

Economic Wellbeing

Island Outcomes

Affordable Living

Islanders are able to afford a decent standard of living

Business Environment

Jersey is an attractive place to do business

Jobs and Growth

Islanders benefit from a strong economy and rewarding job opportunities

CSP Priorities for 2018-22

We will reduce income inequality and improve the standard of living

By improving the quality and affordability of housing, improving social inclusion, and by removing barriers to and at work

We will create a sustainable, vibrant economy and skilled local workforce for the future

By delivering an economic framework to improve productivity, by nurturing and strengthening our financial services industry, by enhancing our international profile and promoting our Island identity, by delivering the best outcomes from Brexit, and by improving skills in the local workforce to reduce Jersey’s reliance on inward migration

CSP Priorities for 2023-26

Housing and the Cost of Living

Improve access to, and supply of, good-quality affordable housing, and helping people to achieve a decent standard of living

Economy and Skills

Develop a more sustainable, innovative, outward-facing and prosperous economy and help people acquire the right skills throughout their lives; we want Jersey to be a place for everyone to achieve their potential

Ageing Population

Enable people to live active, independent, healthy lives as they live longer

Economic Wellbeing (continued)

Key Ministers

Minister for Economic Development, Tourism, Sport and Culture	Ministerial Plan 2023 and Delivery Plan for 2023
Minister for External Relations	Ministerial Plan 2023 and Delivery Plan for 2023
Minister for Housing	Ministerial Plan 2023 and Delivery Plan for 2023
Minister for Social Security	Ministerial Plan 2023 and Delivery Plan for 2023
Minister for Treasury and Resources	Ministerial Plan 2023 and Delivery Plan for 2023

Key Departments

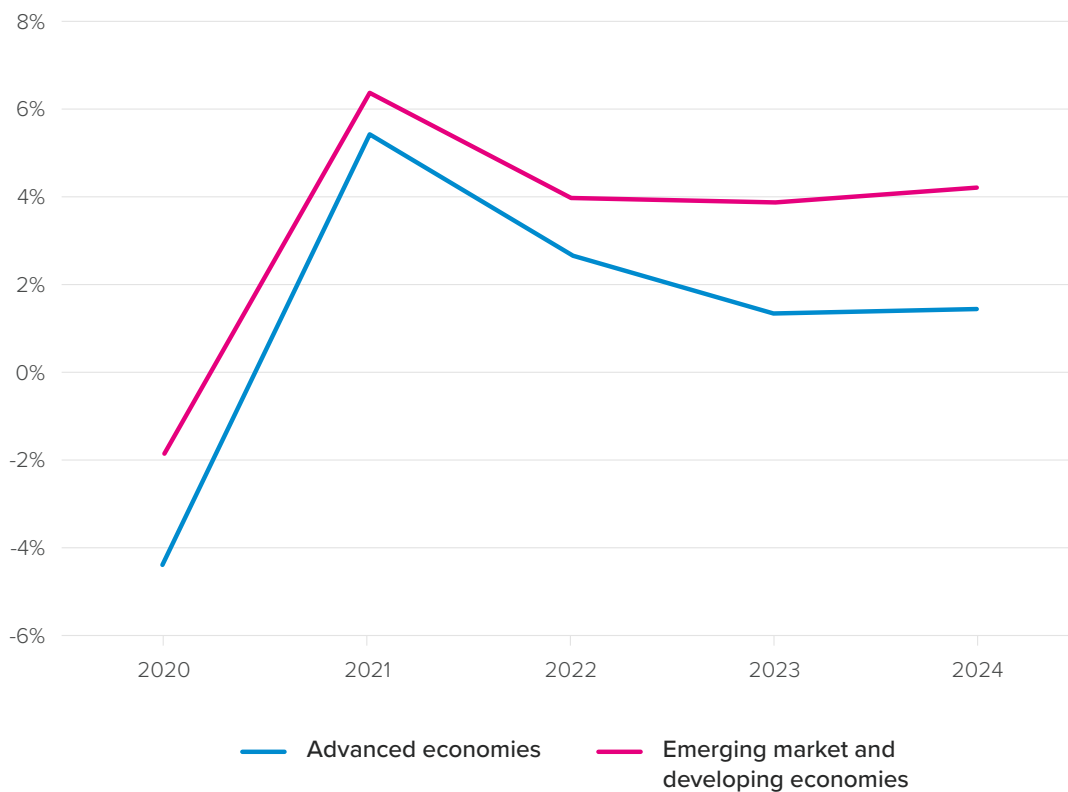
Economy	For performance analysis see: ECON Departmental Annual Report 2022 and ECON Service Performance Measures 2022
External Relations	For performance analysis see: ER Departmental Annual Report 2022 and OCE Service Performance Measures 2022
Strategic Policy, Planning and Performance	For performance analysis see: SPPP Departmental Annual Report 2022 and SPPP Service Performance Measures 2022
Customer and Local Services	For performance analysis see: CLS Departmental Annual Report 2022 and CLS Service Performance Measures 2022
Treasury and Exchequer	For performance analysis see: T&E Departmental Annual Report 2022 and T&E Service Performance Measures 2022

Economic Wellbeing (continued)

Economic context

The international economic outlook

The economic outlook for 2022 was mixed. In its latest projections published in [April 2023](#), the International Monetary Fund forecast global growth of 3.4% in 2022 and 2.8% in 2023, both of which are much lower than the 6.3% growth seen in 2021. Whilst global growth of 2.8% may appear strong, growth of below 3% is considered weak in the global context.



Growth in the US, Eurozone and UK slowed in 2022. Inflation forecasts for 2022 were revised upwards to 7.3% (advanced economies) and 9.9% (emerging markets and developing economies). Rising inflation, driven by the ongoing conflict in Ukraine, and the ensuing tighter monetary conditions, are reducing household consumption and affecting business investment. Further, weak conditions for the global economy were compounded by reduced demand from China; China experienced rapidly spreading COVID-19 cases in 2022, which dampened production and growth due to its zero-tolerance policy and the resultant local lockdowns. However, this has since been lifted, paving the way for faster recovery in 2023 but inflationary pressures persist.

Economic Wellbeing (continued)

Economic context (continued)

Jersey's economic outlook

After a sharp contraction in 2020 of -9.6% (GVA) Jersey's economy bounced back strongly in 2021 growing by 9.2%. This was faster than any other advanced economy. Strongest growth was seen in the hotel, restaurants and bar sector (+56%) with weaker growth seen in financial services (+5% - mainly due to the effect of Bank Rate cuts affecting profits), public administration (+4%) and wholesale and retails (+2%). The only sector in which real GVA fell was the electricity, gas and water sector (-5%).

Available data suggests that Jersey's economy continued to perform well in 2022, with increases in the Bank Rate expected to drive banking profits.

Since a pandemic peak in the lockdown of spring 2020, the number of people Actively Seeking Work (ASW) in Jersey has fallen from 2,290 to just over a quarter of that figure at 620 in June 2022, the lowest since records began. This, combined with approximately 1,000 job positions being available, places the economy in a position of near-full employment and suggests a strong recovery from the pandemic.

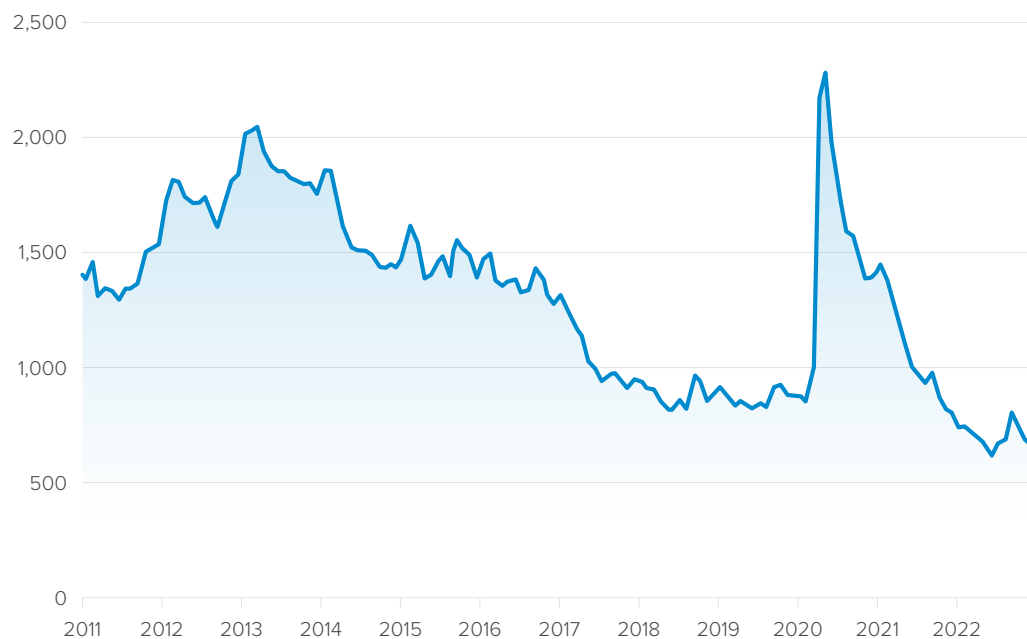


Figure 3: Actively Seeking Work (non-seasonally adjusted). Source: Statistics Jersey

Results from the Business Tendency Survey throughout 2022 suggest that the economy had recovered post-pandemic. However, by June businesses in all sectors reported facing considerable price-related pressures. Results from December 2022 indicate that no business reported a decrease in input costs on the previous quarter, compared to 84% reporting an increase. In the finance sector, 21% of surveyed businesses reported a decrease in profitability, compared to the considerably higher figure of 52% in the non-finance sector.

Economic Wellbeing (continued)

Economic context (continued)

The headline business activity indicator, although still neutral in December 2022, had fallen, with business optimism remaining negative.

Where previously the hospitality industry was lagging behind other areas on a return to trend 'business activity' levels due to extended periods of inactivity through the pandemic, they have now caught up with other sectors, turning negative in December 2022. On the other hand, the finance sector faced the least impact from the pandemic and therefore had the least recovery needed to return to trend levels. Most sectors are now sitting in a similar, slightly positive place on this measure, however business activity for hospitality has become negative in December 2022.

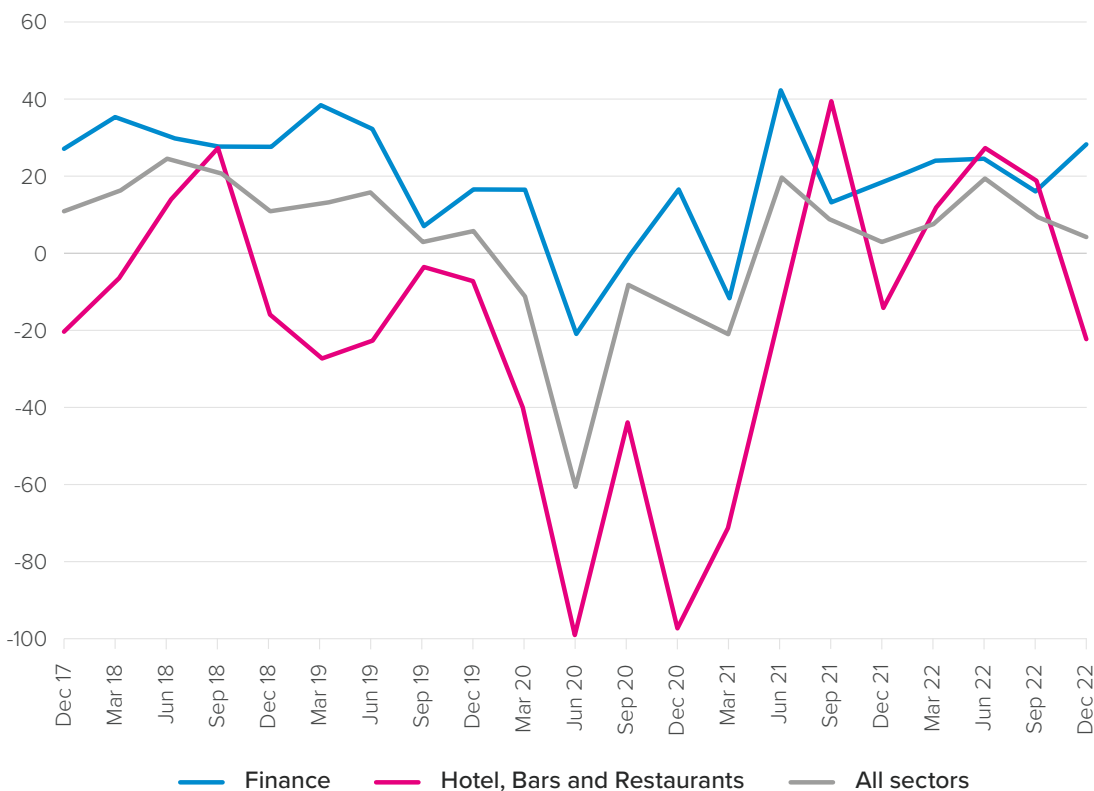


Figure 4: Weighted net balance of responses to business activity question of the Business Tendency Survey, by sector. Source: Statistics Jersey

Jersey's Standard and Poor credit rating unchanged

In January 2022 Standard & Poor's (S&P) credit rating for Jersey was unchanged at AA-/A-1+; this was affirmed again in January 2023. In its latest review, S&P confirmed that there is no change to the long and short-term sovereign credit rating for Jersey. In its report S&P noted that its rating is based on a stable outlook for the Island, which is supported by the strong and flexible institutions, a wealthy economy, and considerable fiscal buffers.

Economic Wellbeing (continued)

Key Theme: Cost of Living Crisis

Following the election of the new Government, a number of measures were approved unanimously by States Members to address the cost of living crisis in a mini budget, which included:

- 12% increase in Income Tax thresholds and allowances
- A temporary reduction of 2% in Social Security contributions from 1 October to 31 December 2022
- Doubling the Cost of Living Temporary Support Scheme (COLTS) from £20 to £40 per person per month, August to December 2022
- Doubling the Community Cost Bonus (CCB) from £258.25 to £516.50 and extending eligibility to include households who paid less than £2,735 tax in 2021
- Increasing Income Support components, from January 2023, in line with September 2022 RPI figure
- Temporarily increasing cold weather payments to £70 a month from October to March 2023 regardless of the temperature

In addition, the Old Age Pension rate was increased in October 2022 in line with June 2022 RPI Pensioners of 7.7%.

In its Annual Report (November 2022) the Fiscal Policy Panel commented that Jersey's economy had been largely insulated from the weakening global outlook and rising inflation. Its forecasts for economic growth remained largely unchanged from the summer, with a near-term period of stronger growth expected (as increases in the Bank Rate feed through to higher Banking profits).

The FPP concluded that Jersey's economy overall remains in a good position to weather global shocks, but looking ahead there were risks from an ageing population, weak productivity and also the impact on households from rising interest rates.

Source: Fiscal Policy Panel

Key Theme: Housing Crisis

Statistics published by Statistics Jersey show that the House Price Index in 2022 was 11% higher than in 2021, with affordability, as measured by whether a working household with mean net income (£68,100) is able to purchase property, worsening. For illustration, the mean (average) price of a one-bedroom flat increased from £322,000 in 2021 and £361,000 in 2022 and the price of a two-bedroom house increased from £567,000 to £636,000. Advertised private sector rental prices were 10% higher than in 2021.

Key Government activities in 2022:

- Customer and Local Services continued to develop the Housing Advice Service, which exists to provide enhanced advice and support to Islanders who require support with housing. Throughout 2022 improvements were made to process, systems, structure and communications, in line with recommendations from Homelessness Link UK.

Economic Wellbeing (continued)

Key Theme: Housing Crisis (continued)

- A formal definition of homelessness was also published, which helps to ensure that those in greatest housing need are able to access the support they require, and to build a picture of the true extent of homelessness in Jersey.
- The publication of the Modern Methods of Construction: Housing Delivery Innovation report, which was delivered as part of the Chief Minister's 100 day action plan. This made six ministerial commitments, including that a Construction Sector Innovation Hub will be established to support housing delivery. An inception session was held with key stakeholders in November 2022, and more announcements in relation to the hub will be made in 2023.
- The publication of the Action on Vacant Properties plan, which included six actions to tackle the issue of vacant homes in Jersey, including the creation of the Empty Homes Service which launched in January 2023.

Principal Risks

For information on our areas of focus and mitigations in respect of these risks see the [Accountability Report](#).

Inflationary Pressures. Global and UK inflationary pressures are feeding through to the Jersey economy and are particularly impacting on the most disadvantaged in society. The Government has put mitigations in place via the 100 Day Plan, Cost of Living Strategy Group, mini budget and the Government Plan 2023-26.

Island workforce sustainability. Not delivering a workforce strategy that develops local talent or brings the right skills to the Island would impact the ability to sustain our economic strategy and improve productivity. Mitigations include development of the Digital Skills Academy; Jersey Employers Group and Government of Jersey Engagement; the Economy Workforce Plan and the Government of Jersey People and Culture Plan.

Loss of Economic Prosperity. A failure to sustain, diversify and grow could impact economic prosperity negatively. Consequential damage could be to the public finances and ability of the Government to deliver high quality public services and support. Mitigations include diversification of the local economy; delivery of the Financial Services policy framework; and the Future Economy Programme (Economic Framework).

Economic Wellbeing (continued)

2022 Milestones

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p> Affordable Living Fair Rents Plan published</p> <p> Jobs and Growth Business support extended Unemployment at pre-pandemic levels</p>	<p> Affordable Living Right sizing housing survey launched</p> <p> Business Environment External Relations Minister's statement on sanctions Corporate tax filing deadline consultation opens Ministers respond to situation in Ukraine Rwandan delegation undertakes visit to Jersey Jersey included in UK-New Zealand Free Trade Agreement (FTA)</p> <p> Jobs and Growth Business support extended to more sectors Consultation opens on new rules for business partnerships Hundreds of Islanders take up retraining offer Proposition lodged to protect zero-hour employees Self-employed given additional time to make Co-Funded repayments</p>	<p> Affordable Living Housing Gateway eligibility expanded</p> <p> Business Environment Statement on Ukraine Chief Minister to visit the United States of America Jersey implements latest UK sanctions Hospitality Partnership between Jersey and Antigua and Barbuda Customer relationships associated with Russia and Belarus Jersey suspends tax cooperation with Russia Ghanaian delegation visits Jersey Pensions regulations strengthened Jersey and Kenya sign historic Asset Recovery Agreement Control of Housing and Work law amendments adopted</p> <p> Jobs and Growth Government launches careers opportunities Digital Degree Apprenticeship scheme launched</p>	<p> Affordable Living Financial Wellbeing in Old Age report published March 2022 Retail Prices Index report published</p> <p> Business Environment Boost for charities claiming back tax Government policy paper on international tax Business Tendency Survey results published PYB 'Ways to pay' booklet delivered</p> <p> Jobs and Growth Free skills courses open to Islanders Registered unemployment report published Unemployment figures lowest since 2011 Help At Home campaign: 33 Islanders offered jobs Government apprentice scheme applications open #RecruitLocal campaign results released December Labour Market report published</p>	<p> Affordable Living Temporary cost of living scheme available Rent tribunal recruitment New process for COVID-19 sickness benefit claims Income Distribution Report Published Jersey Homes Promise proposals</p> <p> Business Environment Don't put off filing your tax return Strategic Overview for Economy</p> <p> Jobs and Growth Technology Accelerator Fund next steps</p>	

Economic Wellbeing (continued)

2022 Milestones

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<p> Affordable Living</p> <p>June 2022 Retail Prices Index report published</p> <p>Employment forum consultation on the minimum wage</p> <p> Business Environment</p> <p>Four weeks to online tax deadline</p> <p>Deadline reminder for voluntary independent taxation</p> <p>Business Tendency Survey results published</p> <p>Telecommunications Statistics and Market report published</p> <p> Jobs and Growth</p> <p>Registered unemployment report published</p>	<p> Affordable Living</p> <p>£56.5 million mini-budget proposals unveiled</p> <p>Northern Quarter: 169 new affordable homes</p> <p>Mini Budget Q and A</p> <p>House price report for the second quarter 2022</p> <p>Average Earnings and Income Distribution reports published</p> <p> Jobs and Growth</p> <p>Careers event for school leavers and graduates</p> <p>Government Foundations programme getting people back into work</p>	<p> Affordable Living</p> <p>Recruitment opens for additional member of Rent Tribunal</p> <p>Increase in the Minimum Wage</p> <p>Mini-budget proposals Passed</p> <p>Community Costs Bonus enhanced to help with the cost of living</p> <p> Business Environment</p> <p>Final week of Export Strategy Consultation</p> <p>Replacing Jersey Currency</p> <p> Jobs and Growth</p> <p>Jersey publishes national strategy for combatting financial crime</p> <p>Minister approves urgent support for dairy sector</p>	<p> Affordable Living</p> <p>Revenue Jersey Community Helpdesk</p> <p>Homelessness definition published</p> <p>Support available from Housing Advice Service</p> <p>September 2022 Retail Prices Index</p> <p> Business Environment</p> <p>Financial Crime Risk Assessment is launched</p> <p>Population & Skills Ministerial Group launched to tackle labour shortages</p> <p>Business Tendency Survey results published</p> <p>Financial crime risk assessment extended</p> <p> Jobs and Growth</p> <p>Measuring Jersey's economy: GVA and GDP 2021</p> <p>Jersey Skills Show returns next week</p> <p>Launch of the Co-Funded Payroll Scheme Appeals Process</p> <p>Registered unemployment report published</p> <p>Actively seeking work figures released</p> <p>June Labour Market Report published</p> <p>Jersey Aircraft Registry to close</p>	<p> Affordable Living</p> <p>Private Rented Dwellings Licensing Scheme</p> <p>Action On Vacant Properties report published</p> <p> Business Environment</p> <p>Jersey recognised for tax cooperation</p> <p>Short-term holiday lettings reminder</p> <p>House price report for the third quarter 2022</p> <p>French business connections develop</p> <p>‘Pay on Account’ taxpayers - Payment deadline</p> <p>Financial stability advice takes step forward</p> <p> Jobs and Growth</p> <p>Channel Islands ministers visit Brussels</p> <p>Treasury Minister says economy remains strong at Chamber of Commerce meeting</p> <p>Digital Skills Strategies launched today</p> <p>New Common Policy for External Relations</p>	<p> Affordable Living</p> <p>Closer to home event focuses on cost of living and winter pressures</p> <p>Increase to weekly care rates</p> <p>Indicators of deprivation report released today</p> <p>Parental support payments for families with under 5 years residence</p> <p>Gateway income thresholds increase</p> <p> Business Environment</p> <p>Consultation response published – access to beneficial ownership information on legal entities</p>