the impact on the economy rather than a precise forecast of the fiscal deficit in 2035.

While this £140m deficit would never appear in practice – not least because the Island would run out of money and tax and spending levels would change – it is worth examining whether the above combination adds up. That is, using the estimates supplied for the *Imagine Jersey* analysis, (which are estimates to give an idea of the relative scale of the impact of different policies) is it possible to meet the costs of the ageing society and also have the flexibility to meet other challenges?

The table shows that it is possible to combine productivity growth, increased participation (including working longer), raising the States pension age, slightly higher tax/social security contributions and moderate inward migration to mitigate the impact of the ageing society and to meet other fiscal challenges over the next 25 years. It is worth remembering that such a balance could not be achieved without some level of inward migration, principally because without some inward migration there is a significant decline in the Island workforce.

Table 4: The impact of the different policies

Measure	Fiscal Impact p.a. by 2035
1% p.a. productivity growth (at +150-250 levels of inward migration)	£40-70m
Shift 2-3,000 into high value (finance or equivalent)	£20-30m
Increased participation : 2,000-3,000 people (part-time and full time)*	£10-15m
States pension age increases by 3-4 years	£30-40m
Islanders pay more in taxes/ contributions	£20-30m
Inward migration of between +150-250 heads of household	£10-20m
Total	£130m – 205m

*This assumes that 1,000 -1,500 part-time employees move into full time employment and 1,000-1,500 people move from inactivity (e.g. looking after the home, early retirees, long-term sick etc) to full time employment.

How could this be achieved?

Improving productivity

With the current structure of the economy it would be likely that the economy could sustain 1% per annum productivity growth over the long-term. This would be achieved by businesses getting better and more efficient at what they do. From a policy perspective it would mean supporting productivity growth across the economy.

The current Economic Growth Plan is about delivering economic growth based on productivity improvements and this could be extended into the medium-term including the Economic Development Department's Enterprise and Business Development programme. This would require continued development of policies that could enhance all aspects of productivity:

- o Skills
- o Investment
- o Innovation

- Competition
- Enterprise
- Macro stability

If productivity growth is to be maximised over the long-term a better understanding will be required of the barriers to productivity growth in the various sectors of the economy. Overall productivity growth is the sum of productivity growth in all sectors and more information is needed to determine how each sector can improve.

Shift to higher value activity

Another way to achieve productivity growth is by moving working people from industrial sectors with low productivity into those with higher productivity. Moving workers into more productive sectors would provide them with higher wages and would generate more profits for business, both of which in turn generate more tax revenue for the States. Finance is by far the most productive sector (twice the average) and moving workers from low value sectors to finance would give the maximum gain.

There may be opportunities to diversify into other higher value industries but if they are not as productive as the finance sector (which is more than likely to be the case) then a larger movement of workers would be necessary to achieve the same increase in economic activity.

There is an opportunity cost to diversification (if productivity in the industry is less than the finance sector) and this cost needs to be weighed against the desire to limit the growth in population. The equation that needs to be balanced is that between the numbers of people in particular sectors of the labour market and the level of productivity of that sector.

Ultimately Islanders need to debate and inform politicians of their preferences are in terms of shifting a greater proportion of people in employment from low value sectors into finance or other sectors. In addition, recognising that the lower the productivity of a sector, the more people there will be required to deliver the same increase in economic activity.

What does this actually mean for Jersey?

- Inward investment – develop the ‘Jersey proposition’ – attract high value/low footprint businesses to the Island. Focus on Jersey being open for business. Promote and support Jersey as a good location for business. Potential to develop clusters of desirable industries.
- Regulation of Undertakings and Development policy – can also facilitate growth/entry of high value activity and structural change within existing sectors (low to high value added).
- Growth in finance – continue the drive for enhancing competitiveness, expanding existing business, new markets, new businesses, new sectors.

- Productivity growth in low value added sectors – ties in with improving productivity above.

Increased participation (including working longer)

Jersey already has a high labour participation rate (85%, JASS 2007) which means approximately 10,000 people of working age are not in employment. Although this may be a small number, moving 10% of those people into work represents 1000 individuals. The target groups in Jersey are those looking after the home, early retirees, those claiming incapacity benefits/income support, the unemployed, people with disabilities and other Returners to work (e.g. ex-offenders).

Participation rates can be improved by encouraging people not to leave the labour market. For example, early interventions in potential long term incapacity (for instance due to chronic back pain) have successfully kept people at work elsewhere. Any strategy to increase participation has to remove barriers to the individual and employer and match the skills of the individual to the employer.

Matching skills of the individual to the employer is an objective of the newly established Skills Executive. However, it is clear that for some target groups further work is needed to understand the barriers that keep them from working and to replace these barriers with incentives. The availability of affordable childcare is a prime example so the strategic partnership recently formed on the Early Years Strategy is welcome.

The elderly worker has been identified as a target for increased participation in many other countries. The *Imagine Jersey* process recognised this as well. It is estimated that Jersey's average retirement age is about 58 whilst the pensionable age is 65. There is scope to encourage more mature workers to remain in work or, indeed, to return to work.

This could be partly achieved by a more flexible approach to the age at which pensions can be drawn. It is also true that tomorrow's pensioner, because he or she will live longer, will receive more pension than today's pensioner, increasing the pensionable age may be more equitable than simply increasing contribution rates. In any event, changes to pension rights have to be made gradually and announced well in advance of implementation.

In Jersey we need to properly understand who these groups of people are, what would persuade them to return to work (if indeed they would) and what barriers need to be dismantled?

Paying more

There was recognition during *Imagine Jersey 2035* that some increase in taxes and/or contributions was acceptable in order to sustain public services. In fact, if moderate inward migration is to be combined with productivity improvements and increased participation, then higher taxes or contributions will be necessary to maintain public services and meet other costs like improvements in public services.

When considering any increase in taxes and/or contributions it is important to consider the impact on the Island's competitiveness, as well as the equity and efficiency of collection.

Meeting the costs of the ageing society means paying more in contributions to meet the increased costs of healthcare and pension provision. That suggests two potential ways of meeting these costs:

1. A significant proportion of the increase in health expenditure for an ageing population is higher long-term care costs. It has already been suggested that a separate fund should be set up to cover the increase costs of long-term care. If consultation finds a public and political desire to meet costs in this manner then such a system could be designed. Decisions would need to be taken as to who should pay and what the base should be. While this would be an extra cost borne by Islanders, if it removed the uncertainty about paying for future long-term care, it could also have some benefits.
2. The UK Government Actuary stated in their last report that if current contribution rates and benefit levels were kept constant then the ageing demographic would mean that the fund would be extinguished by 2035 and that contribution rates would have to rise to 16% from then onwards. The largest impact of the ageing society is the need to pay out significantly more in pensions than are collected in contributions.

Raising social security contributions does have economic and competitive risks attached to it as contributions are a direct labour cost on resident individuals and businesses. It is important therefore to give proper consideration to the timing and level of any increase.

Obviously if the Island faced a new and unforeseen economic challenge, the balance between population growth, productivity growth, economic growth and paying more could be revisited.

3. Reducing our environmental impacts (Environmental Policy)

In the Strategic Plan the first initiative is to show that economic and environmental success can work together. The strategies to support this are to reduce per capita consumption of resources, to reduce per capita production of waste, to reduce greenhouse gas emissions and to minimise the adverse effects of economic growth.

The responses from *Imagine Jersey* reinforced the last of these strategies but gave additional emphasis to meeting the housing needs of the population and protecting the countryside.

These two concerns are inextricably linked. Many people in the Island, including the participants in *Imagine Jersey*, did not want to see houses built in the countryside. This would need the public to alter its expectations about where it would prefer to live and to create options for people to want to live and work in town.

Housing

Respondents to the *Imagine Jersey* consultation process showed very little appetite for either of the two extremes, no net inward migration (net nil) or unfettered inward migration.

With the results of the 2007 Housing Needs Survey, this has allowed the range of inward migration scenarios to be modelled to give an indication of the housing supply and demand for the *Imagine Jersey* period. In this model the effect of concealed or reducing household size has been factored in, along with the suggested releasing of more housing supply by moving the port.

In short, the balance between supply and demand is favourable for moderate inward migration (150 to 250 Heads of Household), as the next table from appendix 3 shows.

Table 5: Housing demand/supply and inward migration

	Imagine Jersey Population Scenarios 2007-2035				
	Nil Net Migration	Inward Migration +150 Heads H/H per Annum	Inward Migration +250 Heads H/H per Annum	Inward Migration +325 Heads H/H per Annum	Inward Migration +650 Heads H/H per Annum
Estimated Demand					
<i>Imagine Jersey Household Projection</i>	+400	-4,500	-7,800	-10,300	-21,000
<i>2007 HNS</i>	-1,000	-1,000	-1,000	-1,000	-1,000
Adjusted Demand	-600	-5,500	-8,800	-11,300	-22,000
Estimated Supply					
<i>Existing and likely sites for Category A Housing</i>	200	200	200	200	200
<i>Lifelong Homes Proposition</i>	300	300	300	300	300
<i>Town Capacity Opportunities</i>	2,000	2,000	2,000	2,000	2,000
<i>West of Albert Opportunities</i>	1000	1000	1000	1000	1000
<i>Windfall developments from the built-up area -outside town</i>	4000	4000	4000	4000	4000
<i>Brown field sites</i>	1000	1000	1000	1000	1000
<i>Move the Port</i>	800	800	800	800	800
<i>less outworn sites</i>	-300	-300	-300	-300	-300
Adjusted Supply	9,000	9,000	9,000	9,000	9,000
TOTAL (Supply less demand)	8,400	3,500	200	-2,300	-13,000

Source: Planning and Environment/Statistics Unit

The environment

As appendix 3 sets out, moderate inward migration does not jeopardise environmental objectives. However, there is a significant need for further policy development.

In other words the policies outlined in the *Keeping Jersey Special – a vision for a greener Island* initiative, will manage the environmental impact of inward migration needed to sustain our economic success and will house the projected population without further incursion into the green belt.

This is not a recipe for doing nothing. *Keeping Jersey Special - a vision for a greener Island* focuses on four key areas for a sustainable future for Jersey;

- The use of energy
- The generation of waste

- Transport
- Developments on green field sites.

Appendix 1: Sustaining our economic success

This paper considers the economic challenge posed by the ageing society in Jersey and the policies that could offset its impacts, in the light of the key messages from *Imagine Jersey 2035* on the economic issues.

Key messages from Imagine Jersey 2035

Key themes on the economic issues were strong support for:

- Growing the economy as a solution to the economic and social challenges ahead
- Making the economy more productive
- Growing and diversifying the economy through more high-value industries
- Encouraging more people of working age to join the workforce
- Working longer

In addition there were also clear messages that:

- While there was opposition to tax increases, many people are willing to accept some level of increase in order to sustain public services
- There was qualified acceptance that controlled inward migration may be necessary in the future

Before considering the appropriate policy response and how these views can be developed into a coherent strategy it is worth considering in a little more detail what the economic impact is of the ageing society in Jersey.

The challenge

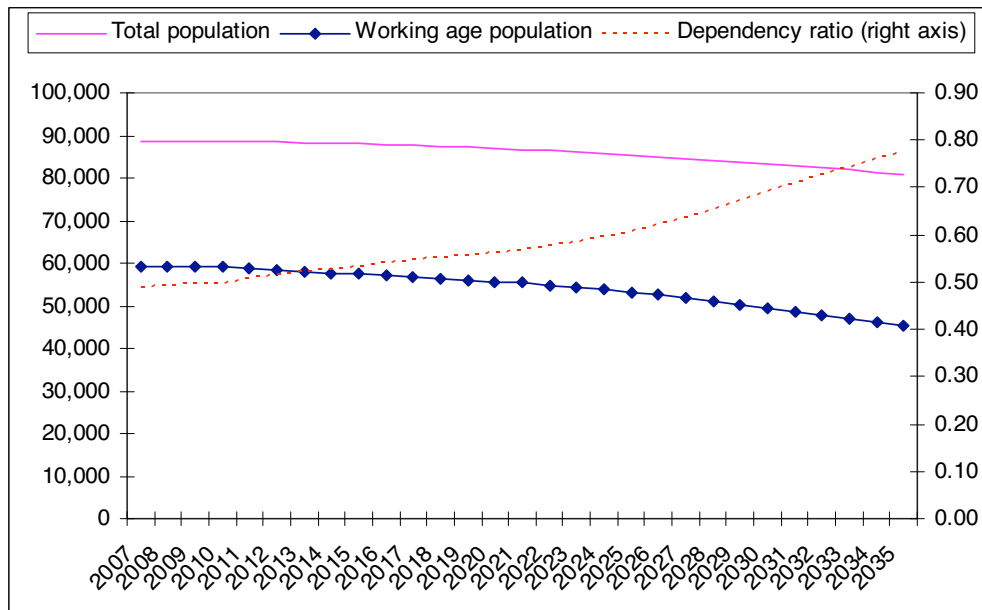
The detailed work underpinning the *Imagine Jersey 2035* process shows that the economic impact of ageing comes out through key demographic trends:

1. Increase in numbers of people over 65 – by 75% by 2035 (and the associated costs in terms of health expenditure and States pension provision).
2. Decline in working age population – by 25% by 2035 (and therefore workforce, employment and overall level of economic activity).
3. Decline in the school age population-by 27% by 2035 (and therefore a decline in school places and investment).

Under the scenario of no net inward migration these demographic trends combine to lead to population decline. By 2035 the population would fall to just over 80,000 and by 2065 it would be just over 60,000.

Chart 1.1: The impact of the ageing population

population numbers, dependency ratio (those above and below working age as proportion of those of working age) under no net inward migration



Source: Statistics Unit Population model

The fact that people currently living in the Island are going to age is a trend that cannot be avoided. We know the make up of the current population by age, which gives us certainty about the extent of the impact in Jersey. Ultimately, ageing will mean that there are significant additional costs that need to borne by those resident in the Island. Improved public sector efficiency may help to mitigate such costs but at the same time there will be other factors (e.g. the rising costs of public services such as health) that will serve to amplify the costs.

The decline in the working age population will bring with it a decline in economic activity (assuming participation and productivity remain unchanged). Even with a given population level this impact can be mitigated by increasing participation and productivity.

Increasing participation and productivity combine to offset the decline in economic activity precipitated by the fall in the working age population. In other circumstances where the working age population had remained constant, the combined effect would have lead to economic growth. The Jersey economy has benefited from periods of sustained economic growth in the past which have allowed Islanders to enjoy a higher standard of living in terms of the goods and services they can buy and the level of public services available, while personal and corporate tax rates have remained low.

The ageing population is not the only economic challenge that the Island will face in next 30 years. It could face additional pressures from any number of factors, many of which we cannot predict and others from more familiar sources such as:

- Rising cost of/standards in public services e.g. health care
- Competitive economic challenges e.g. corporate tax
- Pressure from the OECD and Europe

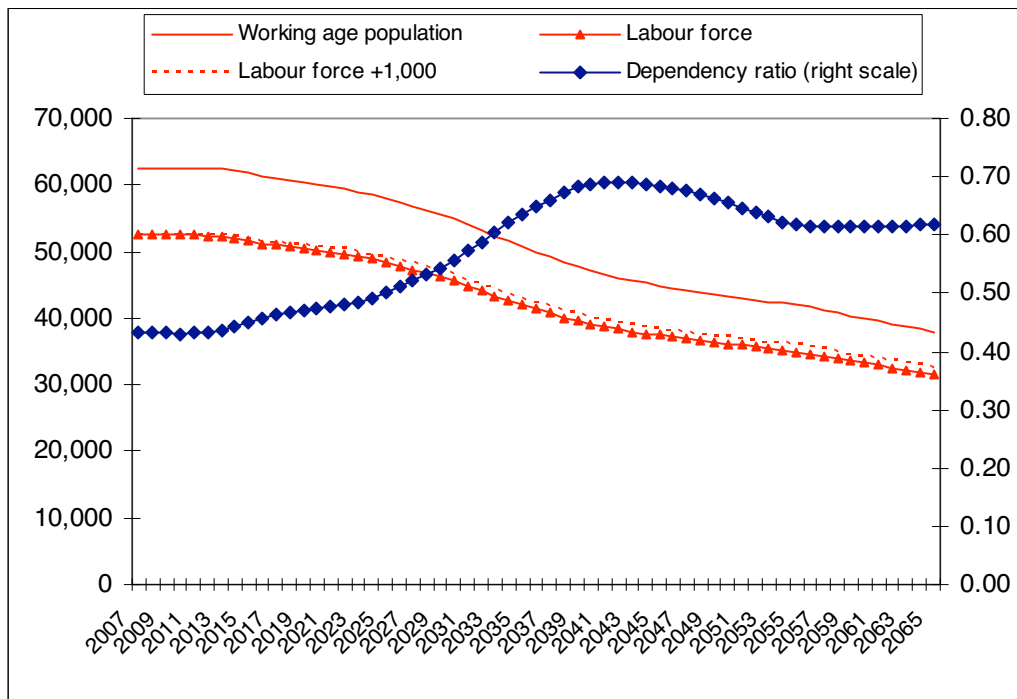
Increased participation and productivity would normally work to combine to meet some of these challenges. However, if they have already offset the costs of the ageing society there will be nothing left in the tank to meet any additional challenges.

If Islanders want to continue to see their standard of living rise the aim should be to provide a stable economic base that can allow the economy to grow. This means an adequate pool of labour that combined with higher participation and productivity growth allows economic growth that will meet Islanders' aspirations for a higher standard of living.

Under net nil migration it is very hard to see how this can be achieved. The chart below shows that even if the working age rises to 16-67 (and with constant participation the workforce declines less sharply) there is a significant decline in the working age population and a sharp rise in the dependency ratio. Even if a significant improvement in participation was possible under such circumstances – to the tune of 1,000 people over the course of the next twenty years there would still be a significant decline in the labour force – by nearly 20% between 2007 and 2035.

Chart 1.2: Raising the working age and increasing participation under net nil migration

working age (16-67) and labour force numbers, dependency ratio under net nil



Source: Statistics Unit Population model/Economics Unit calculations

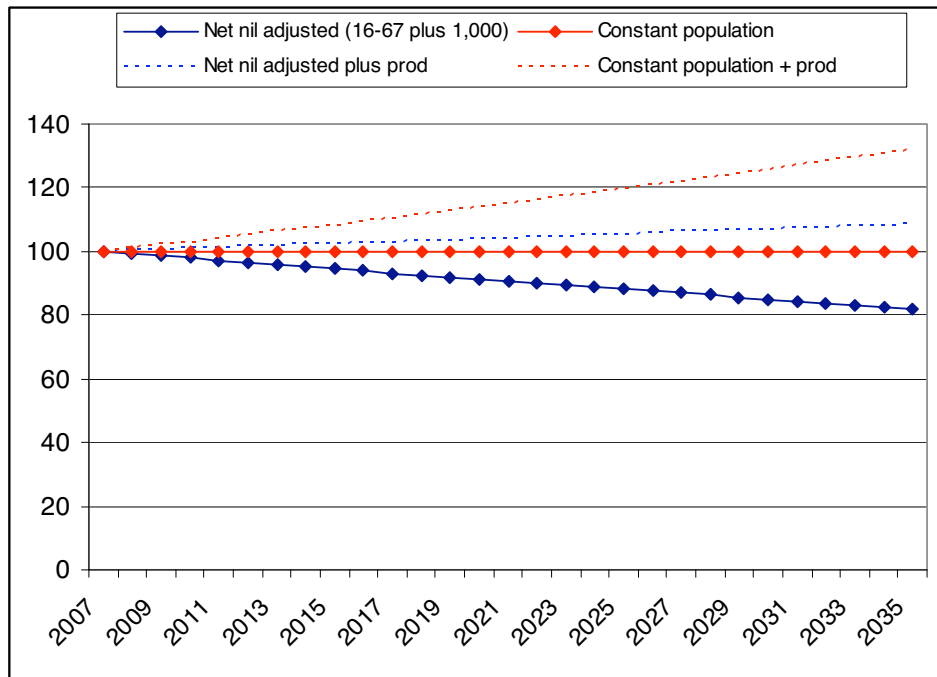
Net nil migration is therefore a recipe for economic decline. The size of the impact cannot be realistically mitigated by simply getting people to work longer.

It would be possible to offset some of this decline through higher productivity growth but it is also likely that if the Island was to experience such decline in the labour force it would be sucked into a downward spiral. That would actually lead to people and businesses leaving the Island, a greater decline in economic activity and the labour force contracting at an even sharper rate.

The chart below tries to illustrate the wider economic impact in terms of Gross Value Added (GVA) under a number of different scenarios.

1. *Net nil adjusted*: illustrates what would happen to GVA (in real terms), assuming that the labour force falls to the extent that it does under the net nil scenario with a working age of 16-67, constant productivity and an increase in participation of 1,000 (at average levels of productivity). This leads to a like for like fall in GVA of just under 20%.
2. *Constant population*: illustrates that if the population, participation and productivity remained constant so would real GVA.
3. *Net nil adjusted + prod*: illustrates what would happen if 1 above was combined with 1% p.a. productivity growth. Over the course of the 28 year period GVA would expand slightly by just under 10% or an annual average rate of 0.3%.
4. *Constant population + prod*: illustrates what would happen if 2 above was combined with 1% p.a. productivity growth. GVA would grow by 1% p.a. or by 32% in total by 2035.

Chart 1.3: Wider economic impact of different trends in the labour force and productivity
Real GVA, 2007=100

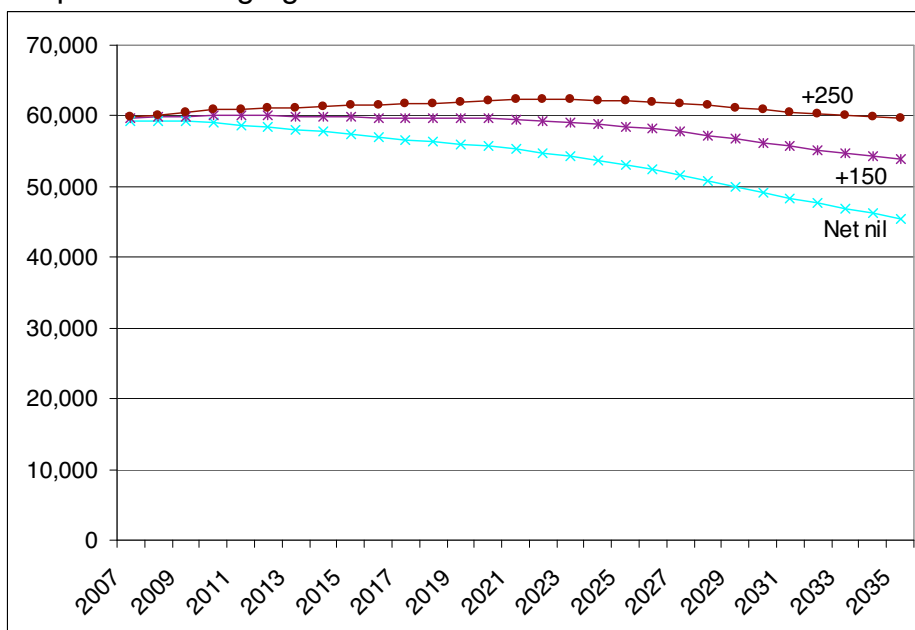


Source: Statistics Unit Population model/Economics Unit calculations

The only other way to offset a decline in the labour force is through inward migration. *Imagine Jersey* told us that inward migration was acceptable if it was moderate and controlled. But the question remains as to what level of inward migration would provide a suitable base in terms of the labour force.

Chart 1.4: Working age population under different inward migration scenarios

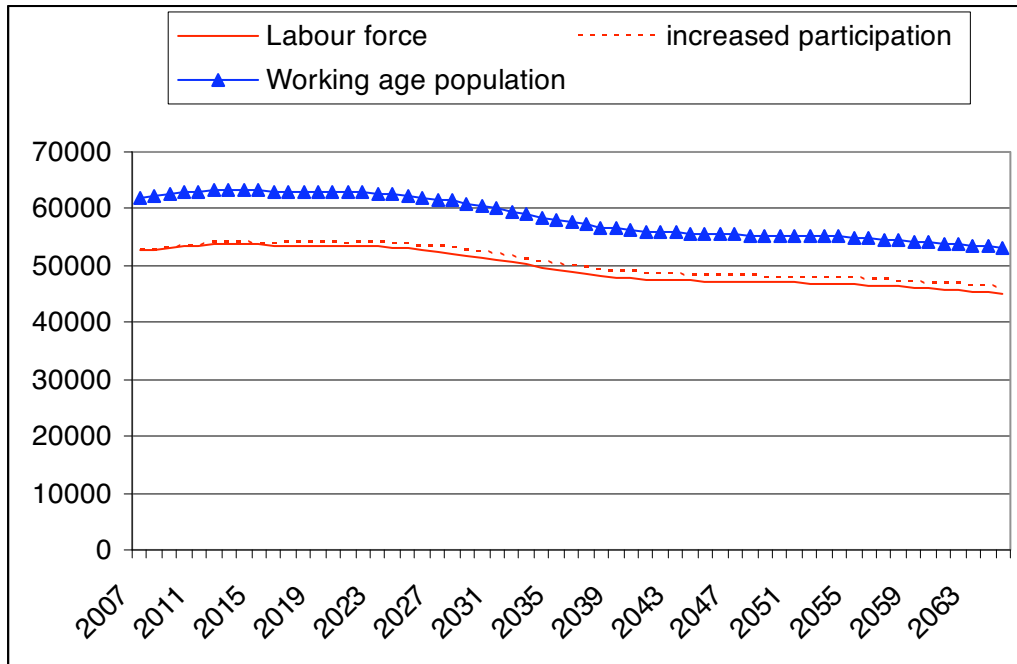
People of working age of 16-64



Source: Statistics Unit Population model

It is clear from the chart above that even with inward migration of 150 heads of household per year the working age population falls by 10% over the course of the next 30 years. It is worth considering what would happen to the labour force in terms of raising the working age, with constant and increased participation.

Chart 1.5: Working age population and labour force under +150
people of working age of 16-67, increased participation of 1,000

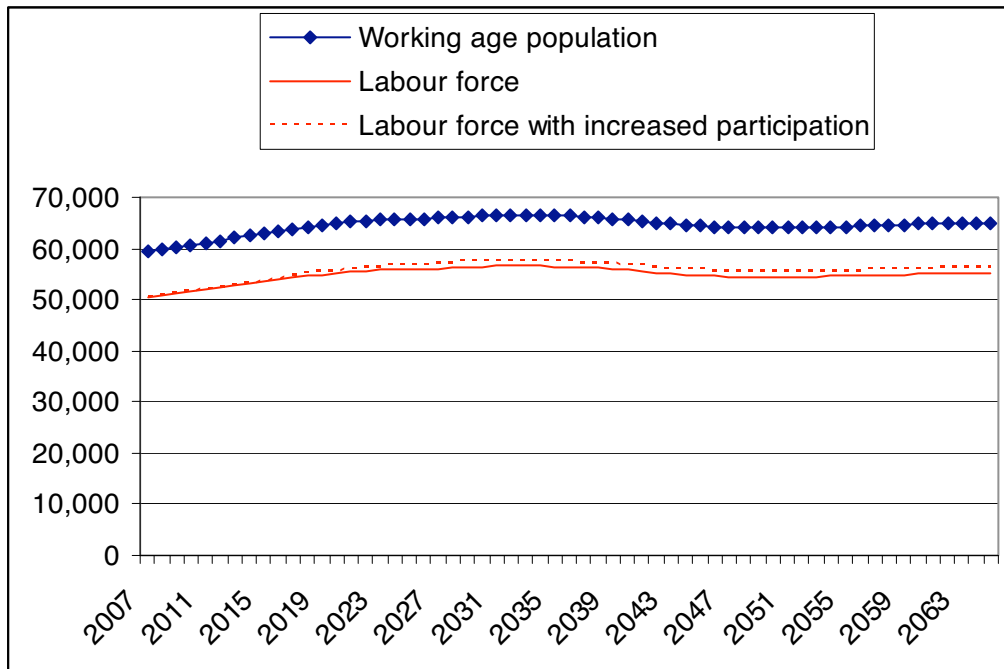


Source: Statistics Unit Population model/Economics Unit calculations

Under the circumstances outlined in the chart even with an increase in the working age and increased participation of 1,000 (by 2027) the labour force declines by 4.5% by 2035.

The next chart looks at the same circumstances for the +250 scenario. Under these circumstances the labour force would grow by 14%.

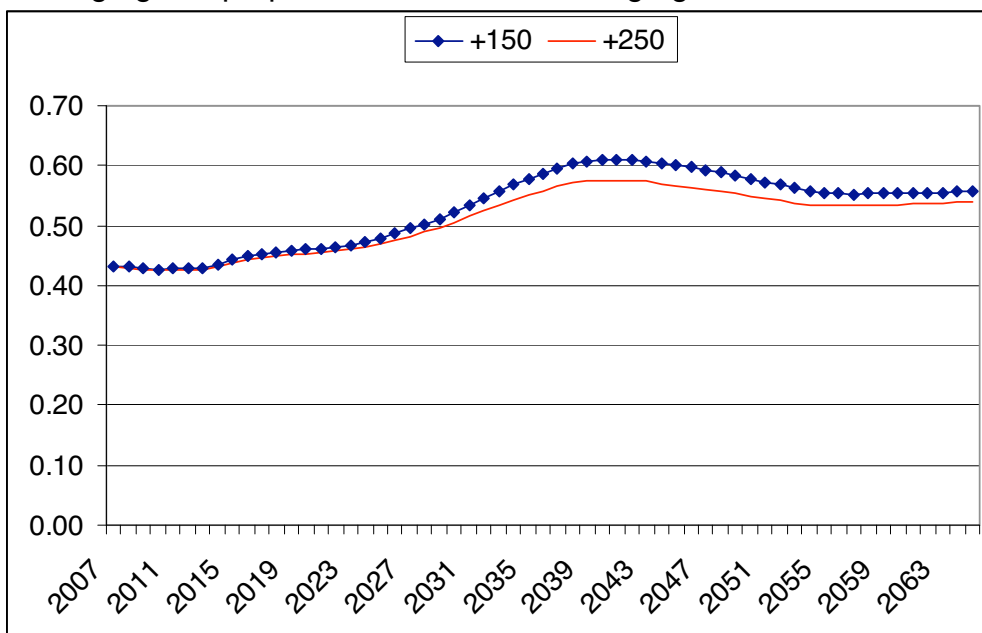
Chart 1.6: Working age population and labour force under +250
 people of working age of 16-67, increased participation of 1,000



Source: Statistics Unit Population model/Economics Unit calculations

Would such levels of inward migration store up trouble for the future? The chart below shows this is not the case because the dependency ratio does not continue to rise and actually falls after 2035. Similarly the population level does not continue to rise.

Chart 1.7: Dependency ratios under +150 and +250
 people of working age of 16-67, dependency ratio = those above and below working age as proportion of those of working age



Source: Statistics Unit Population model/Economics Unit calculations

The wider economic impacts of the changes in the labour force under +150 and +250 are illustrated below, under different assumptions about productivity.

1. *+150 adjusted*: illustrates what would happen to GVA (in real terms) assuming that the labour force falls to the extent that it does under the +150 scenario with a working age of 16-67, constant productivity and an increase in participation of 1,000 (at average levels of productivity). This leads to a like for like fall in GVA of just over 4%.

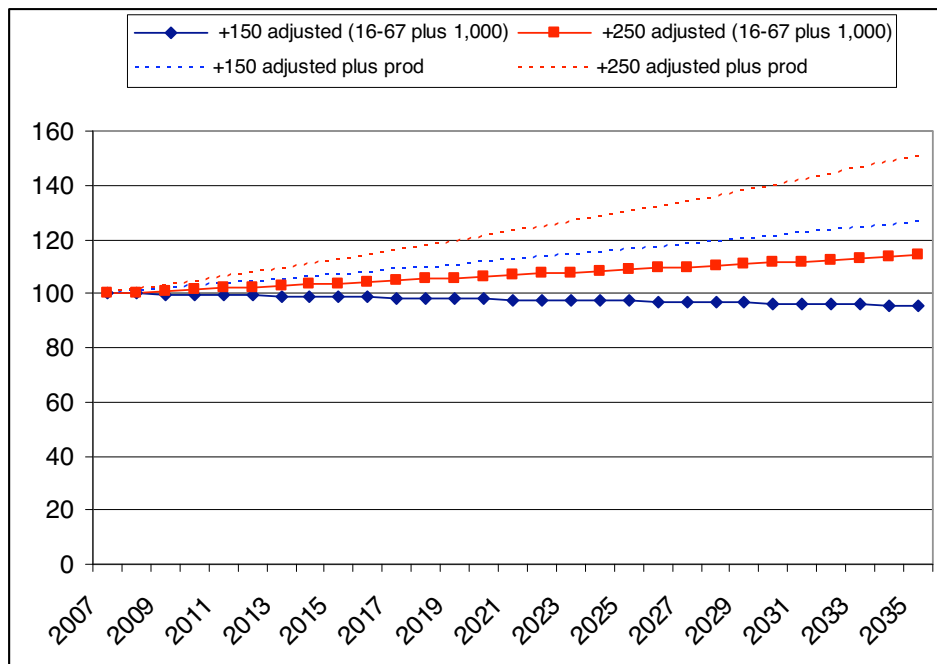
2. *+250 adjusted*: illustrates what would happen to GVA (in real terms) assuming that the labour force increases to the extent that it does under the +250 scenario with a working age of 16-67, constant productivity and an increase in participation of 1,000 (at average levels of productivity). This leads to a like for like increase in GVA of 14% or 0.5% p.a.

3. *+150 adjusted + prod*: illustrates what would happen if 1 above was combined with 1% p.a. productivity growth. Over the course of the 28 year period GVA would expand by 26% or an annual average rate of 0.8%.

4. *+250 adjusted + prod*: illustrates what would happen if 2 above was combined with 1% p.a. productivity growth. GVA would grow by 50% in total by 2035 or 1.5% p.a.

Chart 1.8: Wider economic impact of different trends in the labour force and productivity

Real GVA, 2007=100



Source: Statistics Unit Population model/Economics Unit calculations

Key points

To provide a stable workforce on which to build further moderate economic growth it will be necessary to:

- Sustain average productivity improvements of at least 1% a year, every year for the next thirty years.
- Shift to higher value activity
- Improve participation within the existing population.
- Facilitate a significant increase in the working age.
- Allow inward migration in the region of +150-250 a year.
- Accept that Islanders will have to meet some of the costs of ageing through paying more.

The analysis supporting *Imagine Jersey* showed that the fiscal impact of the ageing population under no net inward migration would be to open a deficit of £140m p.a. by 2035. This was based on assumptions that expenditure per head in the economy stayed at current levels and that at today's personal and corporate tax rates, tax revenue declined as a result of less economic activity. It indicated the scale of the impact on the economy rather than a precise forecast of the fiscal deficit in 2035.

While this £140m deficit would never appear in practice – not least because the Island would run out of money and tax and spending levels will change – it is worth examining whether the above combination adds up. That is, using the estimates from the *Imagine Jersey* analysis, (which are estimates to give an idea of the relative scale of the impact of different policies) is it possible to meet the costs of the ageing society and also have the flexibility to meet other challenges?

The table shows that it is possible to combine productivity growth, increased participation (including working longer), raising the States pension age, slightly higher tax/social security contributions and moderate inward migration to mitigate the impact of the ageing society and provide scope to meet other fiscal challenges that will arise over the next 25 years. It is worth remembering that such a balance could not be achieved without some level of inward migration.

Table 1.1: The impact of the different policies

Measure	Fiscal Impact p.a. by 2035
1% p.a. productivity growth (at +150-250 levels of inward migration)	£40-70m
Shift 2-3,000 into high value (finance or equivalent)	£20-30m
Increased participation : 2,000-3,000 people (part-time and full time)*	£10-15m
States pension age increases by 3-4 years	£30-40m
Islanders pay more in taxes/ contributions	£20-30m
Inward migration of +150-250 heads of household	£10-20m
Total	£130m – 205m

*This assumes that 1,000 -1,500 part-time employees move into full time employment and 1,000-1,500 people move from inactivity (e.g. looking after the home, early retirees, long-terms sick etc) to full time employment.

How can this be achieved?

Growing the economy/increasing productivity

Growing the economy actually means producing more goods and services and making higher wages and profits for Islanders and Island businesses. The main ways of achieving this are either by acquiring more resources of land and labour or by increasing the GVA per head – productivity - of those in employment (through use of new technology, skills, innovation etc).

More resources of land and labour:

- Land is very limited in a small Island economy with a high premium on green fields
- Increasing the amount of labour involves either increased participation and/or inward migration.

Increase GVA per head/productivity

- This is about doing more with the resources we have and involves focusing on greater efficiency and skills, innovation, technology etc.
- Can also involve a move to high value – an increase in the proportion of workforce in high value activity such as finance and less in the low value added sectors outside finance.

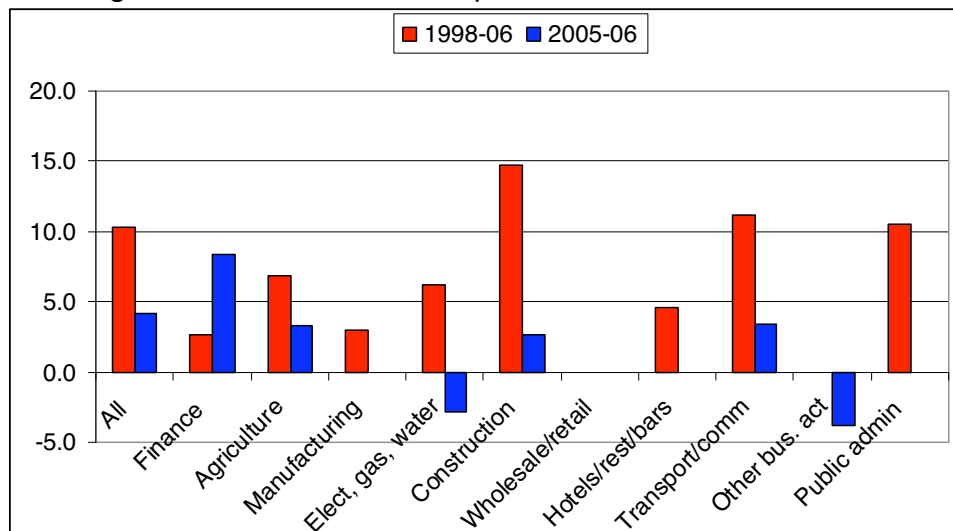
The analysis supporting *Imagine Jersey* suggested that 1% productivity growth might be achievable over the long term through the first route of greater efficiency. This would mean business as usual for ED and continuation of the current Economic Growth Plan into the medium term which focuses on the key aspects of productivity:

- Skills
- Investment
- Innovation
- Competition
- Enterprise
- Macro stability

The chart below looks at productivity growth as measured by GVA/FTE by sector and shows that there has been a varied performance by sector. If we are to properly understand what needs to be done to improve productivity in Jersey we need a better understanding of **sectoral** productivity performance. This includes identifying what the barriers are to productivity improvements and how they can be made.

Chart 1.9: Productivity across the Jersey economy

% change in GVA/FTE over time period shown

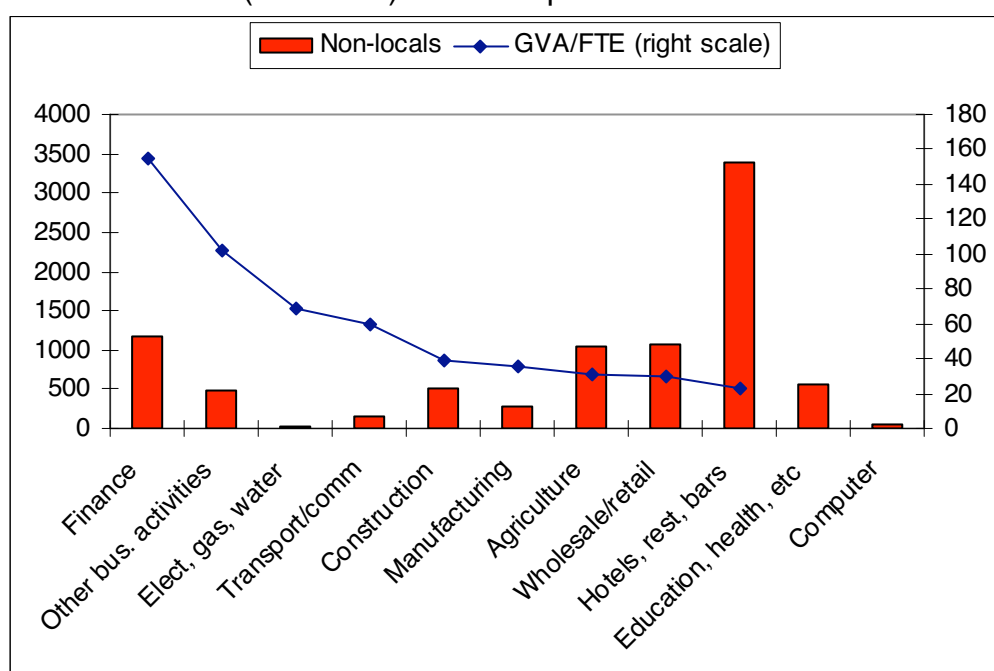


Source: States of Jersey Statistics Unit/Economics Unit calculations

Shift to higher value activity

The analysis underpinning *Imagine Jersey 2035* showed that there could be scope to grow the economy through a move to higher value added activity although there will be limits to the extent to which it can be done. The chart below shows that there is a clear situation in current economy where non-locals are concentrated in low value added sectors.

Chart 1.10: Non locals by sector and GVA/FTE
no. of non locals (ex. J cats) and GVA per FTE in £000s



Source: States of Jersey Statistics Unit

What policies can help achieve a shift to high value added activity?

- Inward investment – the ‘Jersey proposition’ – attract high value/low footprint businesses to the Island. Focus on Jersey being open for business. Promote and support Jersey as a good location for business. Potential to develop clusters of desirable industries.
- RUDL policy – can also facilitate growth/entry of high value activity and structural change within existing sectors (low to high value added).
- Growth in finance - drive for enhancing competitiveness, expanding existing business, new markets, new businesses, new sectors.
- Productivity growth in low value added sectors – ties in with improving productivity above.

Increased participation

In Jersey we need to properly understand the group of people who are economically inactive, under what conditions they would return to work (if indeed they would) and what barriers need to be addressed. The four key groups to focus on are:

- Women looking after the home
- Early retirees
- Long-term sick
- Unemployed

Their circumstances need to be properly researched and understood and consideration given to whether any of the following are barriers and whether the government has a role in removing them:

- Childcare – provision and/or cost
- Flexible working
- Incentives for early retirees
- Health of population/long-term sick
- Training etc for those currently unemployed

Basically, we need an evidence base on which to develop policy.

Paying more

When considering any increase in taxes and/or contributions it is of critical importance to think of the impact on the Island's competitiveness, in addition to considerations around equity and efficiency of collection.

Paying more to meet the costs of the ageing society means contributing to the increased costs of healthcare and pension provision. That naturally suggests two potential ways of meeting these costs:

1. A significant proportion of the increase in health expenditure related to the ageing population is due to higher long-term care costs. New Directions has already suggested that a separate health fund should be set up to cover the increase costs of long-term care. If consultation highlights a public and political desire to meet costs in this manner then such a system could be designed to meet these requirements. Decisions would need to be taken as to who should pay and what the base should be. While this would be an extra cost borne by Islanders if it was clear that it removed the uncertainty about how future long-term care needs would be met it could also have some benefits.
2. The UK Government Actuary stated in their last report that if current contribution rates and benefit levels were kept constant then the ageing demographic would mean that the surplus on the fund would be extinguished by 2035 and that contribution rates would have to rise to 16% from then onwards. The largest impact of the ageing society is through the need to pay out significantly more in pensions than are taken in contributions.

Raising social security contributions do have economic risks attached with them. Not least that they can impact directly on firms' competitiveness because they impact on Jersey businesses at and home and those that export while importers and non-Jersey firms competing in export markets are not affected. That said, from a practical standpoint it would be straightforward to manage a potential shortfall in the social security fund with direct payments into it and in the long-term the economic impact is likely to be little different to that if the same amount of money was raised through taxation.

It would have to be accepted that if the economy was constrained over the long-term in the manner outlined above (growth in the labour supply will be restricted) that there could well be circumstances when other forms of taxation would need to rise to meet as yet unforeseen costs. Although if the Island faced a new challenge that meant additional tax revenue was required the balance between population growth, productivity growth and economic growth could be revisited.

Appendix 2: Social Policy

Background

The Social Policy Framework was approved by the Council of Ministers on 22nd March 2007 and published in May 2007. On the same day, the Council of Ministers also agreed, in principle, to implement the four corporate recommendations contained in the Framework.

In brief summary, the Framework quotes a goal of

Independent households enjoying life in a thriving community

which requires engagement and behavioural change by Islanders to enable them to feel more in control of their own lives. It is questionable that this is goal for a co-ordinating Framework; it is more like a strategic objective but it does fit with the vision expressed in the Strategic Plan. The Framework then suggests three principles to guide policies and initiatives,

- ***Promoting independence***
- ***Supporting those at risk***
- ***Protecting those in need***

Four corporate recommendations are then offered to assess, to deliver, to understand and to review social policies,

- ***All major initiatives that impact on social issues in Jersey should be assessed against the aim and key principles of the Social Policy Framework,***
- ***The States should develop a joined up system of “Support Pathways” that provide tailored support, to help people experiencing problems to build an independent future or reduce levels of dependency,***
- ***Introduce a systemically designed and managed corporate process for the collection and analysis of data to inform and evaluate social policy decisions in Jersey,***
- ***A formal process should be introduced to –***
 - ***Produce an annual Strategic Social Assessment***
 - ***Issue overarching Policy Recommendations***
 - ***Rigorously review compliance***

Finally the Framework defines 10 aspirational success factors which describe how successful conversion of the vision might feel and be measured. These success factors show some duplication between one another as well as being “exclusive” in some areas to older people. Clearly the ageing population is a major challenge but focusing on one particular group, without careful consideration of the effects on the whole population and other parts of it, can result in unwanted consequences.

However a simple analysis of the success factors reveals that social policy, like other policy areas cannot stand alone. Indeed not only is there “internal” overlap between the factors but there is also considerable overlap with other policy areas particularly economic and environmental. The goal itself is not mutually exclusive. Independent households cannot **enjoy life** without economic, environmental and social policies working together and a **thriving community** would be impossible without all policy areas working in concert.

Assessment of the Framework

The Social Policy Framework is an excellent piece of work that does describe a mechanism by which policies can be monitored and evaluated although it is detached from other policy areas and therefore may suffer from an academic or theoretical approach rather than a practical approach. Covering such a wide range of issues, the document itself might be criticised by some interested parties for either too much or too little emphasis on particular areas, nevertheless it is a sound foundation on which to build a necessarily flexible framework for policy evaluation.

To succeed in social policy initiatives, the Framework suggests that the public needs to be involved and engaged in developments as it is the public’s collective and individual behaviour that is being targeted for change. The Framework is relatively silent on public involvement and this was evident from some of the voluntary (and business) sector correspondence which was critical of the Framework in this regard and aggrieved at the lack of involvement in the development of the Framework.

The Council of Ministers has already approved the Framework and agreed in principle to the four corporate recommendations.

➤ **Assessment of major initiatives**

The recommendation is that any social policy proposal should be assessed against the aim (goal) and the key principles of prevention, rehabilitation and support. This may be a rather narrow assessment given the links between social policy and other areas of policy. It is also fair to say that most social initiatives could be slotted into one of the three principles, whilst others would be initiatives that work along the dependency continuum from no dependency to complete dependence. Comparing these different types of initiatives will be difficult particularly if allocating resources and determining priorities becomes a factor.

Assessments need several “pegs” on which to hang the concept of dependency. This is not a new idea and EU, UN and UK papers hold a raft of suggestions that effectively boil down to six factors, but obviously can be extended or reduced with time and experience. In simple terms, these assessment factors are social policy objectives that affect State dependency.

- Greater workforce participation
- Improved health status of the population

- o Improved educational status of the population
- o Adequate housing
- o Adequate income
- o Better social behaviour

Using these criteria would also allow links with other policy areas to be made more easily.

Obviously initiatives still have to be assessed against other criteria; resources (money and manpower) and impacts on business, for example. In this particular field, however, it is important to assess the timescales for both implementation and impact as well as a detailed assessment of the numbers of people affected which should wherever possible be based on Jersey specific evidence.

All jurisdictions have to cater for urgent social policy initiatives along side the more considered predictable policies. In small jurisdictions, the effect of the “single agenda” pressure group with perceived urgent needs may be more pronounced than in larger jurisdictions and may deflect longer term strategies. The balance between genuine urgent immediate need and longer term strategy has to be controlled in a way that allows more formal communication between the public and government.

➤ **Gateways and Pathways**

Out of the four corporate recommendations, the identification and provision of tailored support pathways accessed through gateway agencies will take the longest to develop. The simplest reason for this is that this area contains the bulk of resources which in turn are allocated through Departments. Many pathways will involve cross Departmental development and potential use of resources by different agencies both State and private sector. In theory the idea of gateways and pathways is commendable and possible but practically it will be difficult, and may lag behind the other recommendations.

However, bearing the difficulties in mind, there should be an agreement on the principles of State intervention and how gateways and pathways should be developed. The States Strategic Plan recognises the States as an enabler; it allows families and businesses to get on with life independently. The balance between State intervention and personal freedoms is governed by the States wish to exercise a “light touch” approach. The States should only intervene, therefore, when asked to, when necessary to avoid further problems or ultimately when there is an urgent need.

The Social Policy Framework suggests identifying gateways for specific life events to enable “early assessments” to be made and “where appropriate intervention and support” given. This suggestion, perhaps, fails to recognise that the majority of families sail through life events without the need to involve the States to a large degree. Furthermore, given the right information at the right time, even more people and their families might sail through life events

independently. As well as providing a co-ordinated information package at particular life events, more targeted but passive information could be provided, health promotion and pension forecasts might be suitable examples. More active information leading to interventions such as health screening may also flow through this information distribution system. Releasing information, inevitably leads to a public response and Customer Contact points should be aware of the timing and the information being released and be fully scripted to respond.

The principle or strategy to release co-ordinate information to cover life events does not necessarily mean that interventions should also be made at these times. Asking for help does not necessarily mean that there is a problem. Many pensioners, for example, claim a pension automatically without a problem yet might have health problems that are identified by the GP. A 20 year old might become unemployed and find work without States help but when he reaches 55 he might need help. The point to be made is that help tends to be asked on a specific “functional” problem although the underlying cause may lie elsewhere. This behaviour is unlikely to change and therefore it would be better to continue with gateways at a functional level rather than life events. However this functional gateway should be equipped to pose pertinent and sensitive questions to identify root causes and where appropriate which specific support pathways to activate.

Developing pathways will require knowledge and expertise in the provision of services in Jersey. This knowledge exists in the key workers of States departments, the voluntary sector and individual service providers (The Bridge, GP Surgeries, Family Nursing etc). Relevant Departments should take the lead in bringing these people together to identify the information that needs to be delivered at life events and to identify major gateways and pathways. Although Jersey is a small place, time could be wasted in trying to identify every possible combination of problems and eventualities, complicated cases with complex problems should be handled by a “case conference” mechanism.

Finally the Social Policy Framework identifies the problem of “institutionalised social protection” with the example of 20% of households living in States social housing having incomes too high for rent abatements with some having incomes in the top 40% in the Island. Whilst recognising that some people will always need some States help, the principle to reduce dependency where possible to the point of total independence needs to be understood by providers and the public. Exit strategies should be incorporated into developing pathways.

➤ **Collection and Analysis of Data**

Corporate recommendation 3 is an imperative regardless of the success or failure of the Social Policy Framework to co-ordinate policy development. Policies cannot be evaluated without coherent facts and figures about Island life. Comparisons with other jurisdictions cannot be made without these statistics, and more importantly specific Jersey circumstances cannot be

identified to explain differences and anomalies. This is important because quite often, initiatives and ideas are presented based on the extrapolation of statistics (usually from the UK) which although indicative may not represent the position in Jersey accurately.

The presentation of social information is being developed across the world with suggestions and templates emanating from organisations such as the EU and the UN. In essence the same format is beginning to take shape with 3 basic layers of information suggested

- o Context - basic information
- o Primary – headline social information which might contain data specifically important to the country
- o Secondary information – detailed information across all aspects of social policy

The data and information is not about specific performance of social programmes. It is factual data which programmes may well influence whether they perform well or poorly.

It is clear that there is good deal of data and information that could be drawn together into a coherent whole. This should be compiled at Department level but collated by the Statistics Unit. However it is important that the data and information is subject to proper and robust interpretation and to this end it is suggested that a group of experts be drawn from Departments, who understand information requirements, to analyse the data. The first job of this group may be to ascertain what information is available, to share it with each other, identify gaps and then to develop the information template every year so that it continually evolves to meet the needs of policy makers.

This information group should also meet to develop the Jersey Annual Social Survey. This very useful survey is very focused but not necessarily cohesive or coherent. Departments do indeed bid for space in the survey, and this should be encouraged, but there probably needs a more robust method of allocation which the group could deliver.

➤ **Social Policy Assessment**

As mentioned previously, the Social Policy Framework was approved by the Council of Ministers on 22nd March 2007 and launched in May 2007. Initially, the idea of producing a Social Policy Assessment in 2008 seemed ambitious. However, on reflection and review of the plan, an Assessment could be possible based on the information and data available and would be timely before the elections bringing together the strands of the Framework as a foundation for the new Council of Ministers.

Appendix 3: Environmental Policy

Imagine Jersey 2035

Consequences for the environment of allowing more people to live in Jersey

The challenge

The consequences of responding to Jersey's ageing population have opened up a new public debate about the apparent tensions that exist between maintaining economic growth and at the same time protecting the environment.

It is apparent from what has been said in the course of this debate that the public broadly agrees that allowing more people to live in Jersey is undesirable but necessary, and that they have serious concerns about the price they think they may have to pay to ensure that our current economic success continues.

In essence people are questioning, as they have been encouraged to do, what is important to them; what is it that defines their quality of life? And what must we do to make sure that economic development protects and improves quality of life, rather than putting it at risk?

Various concepts of environmental sustainability exist and it is worth being clear as to where Jersey currently stands. For instance if we apply as a test of sustainability that the Island should be totally self-sufficient, with no imports or exports, then clearly the population that could be supported would be a small fraction of what currently exists, perhaps a few thousand people living a subsistence farming lifestyle.

But Jersey is not self-sufficient, and it exists by trading in of foodstuffs, goods, products and services. This allows for numbers of inhabitants that far exceed the natural carrying capacity of the Island. In this reality the only real checks on population numbers are the ability to sustain those flows of goods and services and the willingness of the population to tolerate the conditions associated with higher density living. Densities of populations elsewhere in the world tell us that much higher populations can be sustained. Thus there is an element of choice about the type of place we want to live in.

Virtually all original natural habitat in Jersey has been lost or modified but we ascribe significant value to the managed landscape that owes its shape and form to generations of farming activity.

Key biological targets relate to the preservation of bio-diversity in the Island and maintaining Jersey's capability to support migratory species. These can be damaged by inappropriate land use, poor farming practices or more fundamentally, by development. The most important sites are protected and it is assumed this protection would continue even in the face of greater

demands for development. The impact on landscape and the loss of visual amenity would be more significant problems.

Taking a wider environmental perspective, an increasing population could adversely affect factors such as air and water quality, lead to over-exploitation of water resources, and give rise to increased emissions of greenhouse gases and trans-boundary air pollutants.

Core policy questions are :

- What will moderate growth in the population mean for housing supply and demand over the longer term?
- How will meeting housing needs and other pressures for development affect the countryside?
- Is it possible to mitigate the impacts of a larger population in areas such as energy use, transport and waste?
- Will public services such as waste disposal, roads & car parks, need to grow to accommodate more people?

Context

Protecting the environment and maintaining open green space have come through as key issues with high levels of support, and there has in recent years been a major shift in public attitudes on environmental issues; for example, the very high use that is being made of waste recycling facilities.

There is a clear public desire and willingness to take on and solve environmental issues; for example 10,000 people attended the Planet Jersey event last year at which ECO-ACTIVE was launched, and many high profile Jersey Businesses are taking up the challenge of ECO-ACTIVE Business accreditation programme that was launched earlier this year

Environmental issues are not just about our local situation. The current spike in world oil prices is a powerful reminder of the importance of energy security for our economy and households. It is not a temporary blip – the present turmoil over energy and food supplies is a warning of a possible future of scarcity unless the world gets its act together.

It is clear that without dramatic action now there will not be sufficient food, water and fossil fuel energy to maintain the world population that is predicted for mid-century. There is a window of opportunity for action of maybe 15 years, beyond which effects are likely to become irreversible and massively damaging.

Recent economic studies, such as the Stern report on Climate change, have shown that the impacts of these environmental issues will have massive, global economic impacts and defence analysts have concluded that the potential for conflict over environmental resources is one of the most significant threats faced in this century.

Communities that care for their environment are strong communities. People who take the trouble to recycle their waste show that they understand the imperatives of the world in which we now live. People who think about how to save carbon are doing more than just saving money.

Our international reputation and future energy security are matters that affect the whole community. If we take the right action now we will create a legacy that will prove as valuable to our successors as anything we have inherited.

There are important opportunities for Islanders and Island businesses. For instance, we will all benefit from the lower energy costs that follow from using energy more efficiently.

The States as a major employer will need to give a lead. Efficient use of energy, water and materials must be seen as a vital part of being an efficient business operation for our taxpayers. We should also be more efficient in our use of floor space, thereby reducing costs such as heating bills.

What is already in train?

In the current Strategic plan we adopted the aim of showing the world that economic and environmental success can work together. There has already been some great progress in this area. For instance

- In December 2006 Jersey requested the extension of the Kyoto Protocol to the Island. Since then, considerable work has been undertaken in developing an Energy Policy for Jersey that includes commitments to reduce greenhouse gas emissions.
- ECO-ACTIVE and ECO-ACTIVE Business have been launched with support from Standard Chartered and HSBC
- Waste recycling rates have been increased and the target has been increased from 32% to 36%, this is actually as good as or better than our neighbours, but we shall strive to increase it further in a manageable way.
- Plastic bag use has been massively reduced through the 5 p charge, a change which did not require legislation or additional manpower
- Legislation is now in place to manage our Water Resources and Waste Management and to penalise those who would waste or mismanage our valuable resources.
- Bus ridership has increased
- The Integrated Coastal Zone Management Strategy has been lodged
- The Countryside Renewal Scheme has been established.
- Biodiversity Action partnerships have been created to protect rare or declining species.

What are the priority areas for action and future policy?

There are unsustainable trends in our society that will become worse under an increased population unless we take action now to reduce the impact that we all have.

There is significant capacity to improve Jersey's environmental performance by adopting different behaviours that reduce our demands. It is entirely possible to use less, create less waste and pollution and to save money at the same time. We can break the "predict and provide" relationship to infrastructure planning which is based on assuming current trends of growth will continue. We can even manage to sustain a higher population with similar or even better environmental performance than currently exists.

There are four key areas where unsustainable trends in Jersey need to be turned around,

1. Energy use
2. Generation of waste
3. Transport
4. Development on green fields

Taking each one in turn:-

1. Energy use

Energy is essential to our way and quality of life, our economy and social equity. Currently the Island imports nearly all of its energy making it susceptible to changes in energy prices and interruptions in energy supplies. Today's population and in particular the developed world, is dependant primarily on finite resources of fossil fuels to support their economies.

There is overwhelming evidence that accelerated climate change is occurring and there is an International responsibility to control the emissions of Greenhouse Gases into the atmosphere. Sir Nicolas Stern's report in 2007 gave a clear message - If no action is taken the global costs and risks of climate change are equivalent to losing 5% of global Gross Domestic Product each year now and forever. However, the costs of action to reduce greenhouse gas emissions are far lower at about 1% GDP each year. In other words, it is cheaper to avert climate change than deal with its effects.

Ample, affordable energy is an issue of social equality; if residents cannot afford to heat their home it results in cold, damp unhealthy homes. The number of people living in fuel poverty may well rise over the coming decades if heating and electricity costs rise faster than incomes.

As a place to do business our environmental credentials are under scrutiny. For Jersey to continue to enjoy the confidence of the financial services

industry, tourism and agricultural exports, the Island must demonstrate that it is making meaningful efforts to reducing its carbon emissions.

However, with this challenge comes an opportunity. As the world changes and rises to the challenge of climate change and the inevitable decarbonising of the global economy, Jersey has the chance to lead the way. We can use our experience and credibility in the global market place in a future where business seeks to locate in sustainable jurisdictions.

Looking to the future it is clear that energy from carbon sources will continue to become scarcer and much more expensive. It would make sense to plan for how wind and tidal power could contribute a substantial element of our energy needs, possibly in conjunction with France and the other Channel Islands. It may be possible to pave the way now for when these technologies have advanced further and would play to Jersey's natural advantages.

2. The generation of waste

Each of us could produce much less waste than we do today, in fact it is essential that we do this to reverse the current trend where we are each producing more year on year.

Taking inappropriate materials out of the waste stream and finding more recycling solutions will reduce the amount of waste that has to be burnt or consigned to the reclamation site. This is good business as well as the right environmental solution.

Islanders have responded magnificently to the bring banks system and are ready to do more. The recently published 2007 social survey has identified that kerbside collection will be the factor that brings about the largest change in behaviour.

As more waste is collected for recycling then markets will have to be found for the recycled materials. Establishing these may initially cost more than just burning the waste but these costs will reduce in the medium term as markets for recycled material develop and stabilise.

The Parishes have a strong role in waste collection and a close relationship with their households. They are best placed to deliver the improved collection system needed for separated recyclable material and there are no real barriers to getting this underway now.

Free delivery of waste to the incinerator at Bellozanne does nothing to encourage thoughtful schemes to manage down the amount of waste we produce. The ambiguity over the Bellozanne covenant therefore needs to be resolved.

3. Transport

The strategic plan sets high ambitions for improving performance on transport.

There is enormous scope to reduce emissions from vehicles. Policies that favour low emission vehicles can be introduced immediately and over the medium term it is reasonable to assume that developments in both electric cars and alternative fuels will be having a significant impact.

Congestion can be tackled in several ways such as improving public transport and restricting town centre parking, also by planning policy to encourage more urban living that reduces the requirement for commuting.

Air quality standard failures are not widespread but are locally a problem in some streets in town. In the short term this can be tackled by managing traffic flows and in the medium term by having less polluting vehicles.

The Medical Officer of Health has advised that increasing levels of childhood obesity mean that the Island could be heading for an abyss of poor health in the future, with today's children having a shorter lifespan than their parents. To avert this crisis Islanders need to be more physically active and to eat better, more low calorie food.

The Island's 'Health for Life' strategy includes in its Action plan increasing physical activity including creating a dedicated joined up cycle network throughout the Island - addressing the complementary health aims to reduce traffic pollution and to get Islanders out of their cars and onto their feet and their bicycles.

Creating safer routes to schools, both footpaths and cycle tracks, will allow children to travel in a way that promotes their well-being and at the same time reduces congestion caused by the "school run".

A significant spin off benefit will be the existence of a comprehensive cycle and footpath network that can be enjoyed by tourists and Islanders alike.

4. Greenfield development

In the past Jersey has created new developments on green fields in response to the growing housing needs of its population. As the population has grown, more land has been taken, and demand has also been increased by the tendency of Islanders to live in smaller households.

Zoning of new land has also been seen as the only way to engineer the provision of first time buyer and social housing, where this could be required as a precondition for allowing development to occur at all.

The dispersal of new housing around the Island has also increased the number of workers making commuting journeys into town, often in single occupancy vehicles.

A further outcome of new greenfield zoning is the very large uplift in value that occurs for the landowner. It can be argued that the zoning, whilst serving a social need, creates a net loss of amenity to the Island and the benefit achieved by the landowner should be shared to offset this loss through a development tax or levy.

Experience in the UK and elsewhere has demonstrated that such a tax or levy can have unintended consequences such as stopping the release of land needed for new homes.

However Islanders have made it abundantly clear that they wish to see greenfield development minimised or avoided. This will require innovative planning solutions to deliver more housing units in town and at the same time altered aspirations of those homebuyers who traditionally would have expected a house with garden in the countryside. The provision of first time buyer housing will have to be extracted from all major development approvals and not just from newly zoned sites.

What additional problems arise from future population changes?

Net Nil Migration

On the face of it a static or falling population will create lower pressures on the environment, however the worsening position of public finances under net nil migration would lead to pressures on expenditure on the management of our important semi-natural areas and an associated loss of biodiversity. If this management were not maintained then important areas of managed landscape would be quickly engulfed by invasive scrub.

Lower populations would create less waste, use less energy and give rise to less pollution. However action is already needed to reverse trends in increasing energy use and greenhouse gas emissions, poor air quality, growth in waste arisings and meeting sewage discharge consent conditions. Experience elsewhere has shown that government intervention is necessary to drive through the required changes in behaviour and it is arguable that this is less likely under a scenario where public finances are in trouble.

Plus 150

Energy

Increased energy demand could be accommodated within the existing and planned infrastructure. Greenhouse gas emissions are likely to fall or not worsen.

Water

Water demand could be accommodated within the existing service infrastructure.

Sewage

The Bellozanne works is struggling to meet its consent conditions now, partly due to technology difficulties but also because of loading. Relatively small improvements to the plant would cope with this increase in population.

Air Quality

Air quality standard failures are not widespread but are locally a problem in some streets in town. This scenario would not significantly worsen the existing problem and with strong demand side measure could improve the current position.

Waste

Waste arisings under this scenario could be accommodated by the planned Energy from Waste plant. Waste arisings should be held steady by greater investment in recycling planned to begin in 2008. Carbon dioxide emissions from the plant will increase in proportion to the extra tonnage it is handling.

Development

Planners and Statisticians have estimated that the plus 150 scenario will give rise to about 5,500 extra households over the next three decades, all of which could be accommodated within existing zoned sites, developments within the town and anticipated windfall sites. From an environmental perspective it will be important to ensure that as many of these households as possible on the existing built footprint, maximising redevelopment of town sites and increasing urban densities wherever possible.

Plus 250

Energy

Increased energy demand could be accommodated within the existing and planned infrastructure until the mid 2020s when additional capacity costing around £55M would be required. Greenhouse gas emissions are likely to fall or not worsen under this scenario because of demand management measures and a trend of using electricity for domestic heating in new builds.

Water

Water demand could be accommodated within the existing service infrastructure.

Sewage

The Bellozanne works is struggling to meet its consent conditions now, partly due to technology difficulties but also because of loading. Improvements are required which can be up rated to cope with an increased throughput.

Air Quality

Air quality standard failures are assumed not to be widespread but are locally a problem in some streets in town. Strong traffic management measures would be required to ensure that the current position is not worsened.

Waste

Waste arisings under this scenario could be accommodated by the planned Energy from Waste plant. Waste arisings should be held steady by greater investment in recycling planned to begin in 2008. Carbon dioxide emissions from the plant will increase in proportion to the extra tonnage it is handling.

Development

Planners have estimated that the plus 250 scenario will give rise to about 8,800 extra households over the next three decades which is almost directly in balance with predicted supply.

Responding to the challenge.

At his 3rd June 2008 speech *Keeping Jersey Special – A vision for a Greener Island* the Chief Minister set out a programme of actions that will begin the response to these challenges.

Keeping Jersey Special is designed to deliver a sustainable Island community, at peace with itself and proud of its place on the planet, aspiring to use no more than its share of global resources and achieving at least a 60% reduction in carbon emissions by 2050.

The Key actions set out in this speech set the tone for how Jersey must prepare for the future environmental challenges it faces.

In the Short term

- Set up a new energy task force “Sustainable Energy Jersey”. Work to achieve this will begin in 2008 and it will be making a real

difference through for example the provision of grants for home insulation by the end of 2009

- Agree to let the contract for the new Energy from Waste plant which will be able to cope with an increased throughput of waste whilst delivering better emission quality.
- Parishes to implement separated kerbside collection of recyclable materials as soon as possible and support Transport and Technical Services in reaching and bettering their new targets.
- Begin trials of electric vehicles within the States fleet this year
- Launch a major new initiative with the Finance sector, to generate business opportunities in the global and local carbon market.
- Lodge before the summer recess an Energy Policy White Paper with measures to deliver at least a 60% reduction in carbon emissions by 2050, including in principle a broad based carbon weighted energy tax.
- Develop and publish an environmental Action plan for the States of Jersey, underpinned by an eco-audit of all States Departments by end 2010, fully implemented by end 2012
- All States buildings to have a target for the reduction of their carbon use. All schools and educational establishments to have similar targets. All new buildings to be insulated and constructed to meet carbon neutral targets

In the medium term

- Use the Island Plan review to reset expectations on housing and to put in place strong countryside and coastal protection policies.
- Deliver the majority of new homes on existing brown field sites.
- Preserve the productive agricultural land, as part of our heritage landscape and to deliver food security in the future
- Use the Waterfront as a springboard for the regeneration of St. Helier and to lift the quality of the Island's built environment generally.
- Set rigorous performance standards for new buildings - couple this with capital allowances and tax breaks for those who set about improving the energy performance of their homes.
- Adopt Fiscal policies that reward those who choose low carbon vehicles and charge those who do not for the pollution they cause.

- Support the Health Department's campaign to get people out of their cars and into cycling and walking, and deliver an east of Island cycle route from Gorey to town.
- Test economic growth plans for sustainability i.e. they do not diminish our natural capital.
- Use the regulation of undertakings process to test the environmental credentials of businesses that wish to establish in the Island

In the longer term

- Develop fully worked up, costed and funded plans to exploit renewable energy resources
- Ensure the Island is maximising its re-cycling capability
- Encourage through fiscal measures and in other ways, the use of hybrid and electric vehicles so that Jersey is seen as an example to others of what can be achieved
- Ensure the built environment is of the highest quality and that St. Helier is regarded as an attractive and inviting place in which to live and in which to do business
- The Financial Services industry that is so important for Jersey's future stands to gain in two ways. Future decisions about where to locate an operation will have an important 'green' component. Large institutions will be influenced by their shareholders and their staff to do their business in an area that has a good environmental reputation.
- And Jersey could become a centre for firms involved in carbon trading. Such firms will only base themselves in an area that is itself committed to reducing its contribution to global warming.
- Make more use of Durrell as a key Island asset with global influence. After all, Durrell is unique to Jersey and its bold new development plans include the use of innovative green technologies. They will continue to provide inspiration and leadership an international level.

Funding

New initiatives of this kind will obviously require additional funding. Some of this will ultimately come from the proposals for environmental taxes, including in principle a broad based, carbon- weighted, energy tax.

Some funding will come from the private sector. Jersey Electricity Company has already pledged half a million pounds in support of the establishment of Sustainable Energy Jersey.

Further funding in the order of one and a half million pounds will be needed in 2009 rising to five million by 2012 to carry these necessary initiatives forward. In the current climate of reducing States expenditure this will not be easy and Ministers will have to explore all areas from which it can be sourced

The Treasury and Resources Minister will set up an environment fund to ensure that any new environmental taxes are earmarked and reserved for their intended purpose.

Adjusted Household Demand and Supply Estimates

The following report summarises the revised position with regard to the household projections under the *Imagine Jersey* Population scenarios. The table captures the household demand, including the 2007 housing needs survey quantum and on the supply side, includes data from recent housing completions and identifies new sources of supply that have emerged since the original work was undertaken.

The figures are subject to continual review as more up to date or detailed information becomes available.

	Imagine Jersey Population Scenarios 2007-2035				
	Nil Net Migration	Inward Migration +150 Heads H/H per Annum	Inward Migration +250 Heads H/H per Annum	Inward Migration +325 Heads H/H per Annum	Inward Migration +650 Heads H/H per Annum
Estimated Demand					
<i>Imagine Jersey Household Projection</i>	+400	-4,500	-7,800	-10,300	-21,000
<i>2007 HNS</i>	-1,000	-1,000	-1,000	-1,000	-1,000
<i>Adjusted Sub Total</i>	-600	-5,500	-8,800	-11,300	-22,000
Estimated Supply					
<i>Existing and likely sites for Category A Housing</i>	200	200	200	200	200
<i>Lifelong Homes Proposition</i>	300	300	300	300	300
<i>Town Capacity Opportunities</i>	2,000	2,000	2,000	2,000	2,000
<i>West of Albert Opportunities</i>	1000	1000	1000	1000	1000
<i>Windfall developments from the built-up area -outside town</i>	4000	4000	4000	4000	4000
<i>Brown field sites</i>	1000	1000	1000	1000	1000
<i>Move the Port</i>	800	800	800	800	800
<i>less outworn sites</i>	-300	-300	-300	-300	-300
<i>Adjusted Sub Total</i>	9,000	9,000	9,000	9,000	9,000
TOTAL	8,400	3,500	200	-2,300	-13,000

Demand Side

Imagine Jersey Household Projection

A population model, which used the latest population figures (as described in the population chapter), was run by the Statistics Unit to calculate the requirements for new dwellings over the period of the plan. A base year of 2008 was established which provided both current population and estimated dwelling stock figures.

This model was then run for *Imagine Jersey* population scenarios. They provide for alternative migration assumptions, including 'nil net migration' and net annual inward migration levels of +150, +250, +325 and +650 economically active heads of households respectively. The largest inward migration assumption of +650 households per year is provided for information, but is not regarded as a realistic future option and is not included in the assessment of land availability.

It should also be understood, from the outset that the calculation of future housing requirements by whatever means will never be an exact science, because it must, of necessity, be based on numerous assumptions. It is recognised that some additional refinement work needs to be carried out on the average household size figures and this could lead to slight adjustments in the overall household demand figures presented here.

The Jersey population model has been constructed in-house by the Statistics Unit using updated population figures and Jersey fertility and mortality data. In order to convert future numbers of individuals to numbers of households, assumptions of future average household size have been made. The baseline figure used was that measured by the 2007 Housing Needs Survey: average household size of 2.33. This was assumed to reduce linearly to 2.25 by 2015 and to 2.20 by 2020 in order to account for reduced household size due particularly to emergence of concealed households and the ageing of the resident population.

2007 Housing Needs Survey (-1000)

Using the base information from the Housing Needs Survey, the statistics Unit have identified a maximum of 1000 additional households that needs to be added to the housing demand from that derived from the population modelling. Because the original population modelling has accounted for some of the latent demand through assumptions made about average household sizes reducing over time, the figure coming from the housing needs survey can be reduced by an equivalent level. In other words, although the housing needs survey has identified a latent demand, a significant amount has been accounted for in the population modelling.

The “realistic aspiration” analysis of the Housing Needs Survey identified potential shortfalls of about 1,400 and 700 2- and 3-bed units of accommodation, respectively, over the period 2008-2012. Approximately half of this total remaining short-term shortfall of some 2,100 units is addressed in the population modelling approach by the ongoing reduction of average household size, leaving a residual total additional front-end shortfall, identified by the Housing Needs Survey, of 1,000 units. This is seen in the table below.

Furthermore, from a capacity perspective, the potential large complementary surpluses in qualified sector private rental accommodation might be used at some level to address this residual additional shortfall. If this is achieved at the level of 50%, the effective total residual shortfall (not covered by population modelling) is of order 500 units.

To this identified additional shortfall should be added the upper bound of 400 units of older person’s accommodation, resulting in an additional front-end shortfall, not covered by the population modelling approach, of some 1,000 units of accommodation.

Supply Side

Existing and likely sites for Category A Housing (200)

Only a small number of Category A homes are left to be completed from the original category A housing (H2) sites in the current Island plan. Following feedback from the *Imagine Jersey* Event in relation to the negative response of developing green fields sites to meet future housing needs it is not anticipated that any significant re-zoning of 'green fields' will be put forward in the new revised plan and so this number is relatively small.

There were some sites put forward in the 2002 Island plan to be safe guarded for future Category A housing (H3 & H4 policy). Subsequent detailed analysis has shown, however, that some of these sites are unsuitable for housing development and will not be taken forward as part of the revised plan and so are not included in potential future supply figures.

Lifelong Dwellings & First Time Buyer Proposition 300

The 'Provision of land for lifelong dwellings (for people over 55) and first-time buyers: amendment to Island Plan (2002)' report and proposition was lodged in May 2008 with the States to enable the provision of land for housing on 8 sites, involving an area of land of approximately 58.5 vergées, through amendment of the 2002 Island Plan.

Six sites will be developed for lifelong homes (for people over 55 for social rent and purchase on the open market) and the remaining two sites will provide homes for first-time buyers. The provision of new homes on these sites will be subject to the same proportional split of tenure as those H2 sites already zoned in the 2002 Island Plan, such that at least 45% should be for 'need' or 'affordable' (i.e. social rent) and up to 55% can be for sale to first-time buyers and, under this proposition, older people (over 55).

Desktop estimates of potential housing yield from these eight sites indicate that they have the potential to provide at least 337 homes, together with associated community and other facilities in some cases. One proposed site – Fields 516, 516A and 518 in St. Saviour – has the potential to provide half of this potential yield, the remainder of the proposed provision being spread around the remaining seven, smaller sites in six parishes. A rounded supply figure of 300 is used for the purposes of this exercise.

Town Capacity Opportunities (2000)

St. Helier has traditionally been the principal source of supply for new homes accounting for around half (51%) of all developments between 2002-2006. ([source: Planning for Homes 2006, pg 44](#)).

A study has recently been carried out by the Planning Department (as part of the *Imagine Jersey* process) to determine the capacity of the town to deliver additional housing. The study stems from the recognition that the re-development of urban town sites for residential use should be encouraged because it fosters a number of key sustainable patterns of transport and development, and supports the economy of St Helier. However, it also makes it clear that increases in capacity must also be accompanied by positive urban regeneration strategies that enhance the town and improve the living and working experiences for all concerned.

West of Albert Opportunities (600-800)

The Castle Quays development has approval for nearly 600 homes which should be completed within the first 5 years of the plan. In addition, it is expected that the Esplanade Quarter Scheme will generate around 400 homes towards the latter end of the plan period.

Windfall developments from built-up area -outside town (1500)

There will continue to be 'windfall' (development on sites within the built up area) sites outside of St Helier brought forward by private developers through the normal planning application process. Between 1990 and mid 2006 such developments accounted for an average of 165 homes/annum. A reduced figure of 150 per annum is used to

estimate future windfalls because it is considered the opportunities for re-development within the built up area will reduce over time.

Brown field sites (1000)

Brownfield sites can be defined as sites which are, or were, occupied by a permanent structure and associated fixed surface infrastructure. The definition covers the curtilage of the development.

In the Jersey context, it could include uneconomic, disused or derelict farm buildings. Glasshouses and glasshouse sites are generally regarded as temporary structures on agricultural land, and would not normally be included within any definition of brownfield land. The removal of uneconomic, disused or derelict glass can, however, be problematic and accordingly there may be wider environmental benefit and public interest in securing their redevelopment, in appropriate cases.

The brownfield sites that have been identified occur in both built up and rural areas. Some of the sites identified, such as outworn glasshouse sites will be outside of the built up area and could be considered on their individual merits and against the context of the existing policy regime ([Redundent Glasshouses Policy C20, 2002 Island Plan](#)). Analysis of the sites indicates that 60% (around 54 acres/600 units) of the identified brownfield sites fall outside of the existing built up area.

The brownfield sites have been selected as they meet most of the key criteria when considering sites for new housing development, such as being bad neighbours/environmentally poor, near existing schools/shops, will have low visual intrusion, are on good transport corridors and close to or abutting existing built up areas areas.

Due to their location, most of these sites are more suited to lower density family style homes than some of the town regeneration sites. This is a housing type that the 2007 housing needs survey indicated was in high demand and which could also contribute to the re-generation of some of the villages and bring in younger families to support the schools and other community facilities.

The spatial options regarding brownfield sites are considered in the Options for the location of new development section of the spatial strategy chapter as it is important to understand that in order to realise all of the potential brownfield supply indicated here some of the sites may require changes to the existing built up area boundary.

Less Outworn sites (-300)

This is an estimate of the likely loss of units associated with the planned re-development and upgrading of old outworn housing estates.

Moving the Port (600-800)

Conservative estimates indicate that approximately 600-800 dwelling units could be developed if the existing port facilities were moved to La Collette. This figure supply is seen as a longer term option, outside of the 10 year lifespan of the revised plan.

Assumptions and Recommendations

- The figures are subject to continual review as more up to date or detailed information becomes available.
- The statistics unit 'manage and own' the household demand figures through the population model and related survey work such as the housing needs survey.
- That the supply data is 'managed and owned' by the planning department from a fully audited business system.
- That a new base line is developed from January 2008 that can be used for the basis of informing the review of the Island Plan and any other related policy work.