

**Response to a Question Pursuant to Rule 14  
of the Rules of Procedure of the States of Deliberation and their Committees**

**Subject:** Zero Based Budgeting

**States' Member:** Deputy Haley Camp

**Date received:** 30<sup>th</sup> March 2026

**Date of reply:** 13<sup>th</sup> April 2026

**Question:**

1. **What steps have been taken since January 2026 to establish the zero-based budgeting programme approved by the States, including the agreed scope, methodology, governance arrangements, and timetable for delivery;**
2. **Which material areas of States' expenditure have been prioritised for initial review and why;**
3. **What progress will be made in time to inform Budget 2027 and how this is intended to be demonstrated in the Budget 2027 process; and**
4. **What, if anything, will prevent full implementation of zero-based budgeting by Budget 2028?**

**Answer:**

1. **What steps have been taken since January 2026 to establish the zero-based budgeting programme approved by the States, including the agreed scope, methodology, governance arrangements, and timetable for delivery?**

The Policy & Resources Committee is implementing a rolling programme of priority-based budgeting (PBB), which is a structured critical review of all expenditure from the bottom up. (Please note that there are some service areas provided by government that have statutory minimums – i.e. they cannot be set at zero – which is why PBB is used rather than zero-based budgeting, which requires all costs to be set at zero as a starting point and is a more labor-intensive process, but both processes challenge business-as-usual expenditure and are effective in delivering efficiencies, cost-savings and better value for money.)

PBB has been used in the past for one-off service reviews, so the experience and expertise already exists to roll this programme out across the States.

The methodology will be used to identify cost reduction through changes to service delivery or reductions to service levels with minimal impact on service users. It can also be used to rebalance budgets across different service areas to reflect current priorities.

**Scope:** All areas of general revenue-funded public expenditure are ultimately in scope, but as it is quite an intensive process to carry out, the Committee has agreed a rolling programme where different budgets are in scope each year. Please see the answer to Question 2 for the budgets in the first tranche.

**Methodology:** There are three key stages:

- Service costing – where the current resource allocated to each service is clearly set out and understood;
- Method changes – where proposals are developed to deliver services at lower cost without significant change to service levels or risk, for example through restructuring, the use of technology to deliver efficiencies, and insourcing or outsourcing; and
- Service level options – where variations to current service levels are proposed, and each service is prioritised. At this stage, what’s known as the “lowest credible service level” is established as a baseline – which might be providing none of that service at all – and each increment above that baseline must be formally assessed and prioritised by the panel.

**Governance:** Budget holders are primarily responsible for proposing changes to their services and delivery models. Proposals are evaluated by a panel of senior stakeholders who provide challenge and score service priorities. The project team includes people that are representative of the service area, and the process is led by a colleague from the Finance team. The findings of the work will be presented to the relevant committee for decisions on which recommendations to take forward for implementation.

**Timetable for delivery:** We are anticipating the results of the first tranche of PBB work to be incorporated into the 2027 Budget, and for each subsequent budget to include further PBB work on a rolling basis.

## **2. Which material areas of States' expenditure have been prioritised for initial review and why?**

The areas prioritised in this initial phase (following which the methodology will be reviewed/updated based on any improvements needed) are:

- States Property Unit – the Committee was keen that one of the corporate services should be part of the initial tranche of work, particularly since there is a perception that the cost of these services has increased since they have been centralised. Undertaking PBB with SPU may also complement the ongoing SMC review.
- The Committee *for the* Environment & Infrastructure – as one of the smaller committee budgets, it is possible to undertake all of the committee’s services in one go, which is a real opportunity to identify savings, review services and assess relative priorities.
- Adult Disability Services – HSC in its totality is too large and complex to be undertaken in one go, but this specific service will be reviewed in this initial phase of the PBB roll-out on the basis that it has budgetary challenges and could benefit from this focus.

**3. What progress will be made in time to inform Budget 2027 and how this is intended to be demonstrated in the Budget 2027 process?**

As finance and operational teams involved in this PBB work will also be undertaking the budget setting exercise over the period leading up to the 2027 Budget, any immediate opportunities arising from the service reviews will be incorporated in the budgeting for 2027.

**4. What, if anything, will prevent full implementation of zero-based budgeting by Budget 2028?**

Once the first tranche of services has been completed using PBB, a plan for the rolling review of all services will be put in place to ensure that this approach fully informs the 2028 Budget setting process. Given the scale and complexity of the organisation, such reviews cannot be undertaken for each service on an annual basis, but we anticipate that all services will be reviewed approximately every three years. The only barriers to this work will be resourcing and ensuring that ongoing service delivery can be balanced with the requirement for priority-based budgeting.