

# STATES OF JERSEY



## PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028

---

Lodged au Greffe on 2nd August 2024  
by the Council of Ministers  
Earliest date for debate: 12th November 2024

---

STATES GREFFE

## PROPOSITION

### **THE STATES are asked to decide whether they are of opinion –**

to receive the Government Plan 2025 – 2028 (entitled “Budget 2025-2028”) specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2025 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law.
- (b) to approve the proposed Changes to Approval for financing/borrowing for 2025, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.
- (c) to approve the transfers from one States fund to another for 2025 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- (d) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2025 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2024 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2025.
- (e) to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2025 of up to £2 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2024 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2025;
- (f) to approve each major project that is to be started or continued in 2025 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.
- (g) to approve the proposed amount to be appropriated from the Consolidated Fund for 2025, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.
- (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2025 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- (i) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2025 for each head of expenditure in line with

Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.

- (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2025 as set out in Appendix 2 – Summary Table 8 to the Report.
- (k) to approve an updated and consolidated policy of the Strategic Reserve Fund as follows:

“The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005, is a permanent reserve only to be used:

- i. in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.
  - ii. if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme.
  - iii. to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly;
  - iv. as a holding fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing used to offset the repayment of debt, as and when required; and
  - v. in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.”
- (l) to approve the transfer to the Strategic Reserve of the amounts due as a result of the move from prior-year basis taxation after 31st December 2025, as and when these payments are received (estimated at £280 million).
  - (m) in relation to the new Government Headquarters (office), to approve;
    - i. the exercising of the option to acquire the new Government Headquarters (estimated at £91 million), by the Public of the Island, in line with the pre-agreed terms; and
    - ii. the acquisition of the new Government Headquarters as an investment of the Social Security (Reserve) Fund (including authorising the meeting of expenses incurred in connection with the acquisition); and
    - iii. the subsequent leasing of the new Government Headquarters by the Public of the Island from the Social Security (Reserve) Fund, with

commercial terms to be agreed between the Minister for Infrastructure (on behalf of the Public) and Minister for Social Security and the Minister for Treasury and Resources (both on behalf of the Fund); and

- (n) in relation to the new Government Headquarters, to authorise H.M. Attorney General, the Greffier of the States, the Ministers for Infrastructure, Social Security and Treasury and Resources, and the Public of the Island, to enter into such arrangements, including financing, and pass any contracts as are necessary to put into effect paragraph (m).
- (o) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2025-2028, as set out in the Appendix to the accompanying Report.

COUNCIL OF MINISTERS

## **REPORT**

### **Introduction**

In accordance with Articles 9(1) and 15 of the Public Finances (Jersey) Law 2019, the Council of Ministers seeks the approval of the States Assembly to the Government Plan 2025-2028 (entitled “Budget 2025 - 2028”) which is included in the Appendix of this report.

Article 9(1) of the Public Finances (Jersey) Law 2019 provides that the Council of Ministers must prepare a Government Plan and lodge it in sufficient time for the States to debate and approve it before the start of the next financial year.

Article 15 of the Public Finances (Jersey) Law 2019 sets out the effect of the approval by the States Assembly of a Government Plan.

### **Structure of the Government Plan**

Part 3 of the Public Finances (Jersey) Law 2019 sets out the statutory content and scope for the Government Plan and is set out at Appendix 1 for ease of reference. This requires certain specific information to be included within the Government Plan and also requires the Council of Ministers to provide any other information that the Council of Ministers believes that the States may reasonably expect to need in order to consider the matters required to be set out in the Government Plan. The Government Plan 2025-2028 (entitled “Budget 2025 – 2028”), included in Appendix 3, sets out this information.

### **Draft Legislation containing a Taxation Draft and Social Security amendments**

As the Government Plan 2025-2028 proposes imposing or varying a tax for 2025, in accordance with Articles 11 and 12 of the Public Finances (Jersey) Law 2019, the Minister for Treasury and Resources will lodge draft legislation containing a taxation draft that implements those proposals. This will be lodged in line with the 6-week lodging period as required by Standing Orders so that it can be debated by the States in the same sitting as the Government Plan.

As the Government Plan 2025–2028 also proposes changes to Social Security legislation for a phased reintroduction of the States grant to the Social Security Fund, and the ongoing funding of the vaccination programme through the Health Insurance Fund, the Minister for Social Security will lodge draft legislation containing the necessary legislative amendments that implement these changes. The legislation will be lodged in line with the 6-week lodging period as required by States Standing Orders so that they can be debated by the States in the same sitting as the Government Plan.

### **Amendments to the lodged Government Plan 2025-2028**

States Members seeking to amend the Government Plan 2025-2028 are asked to note that the Public Finances (Jersey) Law 2019 provides:

#### ***“13 Amendment to lodged government plan***

*(1) An amendment to a lodged government plan may, in addition to proposing the amendment to the plan, propose –*

(a) the amendment of any enactment that imposes a tax or provides for the administration of a tax (whether or not the Minister has lodged a taxation draft that would amend the enactment); or

(b) the imposition of a new tax.

(2) A person, committee or panel who intends to propose an amendment to any element of a lodged government plan referred to in Article 9(2) must, in preparing the amendment, take into account the impact of the amendment on –

(a) the States' finances;

(b) the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey; and

(c) the sustainable well-being of the inhabitants of Jersey over successive generations.”

In addition, it states that:

**“14 Limitations on approval**

*The States may not approve a government plan that would –*

(a) show a negative balance in the Consolidated Fund at the end of the first financial year covered by the plan; or

(b) authorise the transfer of money between one States fund and another in a manner that is inconsistent with any enactment or with the terms of a States fund.”

**Effect of Approval of the Government Plan 2025-2028**

The Public Finances (Jersey) Law 2019 also outlines the impacts following the approval of the Government Plan:

**“15 Effect of approval**

(1) *The approval by the States of a government plan is an approval of the appropriations, financing and transfers set out in the plan for the first financial year it covers, such that in that year –*

(a) *an amount of not more than an approved appropriation may be withdrawn from the Consolidated Fund and spent in accordance with the plan;*

(b) *a States body or area of operation specified under Article 9(8) may withdraw from the Consolidated Fund an amount, to be spent on the related head of expenditure, of not more than the lesser of –*

(i) *the amount of income that is earned by, or is attributable to, the States body or area of operation in that year, and*

(ii) *the amount, set out in the plan under Article 9(8) in relation to the head of expenditure, of the estimated income of the States body or area of operation;*

(c) *a States trading operation may withdraw from its fund an amount of not more than the approved appropriation and spend it in accordance with the Plan;*

(d) *the Minister may arrange financing in accordance with the Plan; and*

(e) *money may be transferred between States funds in accordance with the Plan.*

(2) *The approval by the States of a Government Plan is also an approval of –*

(a) *the designation of a project, set out in the Plan, that is to be designated as a major project;*

*(b) the undertaking of the major projects that are set out in, or designated under, the Plan; and*

*(c) the proposed total cost, from start to finish, of each of those major projects.*

*(3) The approval by the States of a Government Plan Authorises the Minister to direct how an approved appropriation for a reserve head of expenditure in the Plan may be spent (including on another head of expenditure) in the first financial year covered by the Plan.*

*(4) Is not an approval of any appropriations, financing or transfers for the years following the first financial year covered by the Plan"*

### **Children's Rights Impact Assessment**

A Children's Rights Impact Assessment (CRIA) has not been prepared in relation to this proposition as a CRIA is not required, in accordance with Schedule 2 to the [Children \(Convention Rights\) \(Jersey\) Law 2022](#).

### **Re-issue Note**

---

This proposition has been re-issued to replace the words 'Appendix 3 of the report' in paragraph (o) to 'the Appendix of the accompanying report'; replace the words 'Appendix 3' on page 5 to 'Appendix', and to fix the lettering in Appendix 2 of the accompanying report.

---



# Proposed Budget (Government Plan) 2025-2028



Government  
Plan





**CONTENTS**

Budget in Brief	2
Foreword from the Chief Minister	5
Foreword from the Minister for Treasury and Resources	6
Economic Context	9
Sustainable Wellbeing	14
Financial Strategy	22
General Revenue Income	26
Public Sector Spending 2025-2028	40
Capital and Other Projects 2025-2028	50
New Healthcare Facilities Programme	68
The Government of Jersey Balance Sheet and States Funds	72
Financial Matters Under Development	90
Appendix 1: Key to Abbreviations	95
Appendix 2: Proposition and Summary Tables	97
Appendix 3: Supplementary Financial Tables	105
Appendix 4: Administrative Tax Measures	111

**Change of Title**










Under the Public Finances (Jersey) Law 2019, each financial year the Council of Ministers must prepare a Government Plan. To aid public understanding of the nature and purpose of the Government Plan 2025 – 2028, and to encourage public engagement, the report has been renamed to the “Budget 2025 – 2028”. This does not impact upon its legal status as a Government Plan for the purposes of that Law. The Budget 2025 – 2028 fulfils all the requirements of a Government Plan under the Public Finances (Jersey) Law 2019.

# Budget in brief

The Budget sets out the income and expenditure proposals for the next 4 years. It also shows how taxpayers' money is spent on delivering services, infrastructure and facilities to Islanders. It builds on the Council of Ministers' Common Strategic Policy 2024-2026.

For more information on the government's priorities for 2025, visit [gov.je/GovernmentProgramme](https://gov.je/GovernmentProgramme).

## 2025 Highlights:

<p>General Revenue Income:</p>  <p><b>£1.3bn</b></p>	<p>Increased single person tax allowance in 2025:</p>  <p><b>£20,700</b></p>	<p>2025 balance in the Strategic Reserve:</p>  <p><b>£1.2bn</b></p>
<p>Government spending on delivering services to Islanders:</p>  <p><b>£1.2bn</b></p>	<p>Support for business and charities through the transition to a living wage:</p>  <p><b>£20m</b></p>	<p>Investment in Health:</p>  <p><b>£31m</b> * In addition to inflation and pay</p>
<p>Investment in buildings, infrastructure &amp; IT:</p>  <p><b>£93m</b></p>	<p>Investment in New Healthcare Facilities:</p>  <p><b>£710m</b></p>	<p>Purchase of the new government HQ:</p>  <p><b>£91m</b></p>

## Budget measures for 2025

### Personal income tax thresholds and child allowances

**£700**  
Increase for individuals

**£1,150**  
Increase for married and civil partners

**£250**  
Increase for second earners



**£150**  
Increase in child allowance

**£200**  
Increase in additional allowance

**£250**  
Increase in childcare tax relief

**£700**  
Increase in higher childcare tax relief



### Alcohol duty



**No Increase**

.....

**on a pint of beer**  
(frozen for 2025)

### Fuel duty



**No Increase**

.....

**per a litre of fuel**  
(frozen for 2025)

### Tobacco duty



**+83p**

.....

**per 20 pack**

### Vehicle Emissions Duty



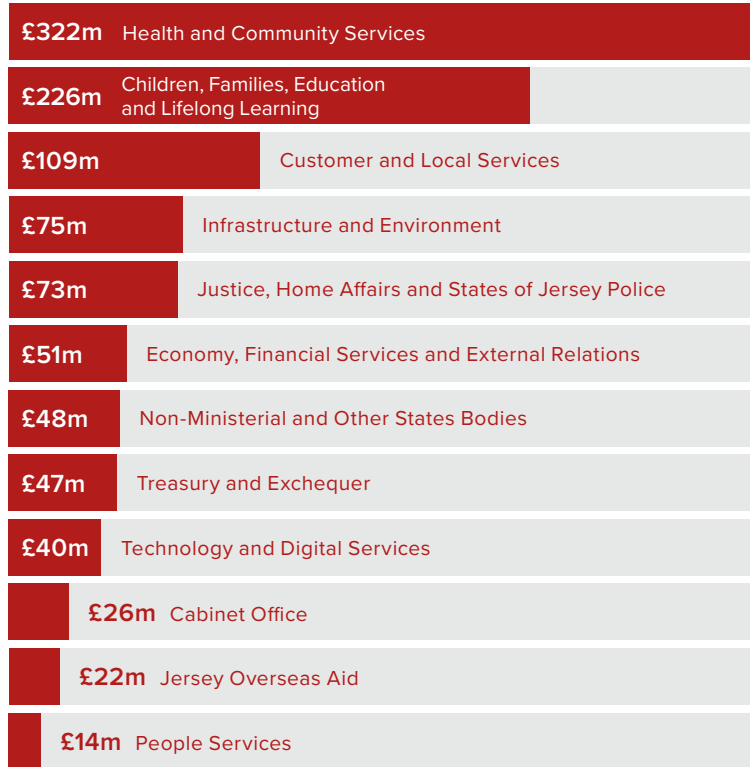
**20%**

.....

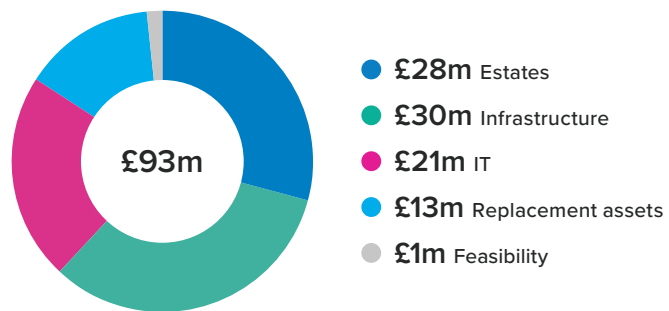
**increase for highest CO2 emitting vehicles to support the Climate Emergency Fund**  
(201g/km or more)

# Government Finances 2025

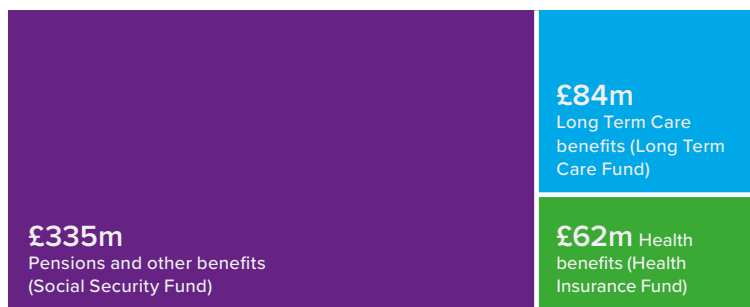
**Departmental Spend**  
in 2025:



**£93m Capital expenditure**  
in 2025 including:



**£481m social benefits expenditure from Social Security Funds**  
in 2025 including:



# Foreword from the Chief Minister



## Chief Minister

Deputy Lyndon Farnham

### Introduction from the Chief Minister

The Budget 2025-2028 prioritises our essential services and seeks to deliver practical solutions to the immediate challenges facing Islanders, with a focus on the cost of living, health care, hospital facilities, and housing. In short, it is the Government's financial plan to achieve the commitments of the Common Strategic Policy (CSP), as approved by the States Assembly in May 2024.

At the same time, the Budget serves as a plan to maintain sound public finances and prevent unnecessary expenditure. Maintaining strong finances is essential to our long-term financial security, economic wellbeing and international competitiveness.

Inevitably, as the cost of goods and services increases there will be some increase in Government spending. We are also committed to ensuring our health service has the money it needs to deliver good quality services. In addition, this Council of Ministers is committed to curbing excessive growth in the public sector. Revenue expenditure will increase overall in 2025 by 5.7%, compared to 9.4% in the previous plan.

Other than maintaining the operation of quality essential services, increases in funding have been restricted to delivering the thirteen priorities of the CSP, ensuring the effective use of taxpayers' money over the next two years.

Subject to approval by the States Assembly, this Budget will mean:

- The construction of the new hospital buildings at Overdale can begin.
- We can extend nursery and childcare provision.
- The transition towards a Living Wage for Jersey, with appropriate support for businesses, to ensure Islanders are afforded an enhanced quality of life,
- Islanders will see a freeze on alcohol and fuel duty to help manage cost of living pressures

The Budget provides stability, demonstrates fiscal responsibility and ensures that public funds are used in a targeted and controlled way to the benefit of islanders.

# Foreword from the Minister for Treasury and Resources



## Minister for Treasury and Resources

Deputy Elaine Millar

I am pleased to present the Government of Jersey Budget 2025, setting the course towards a more prosperous and financially secure future for our Island.

This is a financial plan for the remaining two years of this administration.

While we cannot achieve everything Islanders may wish for in two years, this is a plan that puts the money available where it is needed most. It is a Budget that curbs growth and seeks to reprioritise spending in line with the Common Strategic Policy. It also aims to meet our priorities by removing management layers, cutting unnecessary expenditure and reducing our costly reliance on consultants and contingent labour.

We have a plan to implement the changes needed for our community. We want to make a tangible difference to Islanders' lives, whilst ensuring that our actions are affordable and maintaining the financial resilience of the Island.

### **Increasing Tax Allowances and Freezing Duties**

The Government will continue to support Islanders through increases to tax allowances. The Budget will increase the single person tax allowance for 2025 to £20,700, ensuring that islanders keep more of their own money before paying tax.

This budget freezes alcohol duty, providing support to the hospitality industry and encouraging economic activity within the sector. In addition, the budget once again freezes road fuel duties in 2024, ensuring that cost-of-living pressures on motorists are reduced.

This approach helps maintain stability for businesses and consumers alike, alleviating some of the cost pressures and contributing to a more favourable economic environment. It is also intended to help those small businesses that rely on cars and vans to provide their service.

### **Addressing Healthcare Structural Deficits**

Recognising the importance of a high-quality health service to Islanders, this Budget has provided an additional £31 million to meet structural funding issues in health. This will ensure that services can continue to be provided at the standard expected by patients.

We must ensure that this service is delivered efficiently to support the work of the Financial Recovery Programme, which plans to deliver £25 million of savings to help offset some of these additional costs.

Turning around the health service to allow it to meet its current challenges is an important short term action, but we are also continuing the policy of providing an additional 2%

investment in Healthcare each year, which is broadly in line with the expectation for cost increases in Health over and above inflation.

### **Investing in our Island**

We must continue to invest in our Island's assets, including our buildings, our technology and our physical infrastructure. However, the ambition of the previous programme has exceeded our capacity to deliver and this plan delivers a refocussed, deliverable Capital Programme for the next four years.

There is a twofold emphasis on renewal. We will deliver on our promise to revitalise and redevelop St. Helier. We will also prioritise the renewal of the core assets we already own, rather than allowing them to deteriorate in favour of new projects.

### **Commencing construction of New Healthcare Facilities**

We are set to begin construction of the Acute Hospital at Overdale, with a completion target of 2028. This £710 million project is critical for our health infrastructure and public consultation has shown strong support for swift action.

As part of the Budget, we are presenting a new plan to finance the Programme, with the previous financing strategy no longer being affordable due to the changes in economic conditions, in particular increased interest rates.

### **Implementing Pillar Two**

Next year, we will be introducing the new Pillar Two global corporate tax framework. This will result in some additional income, which must be used prudently. Pillar Two income will help to cover the costs of financing our New Healthcare Facilities and will also allow us to invest in the ongoing competitiveness of our Island economy.

The Budget also allows for the consideration of part of this revenue being used to replenish the Stabilisation Fund - in line with Fiscal Policy Panel advice - which ensures Government can support the economy during a future period of downturn.

We cannot be sure on the levels of receipts we may receive from Pillar Two, especially as they will likely fluctuate in the initial years. Accordingly, we should not expect to be able to spend this money on a recurring basis, but instead utilise an opportunity for us to strengthen our economy, resilience and infrastructure. With targeted investment, we will ensure that businesses continue to see Jersey as a competitive place to invest and operate.

### **Growing the Strategic Reserve**

For a number of years, the Fiscal Policy Panel have also been recommending that we grow the value of the Strategic Reserve – a key part of our financial infrastructure. Jersey's success is built on stability and prudence, and this approach is embodied in the existence and value of the Strategic Reserve.

As we borrow for the new hospital and invest further in public services and the public realm, we need to maintain and grow the Strategic Reserve if we are to retain our hard-earned fiscal credibility. This budget takes positive action towards this goal, through the transfer of revenue resulting from the move from Prior Year Basis Taxation.

We have set out a clear intention to use additional Pillar Two receipts (over the base case) to further strengthen our reserves and competitiveness, in line with our commitment to the prudent use of this revenue.

We will also take advantage of the opportunity to own the new Government Headquarters, with the Social Security (Reserve) Fund investing £91 million. This arrangement prevents funds leaking outside of the wider States investments and will provide a stable return for the Fund for years to come.

In addition, any end-of-year underspends will be allocated to the Stabilisation Fund alongside any contribution from forecast Pillar Two receipts in future years. Maintaining sound public finances is paramount, ensuring long-term stability and the ability to support vital services sustainably

This is a responsible budget. It is a budget for investment, prudence and growth. It builds on the principles that have delivered a successful economy over many years and can give us confidence for the future.



# Economic Context

## The International Economic Outlook

The International Monetary Fund's (IMF) World Economic Outlook (April 2024<sup>1</sup>) showed that the global economy grew by 3.2% in 2023 and forecast global economic growth of 3.2% in both 2024 and 2025. The IMF suggested that inflation has peaked and that whilst the global economy avoided a recession, growth prospects are unbalanced, and significant challenges remain. The IMF is forecasting low growth in the medium-term in many advanced economies, including the UK, with China experiencing and economic slowdown and continuing to present a downside risk to global growth.

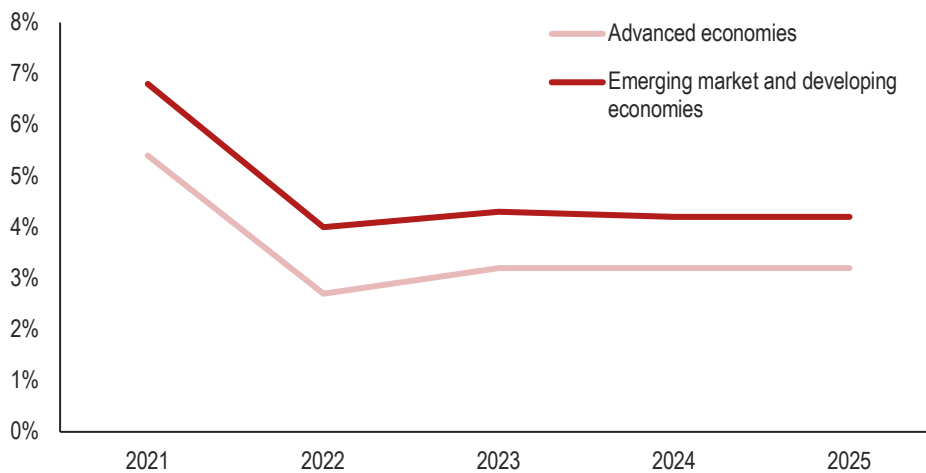


Figure 1: Economic growth forecasts. Source: IMF

Geopolitical tensions in the Middle East threaten price volatility in the energy and commodities market, posing another risk to global growth. Inflation (measured by the Consumer Prices Index) in the UK continues to fall, standing at 2% in June 2024, from a peak of 10.4% in 2023. UK growth is forecast to increase from 0.1% in 2023 to 0.5% in 2024 and 1.5% in 2025.

<sup>1</sup> World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence (imf.org)

# Jersey's Economic Outlook

Jersey's economy grew by 6.7% in 2022 in real terms and at basic prices. This growth was faster than other advanced economies and meant that at £5.8 billion, Jersey's economy, in 2022, was larger than it was pre-pandemic. Growth was driven by profits in the financial services sector – specifically in the banking sub-sector. Following strong growth in 2021, hotels, restaurants and bars continued their recovery from Covid-19, with the sector growing by 20% in 2022. The rest of the economy saw more mixed results.

The Business Tendency Survey (BTS, June 2024) reveals that business activity continues to be strongly positive for the finance sector and neutral for the rest of the economy. The number of those actively seeking work (ASW, June 2024) remains low at 670, indicating that Jersey remains at or near to full employment.

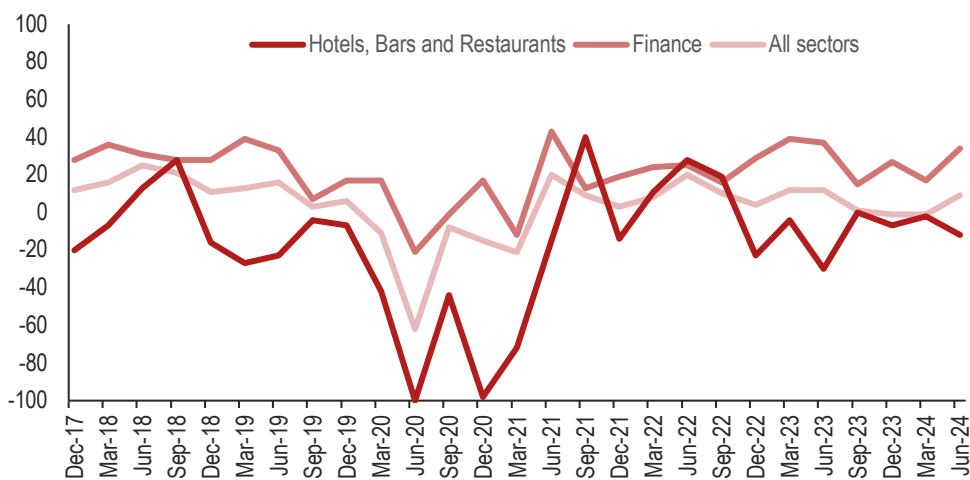


Figure 2: Weighted net balance of response to 'Business Activity', BTS. Source: Statistics Jersey

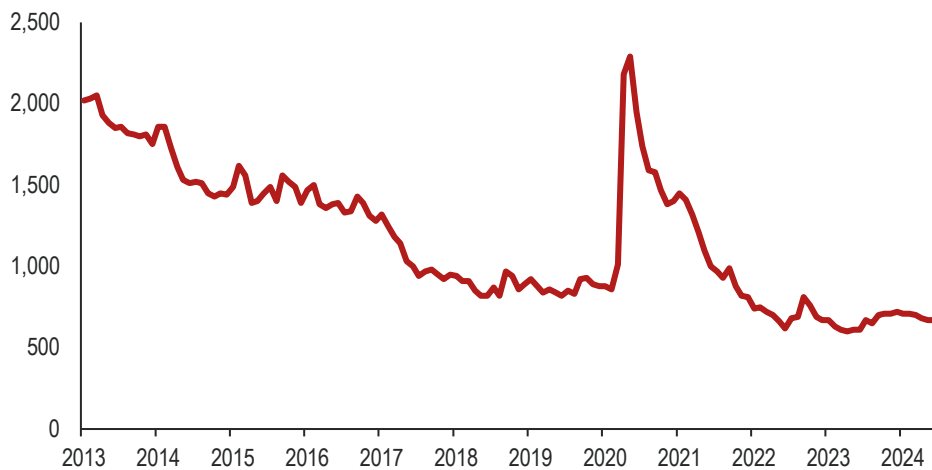


Figure 3: Actively Seeking Work. Source: Statistics Jersey

In its Spring economic assumptions<sup>2</sup> for Jersey, the Fiscal Policy Panel (FPP) revised its profile of financial sector profits upwards, with considerably higher profits expected for 2023. Growth in financial services profits is forecast to slow over the period 2024 to 2028. With higher profits and stronger earnings growth, the forecast for real Gross Value Added (GVA) growth in 2023 has been increased from 1.7% to 9.3% and is forecast to remain positive over the period 2024 – 2028.

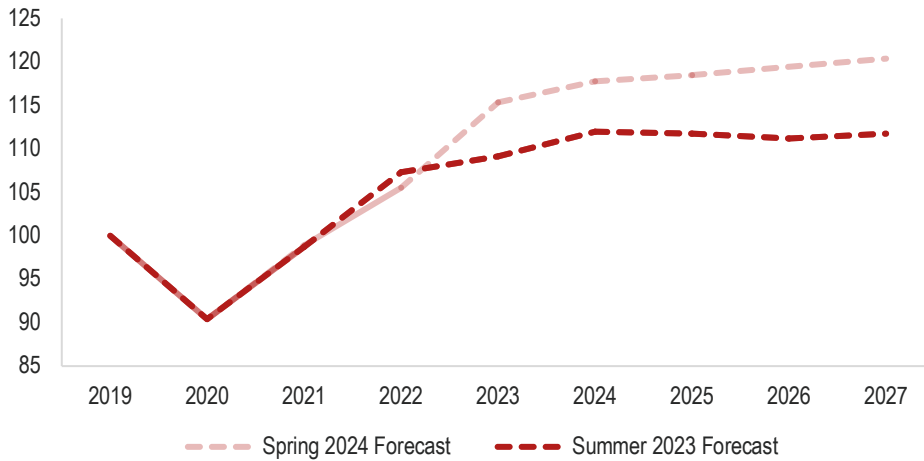


Figure 4: GVA forecast (Index 2019=100). Source Fiscal Policy Panel

Inflation is forecast to fall throughout 2024 with the Retail Prices Index (RPI) expected to fall below 2% in 2025. RPI(X), which excludes mortgage interest payments, is forecast to be higher than RPI in the second half of 2024. The FPP also forecast real wage growth with forecast growth in average earnings exceeding forecast inflation.

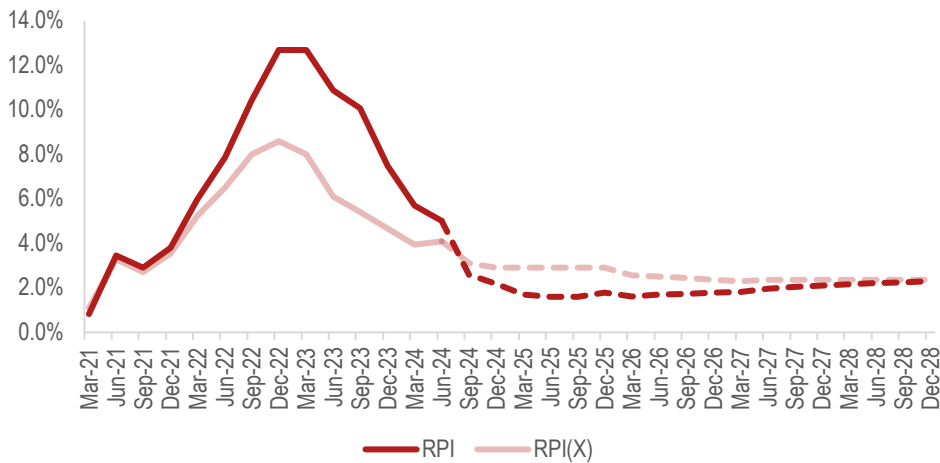


Figure 5: Inflation forecast. Dashed lines represent forecast. Source: Economics unit

<sup>2</sup> Economic assumptions (gov.je)



Figure 6: Average Earnings, RPI and House Price Index. Source: Statistics Jersey

The gap between earnings growth and house price growth has widened over the last 25 years. However, higher mortgage rates have contributed to a slowdown in the housing market, with transactions reducing by 42.9% and prices decreasing by 2.6 % in 2023. The FPP forecast transactions to grow back to pre-pandemic levels by 2026, whilst prices are not expected to increase until 2025.

---

## Fiscal Framework

The Fiscal Policy Panel is established by the Public Finances Law, which enshrines its independence and sets requirements for it to provide an annual report on Jersey's economy and Government finances, and to inform the preparation of the Government Plan. The Council of Ministers or the Minister for Treasury and Resources can also request other reports on specific subjects.

The FPP will continue to be responsible for monitoring the application of the fiscal guidelines.

The fiscal framework remains an important pillar of Jersey's economic and fiscal policy and sets the medium and long-term aims that help to inform budgetary decision making, with particular regard to the balance of income and expenditure (i.e. budget deficits or surpluses).

The key guidelines identified in previous Government Plans are to:

- Seek to increase the Strategic Reserve over the long term and public sector net worth, while heeding the advice of the FPP on borrowing and net financial assets.
- Run a structural current balance or surplus in the long-term until the Strategic Reserve is judged large enough to meet its objectives.
- Borrow only to finance investment (or refinance liabilities), except under times of economic duress, and monitor the impact on net financial assets.

The Fiscal Framework continues to be kept under review and will be updated if necessary.

# Sustainable Wellbeing

## Island Outcomes and Sustainable Wellbeing

The Common Strategic Policy<sup>3</sup> (CSP) of the new Council of Ministers was approved by the States Assembly in May 2024. It sets out 13 priorities that are aligned with the long-term vision set out in the Future Jersey report<sup>4</sup> and the ten Island Outcomes arising from it. The Budget document sets out how the Government will deploy its finances to deliver these priorities, as well as the wide range of existing government services that support the ongoing well-being of Islanders.

### *Future Jersey vision*

The long-term vision for Jersey in 2037 was produced by the Future Jersey consultation and is captured by the vision statement:

*“An Island loved for its beautiful coast and countryside, rich heritage, diverse wildlife and clean air, land and water. An Island where a sense of community really matters - a safe place to grow up and enjoy life. An Island that offers everyone the opportunity to contribute to, and share in, the success of a strong, sustainable economy.”*

The Future Jersey vision focuses on long-term progress and measures community wellbeing, environmental wellbeing, and economic wellbeing. This provides a way of measuring Jersey’s quality of life.

### *Island Outcomes*

The Island Outcomes are split across three wellbeing aspects: Community, Economic and Environmental.

---

<sup>3</sup> Common Strategic Policy 2024 to 2026 (gov.je)

<sup>4</sup> Future Jersey 2017 - 2037 (gov.je)

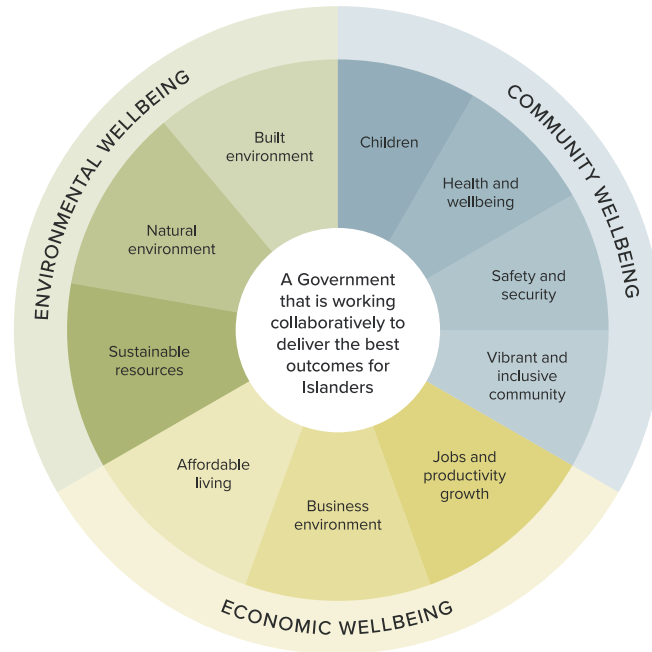


Figure 7: Island Outcomes

Similarly, the Public Finances (Jersey) Law 2019 requires the Council of Ministers to take into account the sustainable wellbeing (including the economic, social, environmental and cultural wellbeing) of the inhabitants of Jersey (“Islanders”) over successive generations when preparing the Government Plan each year.

Progress over time towards the Island Outcomes and the sustainable wellbeing of Islanders over successive generations is monitored using the Island Indicators which are updated over time and published on the Jersey Performance Framework.

### *Jersey Performance Framework*

The Jersey Performance Framework<sup>5</sup> is used to report on the Government of Jersey’s performance. It is underpinned by a shared ambition for the sustainable wellbeing of current and future Islanders.

The Jersey Performance Framework comprises:

- The Island Outcome Indicators; and
- The Service Performance Measures

The Island Outcome Indicators have been refreshed over 2023-24 and a new visualisation has been published on gov.je.

<sup>5</sup> Performance measures and indicators (gov.je)

## Common Strategic Policy 2024-26

In the Common Strategic Policy 2024-26 (CSP), the Council of Ministers set out its priorities for delivery in its two-year term of office, which span all three facets of wellbeing. The CSP was developed after Ministers reviewed the detailed data from a number of sources, including the Jersey Opinions and Lifestyle Survey and the Island Outcome Indicators. The individual priorities are linked to the Island Outcomes.

Ministers and their departments will also be guided by the Island Outcomes in delivering all of their business-as-usual activities.

Our Priorities	Sustainable Wellbeing	Island Outcomes
Extend nursery and childcare provision	Community Wellbeing	Children
Provide a nutritious school meal for every child in all States primary schools	Community Wellbeing	Children
Increase the provision of lifelong learning and skills development	Community Wellbeing	Children
Start building a new hospital at Overdale	Community Wellbeing	Health and wellbeing
Reduce GP fees	Community Wellbeing	Health and wellbeing
Implement the recommendations from the Violence Against Women and Girls Taskforce report	Community Wellbeing	Safety and security
Transition to a living wage	Economic Wellbeing	Affordable living
Provide more affordable homes for Islanders and more confidence for the rented sector	Economic Wellbeing	Affordable living
Keep Government fees, duties, and charges as low as possible to help Islanders with the cost of living in 2025	Economic Wellbeing	Affordable living
Reduce red tape, enhance opportunities for business and strengthen Jersey's international reputation	Economic Wellbeing	Business environment
	Economic Wellbeing	Jobs and productivity growth
Deliver a plan to revitalise Town	Environmental Wellbeing	Built environment
Reform the planning service to enable sustainable development in Jersey	Environmental Wellbeing	Built environment
Meet the Island's commitments to address the climate emergency through the implementation of the Carbon Neutral Roadmap	Environmental Wellbeing	Sustainable resources

Figure 8: Common Strategic Policies



## Sustainable Wellbeing and the Budget

The Budget contains approvals for the Council of Ministers' income estimates and spending proposals for the next 4 years. These spending allocations include some additional allocations needed to progress with CSP priorities, but importantly also continue to fund the wide range of activities that Government is already delivering to provide services and support positive outcomes for Islanders.

The Budget approves heads of expenditure ("budgets"), the majority of which are used to fund the provision of public services which support the sustainable wellbeing of Islanders. This includes, for example the provision of education to our children, provision of healthcare to Islanders and ensuring public safety through blue light services and the justice system.

Further detail on the amounts allocated to each head of expenditure is set out in the public sector spending section of this document. Supplementary detail for each Department will be provided in the Annex to the Budget.

The cost and affordability of the 13 priorities agreed in the CSP was considered during its development. Many are addressed through existing revenue and capital budgets. Where additional funding is required, this has been prioritised in this Budget, alongside funding to address key risks.

In their business-as-usual activity, Ministers continue to be guided by the Island Outcomes. This can take many forms. For example, when considering policy issues within their remit, Ministers take into account the well-being of Islanders and the long-term impacts of the policy. This is expressed through policy documents published by Ministers. Information on key public policies is published on [gov.je](http://gov.je), grouped by the Island Outcomes.

The link between the three wellbeing aspects (Community, Economic and Environmental) and some of the specific activities in the Budget is set out below.

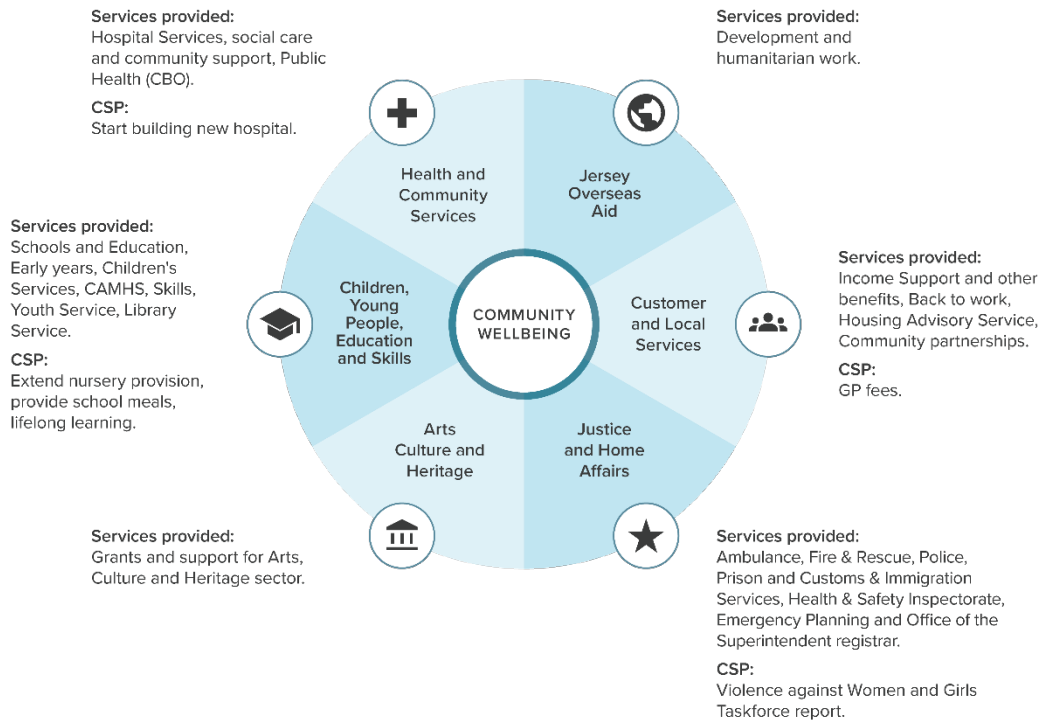


Figure 9: Community Wellbeing

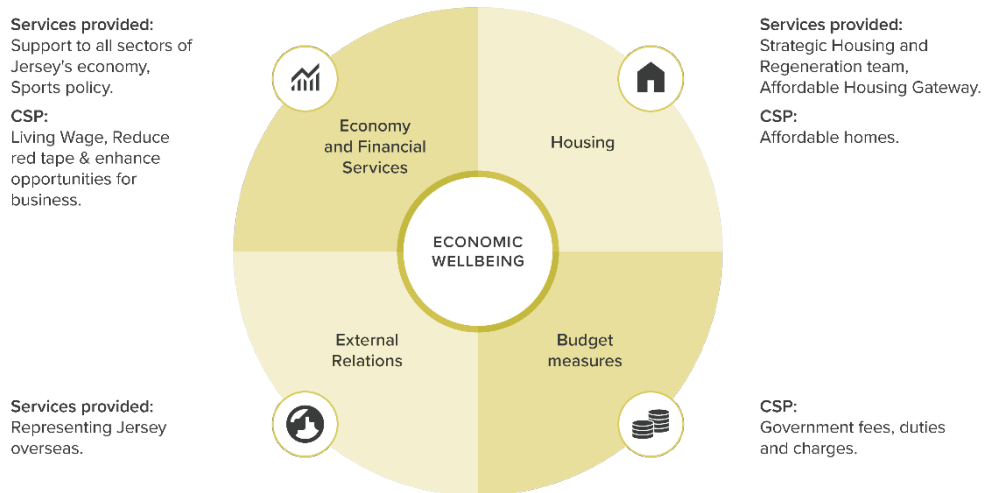


Figure 10: Economic Wellbeing

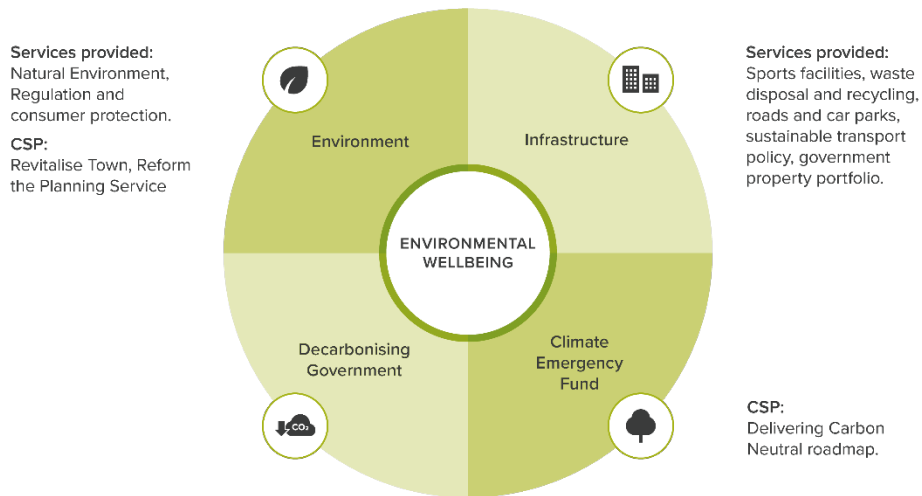


Figure 11: Environmental Wellbeing

## Ministerial Priorities and Business Plans

Alongside the 13 priorities set out in the Common Strategic Policy, Ministers and departments will continue to deliver essential public services and business as usual activities. Key objectives for Ministers and departments, the legislative programme and areas of policy development will be published in department Business Plans. The Business Plans will also include service performance measures which show how government departments are performing in the delivery of key public services. Information on the operational activities and structure of Government departments is available online at gov.je<sup>6</sup>

## Risk

Alongside the sustainable wellbeing of the inhabitants of Jersey over successive generations, the Council of Ministers also consider key risks to Jersey and to the running of the Government of Jersey when considering how best to prioritise and allocate its resources. Whilst many of our key risks will be being addressed through existing resources, we set out below how certain risks are being addressed in the Budget.

### Community Wellbeing

Risk Area	Mitigation
Assurance in the quality and safety of Health and Community Services care	Additional funding is provided to increase HCS budgets from £286 million to £322 million in 2025, with the 2025 pay awards on top of this. This will ensure the continuity of services and help mitigate risks to quality and safety of care.

<sup>6</sup> Government Departments (gov.je)

Health and safety management in the Government of Jersey property portfolio	The budget provides a £28 million pound investment in 2025 for the renewal and refurbishment of Government buildings, including funding to improve fire safety in the CYPES estate.
Major incident recovery and resilience	Existing allocations for the response to the Major Incidents will continue to support the recovery and improve resilience.

Figure 12: Community Wellbeing Risks

## *Economic Wellbeing*

<b>Risk Area</b>	<b>Mitigation</b>
Inflationary pressures and impact on economy/population	<p>Personal tax and child allowances will increase to alleviate pressures on household finances. In addition, in line with the CSP commitment to keep Government fees, duties and charges as low as possible, both alcohol and fuel duties are frozen in 2025.</p> <p>The commitment to transition towards a Living Wage will assist those on the lowest wages facing the greatest challenge from the cost of living</p> <p>The Budget also provides a £20 million support package for businesses and charities while the living wage is implemented.</p> <p>Provisions are held against for the impact of Inflation on the delivery of public services to mitigate the inflation risk on public finances.</p>
Threats to long-term financial sustainability	<p>The Budget curbs the growth in the public sector instead taking the approach of reprioritising budgets where appropriate to deliver balanced budgets and support long-term sustainability.</p> <p>There is also a focus on right sizing the number of projects we commit to, delivering them well, reducing reliance on consultants, delayering management and removing unnecessary expenditure.</p> <p>Acton is taken to grow the Strategic Reserve through the transfer of prior year basis taxation receipts, and a plan to rebuild the Stabilisation Fund through Pillar Two taxation.</p>

Figure 13: Economic Wellbeing Risks

## *Environmental Wellbeing*

<b>Risk Area</b>	<b>Mitigation</b>
Lack of capacity for waste disposal and management	<p>Additional investment of £5.7 million is provided to address the age and capacity of the liquid waste system.</p> <p>The introduction of waste charges will be deferred to support businesses whilst the living wage is introduced, providing resources to the Infrastructure department over this period.</p>
Climate Emergency	<p>The Budget includes feasibility funding of £1.5 million for the Shoreline Management Plan to alleviate coastal flooding, through the improvement of sea defences.</p> <p>The Budget includes proposals to increase Vehicle Excise Duties, with the increase transferred to the Climate Emergency Fund to support the implementation of the Carbon Neutral Roadmap.</p>

Figure 14: Environmental Wellbeing Risks

## *Corporate Performance*

<b>Risk Area</b>	<b>Mitigation</b>
Cyber defence and information security	The Budget provides a £21 million investment in information technology in 2025, including continuation of funding for cyber security to respond to heightened cyber security threats.
Uninsured Losses	A transfer to the Insurance Fund is proposed in this Budget, to mitigate the risk of uninsured losses by ensuring that the fund balance is adequate to meet historic claims.
Non-delivery of Capital Projects (including the New Healthcare Facilities)	<p>The Budget includes a right-sized capital programme, which has been reprofiled to be a more realistic and deliverable programme.</p> <p>Proposals are included for Phase 1 of the New Healthcare Facilities programme.</p>

Figure 15: Corporate Performance Risks

Government continues to develop its long-term financial planning, but already considers a range of scenarios to manage financial risk in both the medium and longer-term. We have a well-established fiscal policy, supported by the business planning process which continues to prioritise resources against the highest areas of priority and risk.

# Financial Strategy

## Financial Principles

The Council of Ministers agreed the following financial principles to be used as a framework for decisions making in preparing this budget.

1. The Budget must take into account the sustainability, stability and wellbeing of public finances.
2. Public services should be funded through balanced budgets.
3. Investment should be affordable and deliverable.
4. Expenditure and assets should be used to deliver value for money.
5. Fees and charges should be reasonable.
6. Restrained approach to borrowing should be adopted.
7. The value of our balance sheet should be preserved.

## Tax Policy Principles

The following tax policy principles established in previous Plans continue to be used in this Plan.

1. Fair and sustainable
  - 1.1. Taxation must be necessary, justifiable, and sustainable
  - 1.2. Taxes should be low, broad, simple, and fair
  - 1.3. Everyone should make an appropriate contribution to the cost of providing services, while those on the lowest incomes should be protected
2. Support broader Government Policy
  - 2.1. Taxes must be internationally competitive
  - 2.2. Taxation should support economic, environmental, and social policy
3. Efficient and effective
  - 3.1. Taxes should be easy to implement, administer and comply with, at a reasonable cost

No individual tax measure will meet all these principles. But overall, the Island's tax regime should represent a sustainable balance of them.

## Financial Strategy for 2025-2028

The Council of Ministers developed a Common Strategic Policy (CSP), that focuses on delivering sensible, practical solutions to make Islanders' lives better. This Budget builds upon the foundations set out in the CSP to ensure funding is in place to deliver on real outcomes that will benefit our Island community.

The Budget has been prepared against the backdrop of heightened geopolitical risks and global economic uncertainty. Inflation levels have peaked, and are expected to return to more normal levels, along with interest rate projections, however, there remains pressure on both Government and household finances.

In developing the Budget, the Council of Ministers have restated their commitment to the principles agreed in their CSP

- Underpinning all our work is a steadfast plan to maintain sound public finances, and prevent unnecessary expenditure, with no significant increase in spending beyond what is affordable.
- Budgets will be reprioritised where appropriate to deliver objectives.
- We will curb the growth in public sector spending and rely less on consultants, instead developing local talent within the civil service and redirecting monies saved to those areas where it is most needed.

The financial strategy for 2025 – 2028 is based upon these principles and actions agreed in the CSP, the key elements of the medium-term financial strategy for this Budget, are;

- Curbing growth in the public sector by focussing available resources towards priorities agreed in the CSP and only where existing budgets and resources cannot be reprioritised.
- Further funding provided to address further structural deficits in Health and Community Services which cannot be met through the Financial Recovery Programme (FRP) and without an impact to health services.
- A focus on preventing unnecessary expenditure, delayering management, and reducing reliance on consultants and contractors. The savings arising will be reprioritised to assist in funding CSP objectives and additional healthcare deficit funding.
- Proposals are included to transition from the minimum wage to a living wage through 2025 and 2026, with a package of measures of support provided to businesses and charities over the period of that transition.
- Duties on alcohol and fuel have been frozen for 2025 to support Islanders with the ongoing challenges of the cost of living and support the hospitality sector.
- The capital programme has been right sized to a more deliverable level, focussing on those projects that are most impactful to Islanders and mitigate key risks. A more deliverable and realistic programme also reduces our reliance upon consultants and contractors and costs.
- Funding to build the new hospital at Overdale and complete phase one of the new healthcare facilities programme are included.

Although the focus of the Budget is on immediate delivery over the next two years of office the Budget also seeks to address longer term strategic challenges.

- The Budget sets out the financing strategy to deliver those new healthcare facilities. The Budget also sets out the strategy to grow the Strategic Reserve towards recommended level in the longer-term, including the transfer of Prior Year Taxation (PYB) debtors to the Strategic Reserve Fund.

Whilst the forecasting of the impact of the introduction of the Pillar Two tax framework remains uncertain, this Budget also sets out how the Government plans to use any additional revenues to help ensure the long-term sustainability of both the Island’s economy, and its public finances.

## Sustainable Public Finances

The Public Finances (Jersey) Law 2019 (PFL) sets out a requirement for the Budget to have regard to the long-term sustainability of the Island to ensure that we safeguard it for future generations.

This plan delivers budgets that are broadly balanced across the plan. This is important to ensure that we are spending within our means and making adequate provision for the replacement of our assets.

Whilst income forecasts have improved across the plan, spending has also increased above inflation to fund further deficits in Health and Community Services, and CSP priorities. The recurring impact of revenue expenditure growth is a £41 million increase in departmental expenditure by 2028, most of which is for Health and Community Services and commences in 2025, which is offset by £47 million of planned savings per annum by 2028. This Budget takes actions to restore balanced budgets across the period of the plan, with a largely inherited deficit in 2025 followed by transition to surpluses in subsequent years, which are used to fund investment in capital projects.

Summary Forecast Operating Balance					
2024		2025	2026	2027	2028
Approved	£'000	Estimate	Estimate	Estimate	Estimate
1,190,589	General Revenue Income	1,270,217	1,296,742	1,330,251	1,371,224
1,162,591	Net Revenue Expenditure	1,229,715	1,238,649	1,260,912	1,294,099
<b>27,998</b>	<b>Net Operating Surplus/(Deficit)</b>	<b>40,502</b>	<b>58,093</b>	<b>69,339</b>	<b>77,125</b>
56,131	Depreciation and amortisation	58,934	58,919	58,919	58,919
<b>(28,133)</b>	<b>Forecast Operating Surplus/(Deficit)</b>	<b>(18,432)</b>	<b>(826)</b>	<b>10,420</b>	<b>18,206</b>

Table 1: Forecast Operating Balance

The financial forecast above excludes the impact of the introduction of the Pillar Two tax framework for accounting periods beginning on or after 1 January 2025. The receipts will not be available to spend until 2026 onwards.

Whilst forecasting the impact accurately remains extremely difficult, a prudent “base case” of additional tax receipts has been estimated upon which we have a high level of confidence will be received on a recurring basis for the foreseeable future.



These additional recurring receipts are proposed to be used primarily to meet the financing costs for Phase 1 of our New Healthcare facilities (NHF) and maintaining and enhancing the competitiveness of our international financial services sector. A more detailed package of support and investment will be made in the next Budget.

There is considerable upside potential for the receipts arising from the implementation of Pillar Two, however there is also significant uncertainty as to the scale of the extra receipts and how long the Island can expect to receive this income. Accordingly spending plans have not been developed which depends upon those receipts, particularly on a recurring basis. These receipts will be an opportunity to further invest in critical Island infrastructure, including phase one of the New Healthcare Facilities, and assist in growing our reserves – in particular the Stabilisation Fund and Strategic Reserve, in line with FPP recommendations. These receipts should not be used to fund recurring expenditure.

This Budget also presents how we will pay for phase 1 of the New Healthcare Facilities, a critical project to the future wellbeing of islanders. We will use a sensible plan that blends borrowing and the use of reserves, with Pillar Two receipts being used to service the borrowing into the future.

The phased approach to providing New Healthcare Facilities is designed to ensure that each phase of the project is only committed to once an affordable financing strategy has been determined. This protects the public finances from being over-committed, helping ensure their long-term sustainability.

Whilst this Budget proposes the use of the Strategic Reserve to assist with funding the NHF, it also takes action to increase the value of the Strategic Reserve towards the target recommended by the FPP in the long-term, by proposing that, from 2026, all receipts from the payments of Prior Year Basis be allocated to the Strategic Reserve. The balance in the fund (excluding PYB Debtors) is forecast to be broadly maintained over the plan period, subject to short-term volatility, but the transfer adds an additional income stream into the fund. Pillar Two receipts also present an opportunity to build the reserve, as well as to rebuild the Stabilisation Fund.

Work is underway to develop a more detailed understanding of the longer-term forecast for public finances, which will consider the impact of changes to population size, demographics, and the economy over longer timescales. This will build on existing work, including the review of the sustainability of the Island's health and care costs.

# General Revenue Income

The Government funds ongoing annual expenditure and investment in assets through three main sources: general tax revenues, other government income and departmental income. These three sources of revenue are paid into the Consolidated Fund.

## *General Tax Revenues*

General tax revenues provide the main source of funding for the Government, with four main tax types.

Income tax	Tax is levied on the income of individuals and non-individuals (for example, companies). An individual or couple with income above the personal income tax thresholds will pay tax at a rate no higher than the 20% standard rate of tax. The actual effective rate of tax is determined by income levels and eligibility for reliefs and allowances. Companies pay income tax at 0%, 10% or 20% depending on the activities they undertake.
Goods and Services Tax	Goods and Services Tax (GST) is a tax on the supply of goods and services in Jersey. GST is charged at 5% on the majority of goods and services supplied in Jersey, including imports.
Impôts (excise) Duties	Impôt (excise) duties are levied on the importation of specific items, namely road fuel, alcohol, tobacco, and motor vehicles.
Stamp Duty, Land Transactions Tax, and Enveloped Property Transaction Tax	Stamp duty is levied on the purchase of properties bought on the Island and registration of wills of Jersey immovable property. Land Transactions Tax (LTT) is levied on share transfers involving shares which give the owner the right to occupy property in Jersey. Enveloped Property Transaction Tax (EPT) is levied on transactions in which control of an entity that owns certain land in Jersey is transferred from one person to another.

Figure 16: Tax Types

## *Other Government Incomes*

The Government also receives income from four other sources, as set out in the table below.

Island-wide rates	Received as part of the rates system and collected by parishes.
Income from dividends and returns	Received from States-owned entities including utility companies.
Non-dividends	Other income received from tax penalties, Crown revenues, miscellaneous interest, fees, and fines as well as investment returns from the Consolidated Fund and Currency Notes Fund.
Returns from Andium Homes	Reflects the income contribution made from the housing stock that was transferred to Andium Homes.

Figure 17: Other Income Sources

## *Departmental Income Sources*

In addition to amounts paid directly to the Consolidated Fund, Government departments receive money from fees and charges for individual services. These amounts are included within individual net revenue expenditure allocations and are estimated at £120 million in 2025. The number of diverse sources of income reflects the variety of services provided by the Government. This includes fees for private patients at the hospital, school fees, fees for the disposal of inert waste, planning fees, and income from rents and our sports facilities. This income is included in department heads of expenditure.

A challenge for the Infrastructure department is the loss of income arising from the reduced capacity at the inert waste site. This loss of income will not result in associated expenditure savings, resulting in a sizable cost pressure. Over the medium term, the Minister for Infrastructure intends to bring forward commercial waste charges to recover the costs of treatment and to encourage improved environmental outcomes. To continue the shelter business and Islanders recovering from the recent impacts of the cost of living and doing business, Ministers propose to provide additional sums to the Infrastructure Department for the next 2 years.

Special Funds, including social security funds also receive income designated to them, as well as the investment returns on fund balances. This is then used for expenditure in line with the purpose and objectives of the funds.

## Latest Income Forecasts

The Income Forecasting Group (IFG) advises on the forecasts of all States income from taxation and social security contributions. Membership of the group includes senior civil servants, the Government's chief economic advisor as well as four external members.

Since the previous forecast (Summer 2023) used as the basis for Government Plan 2024-2027, the IFG have produced a new income forecast (Spring 2024). This reflects the latest economic assumptions produced by the independent Fiscal Policy Panel in May 2024. The forecast is published alongside the Budget 2025-2028.

The global macroeconomic outlook continues to evolve in a rapidly changing environment. Since summer 2024, the IFG revised forecast reflects slight improvement in the global economic outlook, but that growth prospects remain below historic averages with many advanced economies, including the UK forecast to experience low growth in the medium term.

The FPP economic assumptions reflect the latest local and international developments to May 2024. The main variations to the economic assumptions used in the IFG forecast for Spring 2024, since the previous Government Plan include:

- Interest rates are expected to have peaked and should fall over the forecasting period. The FPP has increased their forecast for growth in financial services profits in 2023 with slowing growth (from a higher base) expected for 2024 to 2028.

- Inflation measured through the Retail Prices Index (RPI) is forecast to fall more quickly in 2024 than previously expected, however, upward revisions were made for 2025 and 2026.
- The forecast for average earnings has been updated in 2024 to 2026, driven by the public sector pay deal and higher forecast remuneration in the financial sector. The forecast for employment growth remains largely unchanged at 1.4% in 2023 and between 0.4 - 0.5% thereafter.
- House prices are not expected to increase until 2025 and transactions are expected to return to pre-pandemic levels by 2026 with modest growth thereafter.
- The IFG's Spring 2024 forecast has been developed as a 'central forecast' to represent the IFG's view of the most likely outcome.

In addition to the economic assumptions forecast by the FPP, the IFG's latest forecast reflects;

- Taxation and duty income results for 2023.
- Initial information on taxation and duty general revenues income for the first quarter of 2024.
- Forecasts from Treasury for other income; and
- Market and local sectoral intelligence from the IFG and gathered by the Economics Unit.

The spring 2024 forecast covers the years 2025-28, the forecast assumes existing tax policy and long-standing policy for rises and changes where relevant.

<b>IFG Income Forecast</b>					
<b>2024</b>		<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Approved</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
843,000	Income Taxes	906,000	931,000	960,000	995,000
121,000	Goods and Services Tax (GST)	129,000	132,000	135,000	138,000
73,225	Impôts Duties	72,327	72,846	73,454	74,320
39,756	Stamp Duty	44,543	51,200	52,523	53,795
<b>1,076,981</b>	<b>General Tax Revenue - IFG Forecast</b>	<b>1,151,870</b>	<b>1,187,046</b>	<b>1,220,977</b>	<b>1,261,115</b>
<b>Other Income</b>					
17,300	- Island-Wide Rates	17,660	17,960	18,319	18,722
22,231	- Dividend Income	21,226	12,331	9,457	9,600
29,715	- Income from Andium Homes	29,645	29,628	29,820	30,024
20,343	- Other Non-dividend Income	20,021	19,982	19,983	20,068
<b>1,166,570</b>	<b>States Income - IFG Forecast</b>	<b>1,240,422</b>	<b>1,266,947</b>	<b>1,298,556</b>	<b>1,339,529</b>
1,166,570	States Income - IFG Summer 23 Forecast	1,219,002	1,254,501	1,299,468	-

Table 2: IFG Income Forecast

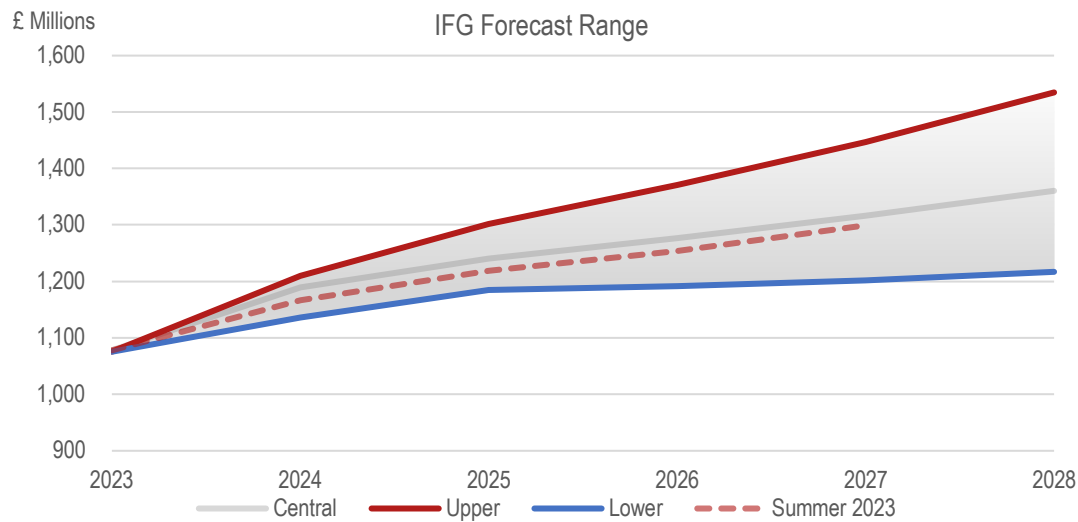


Figure 18: Range of IFG forecast. Source: IFG

The overall changes from the summer 2023 forecast are:

### *Personal Income Tax*

The forecast for personal income tax is expected to grow at a slower rate than previously forecast. This is based on the latest available results, data and the FPP assumptions, including an increase in average earnings assumptions.

### *Corporate Income Tax*

The Corporate income tax forecast has increased compared to the summer 2023 forecast. This is driven by a reprofiling of the growth in financial services profits, based upon direct and confidential engagement directly with the major taxpayers in the sector, indicating significant growth in 2024. The forecast corporate income tax revenue from other sectors remains stable.

### *GST and International Services Entity Fees*

The forecast for Goods and Services Tax (GST) has increased in each year of the plan. The FPP's economic assumption for compensation of employees, the main determinant of GST receipts has been revised upward and is the main driver for the increase in receipts.

## *Impôts Duties*

Impôts (excise) duty reflects a decrease from the Summer 2023 forecast due in part to lower-than-anticipated excise rates in the 2024 budget following the freeze to alcohol and fuel duties in 2024. Tobacco duty has seen large fluctuations since the Covid-19 pandemic, with changing consumer behaviours and remains challenging to forecast. The 2025-2028 forecast across alcohol, tobacco and fuel relies upon long-term consumption trends.

## *Stamp Duty*

Stamp duty has been revised to incorporate the updated FPP economic assumptions. The Stamp duty forecast has decreased in each year of the forecast from summer 2023. This is principally due to the FPP economic assumptions forecasting a slower return to pre-2019 housing marketing activity than the previously forecast.

## Budget Proposals

### *Income Tax (Personal Taxation) Exemption Thresholds and Child Allowances*

Income tax exemption thresholds set a limit below which an individual, married couple or couple in a civil partnership do not pay income tax or Long-Term Care (LTC) contributions. Other family circumstances may increase an individual's or couple's exemption threshold through additional allowances, such as the second earner's allowance and allowances in respect of children and childcare fees.

Previous policy has been to uprate the main tax allowances by the lower of the growth of June RPI and average annual earnings. Allowances were increased by 7.7% in 2024, based on average earnings, following a higher increase of 12% in 2023 to support Islanders through the cost-of-living crisis.

Following these substantial increases, Ministers are proposing to uprate the main tax allowances in 2025 by 3.6%, based on the economic assumptions produced by the FPP. This is part of a balanced package of measures, including the freeze of alcohol and fuel duties, the move towards a living wage and other support for the lowest earners. The increase to tax allowances will benefit the 90% of taxpayers who pay at the marginal rate.

In comparison, the UK personal allowance has been frozen since the 2021/22 tax year at £12,570, whilst the personal allowance threshold in Guernsey is set at £13,900 for 2024.

Income Tax Exemption Thresholds				
£	2024 Actual	2025 Proposed	Proposed Increase	Tax Reduction @ 26%
Single person	20,000	20,700	700	182
Married couple/civil partnership	32,050	33,200	1,150	299
Second earner's allowance	7,950	8,200	250	65
Child allowance	3,700	3,850	150	39
Additional allowance in respect of children	5,550	5,750	200	52
Childcare	7,600	7,850	250	65
Childcare (enhanced)	19,700	20,400	700	182

Table 3: Income Tax Exemption Thresholds

### *Excise Duties*

Ministers' proposals for excise duties on tobacco, alcohol, road fuels, and motor vehicles, if approved by the Assembly, will take effect at midnight on 31 December 2024.

#### *Tobacco*

Ministers recognise that smoking represents a significant threat to the health and wellbeing of Islanders and continues to place a burden on our health care system. Having taken the advice of Public Health officials, Ministers are proposing to increase duties on tobacco products by 8.6%, which is the sum of the forecasted June 2024 RPI (3.6%) and an additional 5% escalator. This increases the duty on a standard packet of cigarettes by 83p.

Cigars will be subject to an increase of 11.6% in line with existing policy to close the gap between the duty charged on cigars and cigarettes.

### *Alcohol*

The hospitality industry continues to face challenges. In addition to an expansion of small distillers' relief, Ministers are proposing to freeze alcohol duty in 2025. This will be the fifth year in a row that indexation of alcohol duty has been either frozen or held below inflation, also assisting with the ongoing cost of living pressures of Islanders.

### *Fuel duty*

Following the freeze on road fuels duties in 2023 and 2024 to help with the cost of living, fuel duties are once again frozen in 2025. Ministers maintain the commitment to allocating 9 pence per litre from fuel duty receipts to the Climate Emergency Fund.

<b>Proposed Changes in Excise Duties</b>			
<b>Goods</b>	<b>2024 Duty Rates £</b>	<b>2025 Duty Rates £</b>	<b>Proposed Increase %</b>
Cigarettes – per kg	807.29	876.72	8.6%
Hand rolling tobacco – per kg	807.29	876.72	8.6%
Cigars – per kg	724.39	808.42	11.6%
Spirits 40% abv – litre per alcohol	45.46	45.46	-
Beer (2.8% to 4.9% abv) – per hectolitre	73.82	73.82	-
Wine (5.0% to 15.0%) – per hectolitre	234.91	234.91	-
Unleaded fuel – per hectolitre	63.89	63.89	-

Table 4: Changes in Impôts (Excise) Duties

### *Vehicle Emissions Duty*

Vehicle Emissions Duty (VED) is charged when a vehicle is first registered in the Island. The amount of VED payable depends on the vehicle's CO<sub>2</sub> emissions data, meaning that the charges are higher for the most polluting vehicles. The increase in income from VED proposals is transferred into the Climate Emergency Fund.

From 2025, it is proposed to increase the three highest emission bands for non-commercial vehicles. From 1 January 2025, the highest three emission bands will be increased by 5%, 10%, and 20% with no increases for most vehicles, which fall into the less polluting bands.

Commercial vehicle rates have not been increased since the category was introduced on 1 April 2022 and at the time reflected the rates from 2018. It is proposed that for commercial vehicles, VED will increase by forecast RPI (3.6%) across all bands to maintain the rate in real terms. Restricted Speed Agricultural Tractors VED rates will not be increased for 2025.

The Government will continue to keep VED rates under review in future years to encourage the importation of more efficient petrol and diesel vehicles, as well as electric vehicles.



<b>Vehicle Emissions Duty – Non-commercial vehicles</b>			
<b>CO<sub>2</sub> Mass Emissions (grams)</b>	<b>2024 Actual</b>	<b>2025 Proposed</b>	<b>Proposed Increase %</b>
0	-	-	-
1-50 [new rate band]	35	35	-
51-75	73	73	-
76-100	240	240	-
101-125	422	422	-
126-150	715	715	-
151-175	1,367	1,435	5%
176-200	4,200	4,620	10%
201 or more	7,937	9,524	20%

Table 5: Vehicle Emissions Duty

### *Excise Duty Relief for Craft Spirits Producers*

Small distillers can currently benefit from lower rates of excise duty. Ministers are proposing to make two changes to the regime. First, a new category of relief will be created for small producers who use base spirit from an external supplier during the manufacturing process. Second, the maximum amount that can be made by a small producer to qualify for the lower duty rates will be increased from an average of 10,000 litres of pure alcohol over five years to 40,000 litres annually.

These changes will enable more local artisans to benefit from reduced rates and provide them with room to grow their business. The measures will also lower costs for pubs, restaurants, and hotels that stock these products, while promoting Jersey as a centre of high-quality spirits production showcasing our Island's distinctive botanicals, agricultural products, and other natural resources.

### *Group Relief for Stamp Duty*

The Government Plan 2024-2027 committed the Government to considering group relief for stamp duty, which would allow companies within the same corporate structure to transfer properties between themselves without incurring full stamp duty charges. The Budget will introduce a new relief to reduce the stamp duty or Land Transaction Tax payable on eligible intra-group transactions. From 1 January 2025 these transactions will be charged a nominal rate of £90 per transaction. The change will facilitate corporate restructuring and asset management between connected companies.

### *Second-hand Bicycle Margin Scheme*

The GST legislation allows suppliers of second-hand motor vehicles to apply a simplified calculation for GST based only on their value added—that is, the difference between the price at which they sell a vehicle and the price they paid for it.

To encourage the growth of businesses that deal in second-hand bicycles, the GST regulations will extend the simplified scheme for motor vehicles to pedal and electric bicycles.

## *GST Refunds for DIY Home Builders*

Currently, do-it-yourself (DIY) builders can apply for a GST refund on building materials if they are building a new home.

Recent assessments of the DIY home builder scheme have highlighted the risk of claims that extend beyond the original objectives of the policy, particularly in the context of high-value projects. To address this risk, it is proposed to cap reclaimable expenditure on home construction at £1 million. This will ensure that the scheme remains targeted to individuals personally building an average house.

### Summary of Budget Proposals

£'000	Proposed vs Forecast <sup>7</sup>	Proposed vs no change
<b>New tax measures</b>		
Excise duty relief for craft spirits producers	(175)	(175)
Group relief for Stamp Duty	-	-
Second-hand bicycle margin scheme	-	-
GST refunds for DIY home builders	-	-
<b>Annual tax adjustments</b>		
Personal allowances incl. child allowances	-	(11,300)
Alcohol duty freeze	(868)	-
Tobacco duty increase	-	1,410
Fuel duty freeze	(905)	-
Vehicle Emissions Duty increases	243	243
<b>Budget proposals</b>	<b>(1,705)</b>	<b>(9,822)</b>

Table 6: Summary of Budget Proposals

<sup>7</sup> Variation of proposed budget measures to the 2024 IFG forecast

## Future Tax Measures Under Consideration

### *Net Zero Financing Strategy for the Carbon Neutral Roadmap*

The net zero financing strategy for the Carbon Neutral Roadmap includes the need to raise additional revenues to allow the funding of the transition to net-zero by 2050. More detail is provided in the section on the Carbon Neutral Roadmap Net Zero Financing Strategy.

### *Carbon Tax or Charge on Private Aircraft*

Following an amendment to Government Plan 2024-2027, Ministers are committed to investigating “an appropriate carbon tax or charge relating to the operation of private aircraft.” The Government continues to engage with Ports of Jersey to consider the options available.

### *Fuel Duty Replacement Policy*

The vehicles seen on Jersey’s roads are changing in response to our carbon reduction ambitions and an evolving global market. In response to Government policies, and Islanders’ own choices, receipts of road fuels duty will decline, with scope for the Government’s income to reduce by up to £26 million. It will still be necessary for the Government to meet the costs of road maintenance and improvement along with the wider costs arising from road usage. The income will also be used to support wider policy initiatives, such as the sustainable transport policy, the Carbon Neutral Roadmap and to fund other essential services.

Ministers are working to devise alternative charges which, over time, will begin to make up the funding lost from declining road fuel duty. Alternative charges being considered include a form of Vehicle Ownership Charge and a Road User Charge. It is not expected that any new charge could come into effect until 2026 at the earliest (with the law passing to give effect to the change in 2025).

### *Interest Deductions for Landlords*

Following an amendment to Government Plan 2024-2027, Ministers continue to examine the case for removing the ability to claim deductions for interest paid in respect of residential properties that are rented out. This work will give consideration of the timing and cumulative impact upon Jersey’s housing market of any potential change.

### *Taxing Vaping Products*

The Government is committed to safeguarding the health of Islanders and minimising the harmful effects of nicotine consumption in all its forms. The potential role for taxation in reducing the consumption of nicotine through vaping is being studied. Any recommendations made as a result of this work will ensure that vapes remain an affordable alternative to tobacco that support smokers in quitting for good.

### *On Premises Retail Alcohol Sales: “Tap relief”*

Ministers are further supporting Jersey’s hospitality industry by laying the groundwork for tap relief - that is, a separate category and lower rate of duty on alcohol sold from large containers in bars, restaurants, and hotels. A similar policy was recently introduced in the UK. Legislative changes will be made to provide the capability for future governments to offer a preferred duty rate to qualifying sales made on licenced premises. The intention is to improve the competitiveness of prices within the hospitality sector against prices off-licence and in low-cost destinations. The option will not be immediately necessary due to this year’s freeze in duty. However, Ministers are legislating the framework to offer tap relief in future years.

The introduction of tap relief would benefit both businesses and consumers. For establishments, a preferential duty rate will provide room to reinvest in their services and customer experience and reduce prices for patrons. This, in turn, can stimulate local economies by attracting more visitors and encouraging higher spending within the community. For consumers, it means more affordable prices, enhancing the appeal of dining out and participating in social experiences. This policy underscores the commitment to fostering a thriving hospitality industry, which is a cornerstone of Jersey’s economy and Island life.

### *Review of International Services Entities (ISEs)*

The ISE regime is available for use by (largely financial) entities mainly providing services to overseas customers. Entities listed as ISEs pay an annual fee in consideration for which they remain outside the normal GST regime.

A limited review of aspects of the ISE regime will be conducted before the next Budget, with a view to simplifying the legislation and fee structure, while maintaining broad revenue neutrality.

### *International Tax Reform*

Over the past four years, the Organisation for Economic Co-operation and Development (OECD) has been working to establish a new global tax framework, aimed at addressing the tax challenges arising from the increasing digitalisation of the economy. The Government of Jersey has been closely engaged in this process, through Jersey’s seat on the OECD Steering Group of the Inclusive Framework on Base Erosion and Profit Shifting and other related OECD fora.

This international tax reform project is targeted and limited in scope, focussing on the world’s largest Multi-National Enterprises (MNEs). It comprises two pillars of OECD work which are explained in more detail on gov.je<sup>8</sup>.

- Pillar One (when finalised) will be made up of two parts, Amount A and Amount B. Amount A would create new profit allocation rules for the world’s largest Multi-National Enterprises (MNEs), with global turnover in excess of €20 billion and profitability in excess of 10%. Importantly for Jersey, the Pillar One Amount A rules would exclude Regulated Financial Services. For the relatively small and targeted number of MNEs globally that are impacted by Pillar One, certain of their profits would be re-allocated to market jurisdictions. Amount B of Pillar One requires jurisdictions to implement certain

---

<sup>8</sup> OECD Pillar One and Pillar Two (gov.je)

transfer pricing principles into their domestic law, intended to simplify the taxation of MNE groups. Pillar One would be implemented via a multinational convention, which requires a critical mass of jurisdictions to ratify in order to come into force.

Jurisdictions committing to the multinational convention on Amount A would also commit at the same time to implement Amount B. Both regimes would ultimately require Jersey to introduce legislation, notwithstanding the minimal practical impact.

- Pillar Two establishes a framework for a 15% global minimum corporate income tax that applies to MNEs with annual global revenues of at least €750 million. The 15% minimum rate is calculated in a specific way based on financial statements and on a country-by-country basis. Importantly for Jersey, it contains a carveout for certain investment entities (such as funds). A number of major economies have already introduced legislation making this minimum tax effective from 2024.
- Under Pillar Two, a treaty-based rule has also been introduced which ensures that double tax agreements do not prevent certain payments made from developing countries from being taxed at a rate of at least 9%. As only one of Jersey's double tax agreements is in scope of this rule, Jersey will implement the changes, if asked to do so, by way of bilaterally negotiated protocol to the agreement.

### ***Jersey is implementing the 15% Pillar Two regime from 2025***

On 21 May 2024, the Government of Jersey announced<sup>9</sup> that it is proceeding with plans to implement the Pillar Two 15% minimum tax framework for accounting periods beginning on or after 1 January 2025. It will apply only to the large in-scope MNE groups, as set out above. Jersey's existing corporate income tax regime will continue to apply to all other companies.

Draft Pillar Two legislation is expected to be lodged by the Minister for Treasury & Resources in the summer, for debate by the States Assembly in October of this year.

The other Crown Dependencies (Guernsey and the Isle of Man) are also proposing to introduce the Pillar Two regime to a common timeline with Jersey - for accounting periods commencing on or after 1 January 2025.

### ***Forecasting Pillar Two Tax Receipts***

The implementation of Pillar Two in Jersey will increase tax revenues from in-scope Pillar Two groups in relation to their accounting periods ending on or after 1 January 2025. Tax receipts will be included in the Budget from 2026 (i.e. a year in arrears in common with existing Corporate Income Tax).

Forecasting the future revenue impact of Pillar Two implementation is a complex exercise for all 147 jurisdictions in the OECD Inclusive Framework. The Pillar Two regime is still in its inception phase and the pace and manner of its roll out varies across the globe. Future Pillar Two revenues are contingent on both the implementation of Pillar Two by other jurisdictions and on the behavioural responses of multinational groups affected by Pillar Two.

Therefore, Jersey has developed a "base case" approach to the forecast of the additional corporate income tax expected to be received from taxpayers in Jersey, following implementation of Pillar Two. This is the revenue that we are reasonably confident will be

---

<sup>9</sup> Pillar 2 statement (gov.je)

raised on a recurring basis for the foreseeable future. We will continue to assess the situation as it develops internationally over the coming months and years.

#### Pillar Two Forecast Revenues

£'000	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Base Case Forecast Pillar Two	-	52,000	52,000	54,000

Table 7: Pillar Two Forecast Revenues

It is proposed that receipts from the Base Case are applied based on the following priorities:

- Servicing of borrowing for the NHF Phase 1 (as set out in the section “New Healthcare Facilities Programme”)
- Funding investment to improve the competitiveness of the Island
- Funding the costs of implementing and administering Pillar Two
- Strengthening Reserves – including consideration of transfers to the Stabilisation Fund or the Strategic Reserve, in line with FPP recommendations

The international tax landscape continues to evolve, and it is necessary to look at the jurisdiction’s offering and competitiveness holistically in order to maintain Jersey’s revenues from the finance sector. We need a focus on providing businesses that are investing and operating in Jersey with regulatory certainty and improvements to the ease of doing business here. This is essential for maintaining (and growing) our revenues from the international finance sector which will, in turn, benefit the wider Jersey economy.

A competitive Pillar Two compliant package of support of £15 million per annum will be earmarked from base case receipts, will be used to boost the productivity, digital capacity and skills of the financial services sector and the wider economy, while seeking to reduce operating costs. The package would be brought forward in the next Budget for approval from 2026 (the first year of receipts).

#### Pillar Two Net Position

£'000	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Base Case Forecast Pillar Two	-	52,000	52,000	54,000
Hospital Financing Costs <sup>10</sup>	-	(15,000)	(24,000)	(28,000)
Investment in competitiveness	-	(15,000)	(15,000)	(15,000)
Implementation costs	(1,760)	(2,600)	-	-
Transfer to Reserves	-	(17,640)	(13,000)	(11,000)
<b>Net Position</b>	<b>(1,760)</b>	<b>1,760</b>	<b>-</b>	<b>-</b>

Table 8: Pillar Two Net Position

It is proposed that the considerable potential upside revenues from Pillar Two should be used for strengthening reserves, further investment in competitiveness, and investment in infrastructure, in particular meeting part of the capital costs of the first phase of the New Hospital Facilities.

It should not be spent on recurring items, as the future income remains highly uncertain. Such management of the Pillar Two upside revenues will be fiscally prudent and sustainable

<sup>10</sup> Based on expected profile of cash flows – if it is appropriate to refinance to long-term debt earlier the profile of finance costs may change.

while also harnessing Jersey's continued growth as an International Finance Centre. Further detail will be proposed in next year's Budget 2026

## Summary of General Revenue Income Forecast, incorporating Budget Measures

<b>Total States Income</b>					
2024		2025	2026	2027	2028
Approved	£'000	Estimate	Estimate	Estimate	Estimate
<b>1,166,570</b>	<b>States Income - IFG Forecast</b>	<b>1,240,422</b>	<b>1,266,947</b>	<b>1,298,556</b>	<b>1,339,529</b>
<b>Additional Income Measures</b>					
31,500	- Increased Collections: Domestic Compliance	31,500	31,500	31,500	31,500
(7,481)	- Budget Measures	(1,705)	(1,705)	(1,705)	(1,705)
-	- Interest Tax Relief (Letting Properties Only)	-	-	1,900	1,900
<b>1,190,589</b>	<b>States Income after Income Measures</b>	<b>1,270,217</b>	<b>1,296,742</b>	<b>1,330,251</b>	<b>1,371,224</b>

Table 9: Income Forecast, including additional income measures

# Public Sector Spending 2025-2028

This Budget proposes £1.2 billion of spending in 2025 on delivering services to Islanders.

## Revenue Heads of Expenditure

The Budget is required, by the Public Finances Law, to set out the proposed amount to be spent from the Consolidated Fund by each head of expenditure, after allowing for any estimates of departmental income. Heads of expenditure within this Budget relate to each Government of Jersey department, Non-Ministerial and other States bodies, and a separate head of expenditure for the Central Reserve. Expenditure has been allocated to departments for 2025, and estimates produced for 2026 to 2028.

Departmental heads of expenditure are aligned according to lines of accountability under the Public Finances Law. Expenditure is approved in this manner to ensure that there is clear accountability, both at political and officer levels. The departmental expenditure limits for 2025 incorporate both existing resource requirements and new funding, but exclude pay-inflation, which is held centrally in reserves. Whilst this is generally aligned to Ministerial portfolios, there are some differences, and a Ministerial mapping is provided as part of the Annex to the Budget.

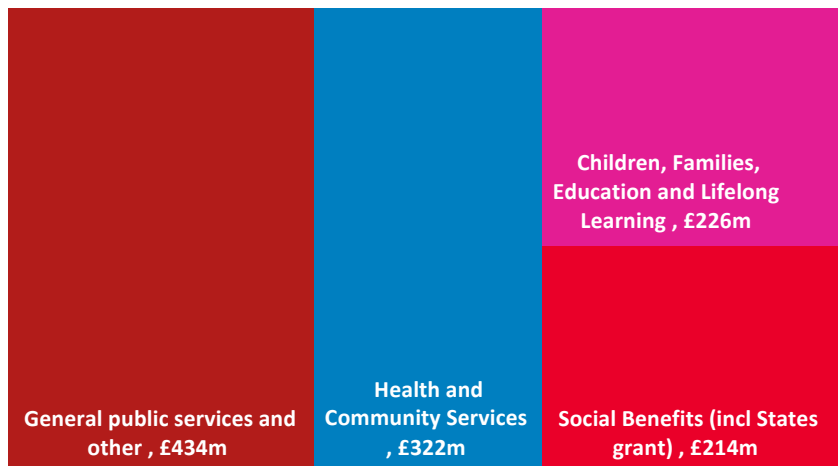


Figure 19: Departmental Net Revenue Expenditure (excluding Reserves)

The above chart illustrates the proportion of Government net revenue spending in 2025, on Health and Community Services (27%), Children, Families, Education, and Lifelong Learning (19%), tax funded social benefits (18%), and other public services (36%). General public services and other, includes all other departmental and Non-Ministerial functions listed in Table 10.



<b>Revenue Heads of Expenditure</b>					
<b>2024</b>		<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Approved<sup>11</sup></b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>Departmental Heads of Expenditure</b>				
26,052	Cabinet Office	26,274	24,311	24,187	24,187
38,270	Technology and Digital Services	39,790	38,955	38,955	38,954
12,946	People Services	14,107	13,690	13,661	13,620
154,080	Education and Lifelong Learning	169,640	170,937	172,039	173,401
52,387	Children and Families	55,939	55,309	55,244	55,232
106,827	Customer and Local Services	109,049	111,627	114,773	116,680
57,165	Infrastructure	62,900	60,624	57,254	56,879
10,899	Environment	11,763	11,049	11,398	11,398
286,235	Health and Community Services	322,065	319,347	325,693	332,143
20,041	Jersey Overseas Aid	22,221	22,888	23,552	24,259
40,069	Justice and Home Affairs	42,425	42,066	42,110	42,110
27,335	States of Jersey Police	30,185	29,975	29,954	29,954
3,377	Ministry of External Relations	3,407	3,328	3,328	3,328
37,119	Economic Development, Tourism, Sport & Culture	37,016	36,854	37,072	37,315
11,215	Financial Services	10,886	10,740	10,715	10,715
44,667	Treasury and Exchequer	46,699	43,286	43,286	43,286
114,921	Grants to States Funds	119,821	122,060	131,272	134,079
-	Living Wage Transitional Support	10,000	10,000	-	-
13,790	Past Service Pension Liability Refinancing	13,783	13,791	13,799	13,808
<b>1,057,395</b>	<b>Departmental Net Revenue Expenditure</b>	<b>1,147,970</b>	<b>1,140,837</b>	<b>1,148,292</b>	<b>1,161,348</b>
	<b>Non-Ministerial and Other States Bodies</b>				
3,208	Bailiffs Chambers	3,800	3,602	3,604	3,607
1,152	Comptroller and Auditor General	1,196	1,187	1,215	1,247
8,859	Judicial Greffe	9,968	9,928	9,932	9,936
12,881	Law Officers' Department	14,015	14,220	14,220	14,220
905	Office of the Lieutenant Governor	913	913	913	913
735	Official Analyst	784	787	837	837
2,951	Probation	3,324	3,348	3,351	3,345
9,904	States Assembly	10,932	11,215	11,096	11,181
2,413	Viscount's Department	2,616	2,611	2,611	2,611
<b>43,008</b>	<b>Non-Ministerial Net Revenue Expenditure</b>	<b>47,548</b>	<b>47,811</b>	<b>47,779</b>	<b>47,897</b>
<b>1,100,403</b>	<b>Departmental and Non-Mins Total</b>	<b>1,195,518</b>	<b>1,188,648</b>	<b>1,196,071</b>	<b>1,209,245</b>
	<b>Reserves</b>				
62,188	Central Reserve	34,197	54,286	71,145	91,158
<b>62,188</b>	<b>Reserves Expenditure</b>	<b>34,197</b>	<b>54,286</b>	<b>71,145</b>	<b>91,158</b>
-	Future Savings	-	(4,285)	(6,304)	(6,304)
<b>1,162,591</b>	<b>Net Revenue Expenditure</b>	<b>1,229,715</b>	<b>1,238,649</b>	<b>1,260,912</b>	<b>1,294,099</b>
56,131	Depreciation and amortisation	58,934	58,919	58,919	58,919
<b>1,218,722</b>	<b>Net Revenue Expenditure after Depreciation</b>	<b>1,288,649</b>	<b>1,297,568</b>	<b>1,319,831</b>	<b>1,353,018</b>

Table 10: Revenue Heads of Expenditure

<sup>11</sup> The Cabinet Office head of expenditure is split in 2025 into Cabinet Office, Technology and Digital Services and People Services. Children, Young People and Education Services is split into Children and Families and Education and Lifelong Learning, Treasury and Exchequer has been split into Treasury and Exchequer and Grants to States Funds. Previous approvals for 2024 have been split accordingly for comparative purposes

Future year estimates include departmental allocations of savings, but not provisions for inflation (which will be confirmed in future Budgets) and are held in Central Reserves estimates. Budget estimates including inflation provisions held in the Central Reserve allocated to departments will be included in the Annex to the Budget, for indicative purposes.

## Changes to Revenue Expenditure

The Budget proposes £1.2 billion of spending on delivering public services to Islanders in 2025, an increase from 2024 driven largely by inflationary pressures, funding for investment in the CSP as well as Health and Community Services.

Changes to Net Revenue Expenditure					
2024		2025	2026	2027	2028
Approved	£'000	Estimate	Estimate	Estimate	Estimate
985,044	<b>Base Budget</b>	<b>1,162,591</b>	<b>1,229,715</b>	<b>1,238,649</b>	<b>1,260,912</b>
<b>Adjustments for net changes to Base Budget;</b>					
(21,691)	Adjustments from Previous Government Plan	(4,872)	(3,804)	215	-
70,166	Inflation	30,205	25,410	19,927	21,781
14,649	Formula Driven Growth	23,429	8,535	6,454	10,224
-	CSP Revenue Growth	5,919	2,326	(1,721)	1,533
51,177	Other Revenue Growth	32,747	467	(112)	115
77,596	Reintroduction of States Grant to Social Security Fund	-	-	-	-
(14,350)	Savings	(20,304)	(24,000)	(2,500)	(466)
<b>1,162,591</b>	<b>Net Revenue Expenditure</b>	<b>1,229,715</b>	<b>1,238,649</b>	<b>1,260,912</b>	<b>1,294,099</b>

Table 11: Changes to Net Revenue Expenditure

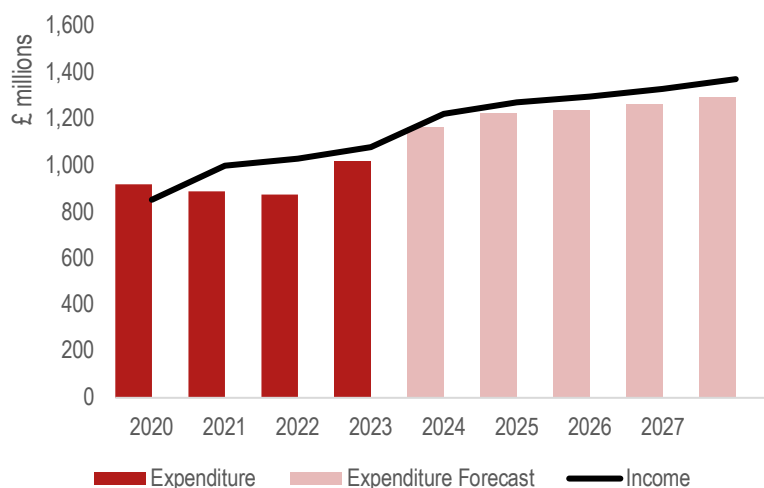


Figure 20: Income and expenditure trends before depreciation

In line with the CSP, where possible existing allocations have been reprioritised to deliver objectives. Revenue expenditure growth has been limited to delivering specific CSP priorities and providing funding to address ongoing and worsening deficits in Health and Community Services.

## Common Strategic Policy Priorities

<b>CSP Revenue Expenditure Growth</b>				
<b>£'000</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>	<b>2028 Estimate</b>
Implementation of VAWG Taskforce Recommendations	375	124	-	-
Extend Nursery and Childcare Provision	1,517	2,358	3,423	4,629
School Meals	1,169	1,169	1,169	1,169
Investing in Lifelong Learning & Future Skills Provision	1,158	1,544	1,882	2,209
Minimum Income Standards	200	50	50	50
Deferral of Waste Income Charges	1,500	3,000	-	-
Living Wage Transition Support	10,000	10,000	-	-
Adjustment to the States Grant	(10,000)	(10,000)	-	-
<b>CSP Revenue Expenditure</b>	<b>5,919</b>	<b>8,245</b>	<b>6,524</b>	<b>8,057</b>

Table 12: CSP Revenue Expenditure Growth

The CSP sets out 13 priorities over the next two years, aligned with the long-term vision set out in the Future Jersey report and ten Island Outcomes arising from it. Where delivery of these priorities can't be met through reprioritisation of existing resources and budgets, additional funding has been provided. This includes funding to deliver the Violence Against Women and Girls (VAWG) Taskforce recommendations, extending nursery and childcare provision, providing nutritious school meals for Government maintained primary schools, investment in lifelong learning and future skills provision, as well as funding for the deferral of waste charges until 2027.

### *Implementation of VAWG Taskforce Recommendations*

The additional funding will ensure the continued implementation of the VAWG Taskforce Recommendations. Primarily the investment covers the cost of a law drafter for the period, training costs, as well as the cost of an external researcher to carry out independent reviews.

### *Extend Nursery and childcare provision*

Funding will deliver a phased introduction of nursery and childcare provision to children aged 2-3 years with additional needs. It will make comprehensive training and development available for staff in the early years sector, with the aim of improving the quality of early years education and the recruitment and retention of staff. It would also fund a pilot scheme to increase access to unused spaces in our primary school nurseries, as well as conducting an assessment of nursery capacity in St Helier.

### *Provide a nutritious school meal for every child in all States primary schools*

This additional investment will fund the expansion and continued implementation of the existing school meal programme funded through previous Government Plans.

### *Investing in Lifelong Learning & Future Skills Provision*

This investment will meet the cost of enhancing grants to students both in distance learning and in person learning. This priority will focus on re-shaping the lifelong learning and future skills provision and the Minister will bring forward proposals in this Budget period.

### *Minimum Income Standards – Living wage*

Additional funding will be used to ensure the commissioning of a research study to establish and maintain a set of household minimum income standards in Jersey. This is expected to

support the improved understanding of basic living costs in Jersey and will help to inform future policies in respect of minimum wage and benefit rates.

### *Deferral of Waste Income Charges*

In line with the CSP commitment to Government fees, duties and charges as low as possible to help Islanders with the cost of living in 2025, the introduction of commercial solid waste charges will be deferred until 2027. In the interim, funding will be provided to the Infrastructure department to alleviate financial pressures, including the loss of inert waste income as the La Collette site reaches capacity. The deferral of charges will also help to support businesses, who will also be transitioning to a Living Wage over the next two years.

### *Business support during the transition to a Living Wage*

As part of the 2024 Common Strategic Policy, Ministers have committed to implementing the States Assembly decision to bring the minimum wage to two-thirds of the median wage by the end of this term of office.

In recognition of the impacts on employers and employees, funding of up to £10 million will be provided in 2025 and 2026 to support businesses and charities whilst the living wage is implemented, with the cost met through a temporary reduction in the States Grant made to the Social Security Fund in both of these years. The primary objectives of the support will be to improve productivity and maintain competitiveness. A separate head of expenditure has been established, and suitable governance will be developed to ensure that schemes will meet those objectives. Further detail on the governance and support schemes under consideration will be provided in September. Where possible, existing schemes, adapted to fit new circumstances, will be used to minimise both bureaucracy and risk. The dual focus on competitiveness, particularly for exporters and productivity will aim to both drive economic growth and help reduce the cost of living in the medium term.

Achieving this priority will support employees in critical industries like retail, hospitality and agriculture with higher wages. It will also help support a thriving and more productive local economy and help us to attract workers to alleviate labour shortages.

### *Other Revenue Expenditure Growth Funding*

Table 13 provides a summary of the revenue growth funding allocated in additional to that for the CSP.

<b>Other Revenue Expenditure Growth</b>				
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Health and Community Services	30,520	30,520	30,520	30,520
Non-Ministerial and Other States Bodies	2,227	2,694	2,582	2,697
<b>New Revenue Expenditure</b>	<b>32,747</b>	<b>33,214</b>	<b>33,102</b>	<b>33,217</b>

Table 13: New Revenue Expenditure Growth

In the aftermath of the Covid-19 pandemic, the previous Government Plan 2024 – 2027 recognised the ongoing challenges in Health and Community Services and provided for additional funding driven by both factors in the direct control of the department, and structural factors outside of their direct control.

A team to deliver a Financial Recovery Programme (FRP) has been put in place in 2023, to deliver efficiency savings of £25 million. In 2023 the FRP delivered savings of £3.2 million, with the profile of savings now reprofiled to deliver further recurring savings of £5 million in 2024, £8 million in 2025 and £9 million in 2026. This reprofile means that additional funding of £9 million has been allocated to the department in 2025 only.

FRP efficiency savings will reduce the deficit, through improved planning and control to enable more effective use of staff and resources, improved procurement and contract management, and optimising income generation.

In addition, since the previous Government Plan, healthcare activity and externally influenced costs such as the purchase of healthcare (mental health, social care, tertiary care), drugs, medical supplies and utilities have continued to rise sharply. A further £13 million of additional funding has been allocated on a recurring basis (in excess of the additional £14.5 million provided in Government Plan 2024-2027) to address these pressures.

In addition, £620k has been allocated to Health and Community Services for funding of In Vitro Fertilisation, recently approved by the Assembly<sup>12</sup>

In accordance with Article 10 of the Public Finances (Jersey) Law, the Budget also provides for £2.3 million of revenue expenditure growth requests received from Non-Ministerial departments.

Further information on the proposed additional expenditure can be found in Appendix 3, and the Annex to the Budget.

## *Inflation*

It is both prudent and good financial management to plan for the impact of economic influences on Government finances. As such, we have set aside amounts to cover inflationary pressures on pay (held centrally), social benefits and non-pay expenditure.

Inflation peaked at 12.7% in 2023 with expectations that inflation continues to fall in 2024, before stabilising around 1.7% in 2025. In this context, the Budget sets aside an additional £30 million in 2025 for the inflationary impact on government spending.

1.7% of non-pay expenditure inflation has been allocated directly to departments in 2025. The allocation of non-pay inflation is based on the Fiscal Policy Panel assumption for RPI published in May 2024.

The States Employment Board entered into a multi-year pay deal with all pay groups in early 2024, resolving the pay dispute with teaching unions and giving certainty to employees until 2026. The inflationary provisions for pay, include an additional 1% above the FPP assumption for RPI in both 2025 and 2026, agreed in the 3-year pay offer by the States Employment Board.

Provisions are held in the Central Reserve for pay inflation and non-pay inflation for future years. Once, the 2025 pay award is finalised, pay provisions will be allocated from Central Reserve to departmental budgets.

---

<sup>12</sup> P.20/2024 In Vitro Fertilisation (IVF) Funding (gov.je)

Inflation is expected to plateau around 2% in later years of the plan, with additional amounts provided to maintain departmental budgets in real terms. Inflation is, by nature cumulative, and so this amount grows throughout the plan. There remains a reduced, but still significant amount of uncertainty around levels of inflation. If inflation is higher the provision in the plan may not be sufficient to meet the cost of the agreed pay award, and the additional costs would need to be met from within the overall budgeted approvals in the plan. Higher inflation would typically also lead to increased levels of income and non-staff expenditure.

The transition to the living wage could potentially impact on States income, means-tested benefit payments and inflation. As there is a high level of uncertainty no provision has been made. Future economic assumptions from the FPP will incorporate any impact which will then be reflected in future Budgets.

### *Formula Driven Growth*

The Budget also allocates a further £13.4 million to a number of areas of expenditure that are determined by pre-agreed formulae. These include:

- an annual 2% increase in Health budgets to maintain service standards and meet the costs of health care inflation,
- staged increases in the Jersey Overseas Aid (JOA) budget to 0.3% of GVA by 2025
- formula driven increases for the States Grant to the Social Security Fund and Long-Term Care Fund (as set out in the sections “Social Security Fund” and “Long-Term Care Fund”).
- Overdraft charges based on projected cash balances in the Consolidated Fund.

As budgets for Arts, Heritage and Culture have now been increased to 1% of Net Revenue Expenditure, in future, this level will now be maintained and increased by RPI.

### *Delivering Savings to Allow Reprioritisation*

The Common Strategic Policy outlines the Council of Ministers’ approach and commitment to reprioritise budgets where appropriate to deliver objectives, curbing growth in the public sector, relying less on consultants and preventing unnecessary expenditure.

To fund our priorities, the Budget includes proposals to reduce some spending, which will deliver savings over the plan period. A further breakdown of saving proposals is included in Appendix 3.

<b>Saving Proposals</b>					
<b>£'000</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Arm's Length and Regulatory Organisations	1,000	1,000	1,000	-	3,000
Reduce Office Footprint	1,719	1,715	481	466	4,381
Reprioritisation of previous Growth	3,133	-	-	-	3,133
Reduction in Roles	6,000	9,000	-	-	15,000
Non-Ministerial and Other Bodies	452	-	-	-	452
Future Savings	-	3,285	1,019	-	4,304
<b>Total (before FRP)</b>	<b>12,304</b>	<b>15,000</b>	<b>2,500</b>	<b>466</b>	<b>30,270</b>
Financial Recovery Programme - HCS	8,000	9,000	-	-	17,000
<b>Total (after FRP)</b>	<b>20,304</b>	<b>24,000</b>	<b>2,500</b>	<b>466</b>	<b>47,270</b>

Table 14: Saving Proposals

### *Review of Arm's Length and Regulatory Organisations*

The Economy department has committed to reviewing how its Arm's Length Organisations operate, and how savings could be delivered in those agencies through better sharing of resource and cross-organisational working. Those savings would be realised through lower grants paid.

In future years similar reviews of both grant-funded Arm's Length Organisations and States funded regulatory bodies are anticipated to deliver further saving opportunities. The £1 million target in both 2026 and 2027 will be unallocated, pending the outcome of these reviews.

### *Reduce Office Footprint*

The move to the new government offices enables the consolidation of the overall office estate delivering ongoing revenue savings, through lower Government running costs. Due to existing lease terms and conditions savings will be realised over a number of years, commencing in 2025 with £4.4 million fully realised by 2028.

### *Reprioritisation of previous growth funding*

Revenue expenditure growth funding totalling £3.1 million allocated in Government Plan 2024–2027, has been reprioritised to support funding of CSP objectives.

### *Reduction in roles through removing management layers, removing extraneous activity and reduction in consultancy*

The Council of Ministers has committed in its CSP to curb the growth in the public sector and rely less on external consultants, instead developing local talent within the civil service and redirecting monies saved to those areas where it is needed most.

It is expected that by establishing a more deliverable capital programme and growth allocations the need for consultants, contractors and professional advisors will diminish proportionately.

Role savings have been allocated in accordance with the principle of protecting frontline services.

In addition to reducing consultancy spend, staff savings will be delivered through

- Removing long standing budgeted vacancies
- Removing management layers
- Focus on removing extraneous activity

Departments are developing plans to deliver against this £15 million target, allocations have been provided to departments in 2025, based upon plans, with estimates included for 2026.

Non-Ministerial departments were requested to contribute to savings targets, with a commitment to deliver £0.5 million received from most Non-Ministerial bodies.

### *Future Savings*

The majority of savings have been allocated to departments, based on plans received to date. The remaining £4 million will be allocated in future budgets. The Council of Ministers considers that these additional savings will be achieved given the scale of departmental budgets (£1.2 billion in 2025).

### *HCS Financial Recovery Plan*

In addition to the savings detailed above, the ongoing HCS Financial Recovery Programme (FRP) plans to deliver cost reductions to bring Health deficits under control. The timing of FRP savings has been reprofiled to a less aggressive timeline, based upon the advice of senior health colleagues, delivering £5 million in 2024, £8 million in 2025 and £9 million in 2026. These are on top of the FRP savings delivered in 2023, meaning that by 2026, the savings will amount to £25 million per annum, a year later than the original targets.

<b>Comparison of FRP Profile</b>					
<b>£'000</b>	<b>2023 Estimate</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>Total Estimate</b>
Government Plan 2024 FRP Profile	3,000	12,000	10,000	-	25,000
Current Profile	3,000	5,000	8,000	9,000	25,000

Table 15: HCS Financial Recovery Plan

FRP efficiency savings will reduce the deficit, through improved planning and control to enable more effective use of staff and resources, improved procurement and contract management, and optimising income generation.

### *Depreciation*

Depreciation represents the cost of using Government assets in the provision of services. It is included when calculating whether the Government is running a surplus or a deficit, which follows FPP advice, and helps to ensure that the need to continue to invest in assets is adequately recognised in planning.



The increase in depreciation during 2025-2028 reflects an estimated uplift in asset values, because of assets being either created or replaced.

## Reserve Head of Expenditure

This budget includes a single Central Reserve head of expenditure. As well as a provision of £7 million for unforeseen expenditure in year (including £2 million ring-fenced for social benefits), this incorporates centrally held items such as provisions for inflation that have not been allocated to departments.

Within the Central Reserve, funds earmarked in the General Reserve are held outside of operational expenditure limits, and can be used to meet modest unforeseen pressures, or to provide advance funding for urgent expenditure in the public interest. In each year, amounts are held to manage fluctuations in benefit expenditure due to economic changes, and to allow one-off funding for emerging issues.

The General Reserve in previous years has been supplemented by significant sums carried forward, this is not likely to be the case for 2025.

Central Reserve Expenditure						
2024		2025	2026	2027	2028	
Approved	£'000	Estimate	Estimate	Estimate	Estimate	
7,000	General Reserve	7,000	7,000	7,000	7,000	
55,188	Inflation Reserve	25,197	47,286	64,145	84,158	
-	First Step Scheme	2,000	-	-	-	
<b>62,188</b>	<b>Total Central Reserve Expenditure</b>	<b>34,197</b>	<b>54,286</b>	<b>71,145</b>	<b>91,158</b>	

Table 16: Central Reserve Expenditure

Also included within Central Reserves, are inflation provisions for non-pay inflation over the years 2026 – 2028, with non-pay inflation allocated to departments in 2025. Pay inflation for the 2025 pay awards and future years are held centrally, and not included within departmental budget allocations until pay awards have been agreed.

Additional funding of £2 million is set aside in the Central Reserve for the First Step assisted home ownership scheme, this will provide further support to first time buyers to help make home ownership achievable for those struggling to get on the property ladder. The additional money will be funded by transfers from legacy housing funds.

# Capital and Other Projects 2025-2028

## Introduction

The Capital Programme sets out expenditure on the development and replacement of the Island's assets, including Estates, Infrastructure, Equipment, and IT. It is essential that we continue to invest in the replacement and maintenance of our Island's assets so that we can deliver the services that Islanders need. The focus of the Capital Programme is the projects that will be delivered by the Government of Jersey. It does not include the capital plans of the States of Jersey Development Company, Andium Homes and other State-Owned Entities, who will also be investing significantly across the four-year horizon of this budget.

Funding allocated to projects through the Capital Programme is on a cashflow basis. For Major Projects, both the first year of expenditure and the total cost of the project are presented for approval. For other projects, approvals are annual even though a four-year view of cashflow is presented.

The Public Finances Law 2019 defines 'major projects' under Article 1 as follows:

1. a capital project the duration of which, from start to finish, is planned to be of more than one year and the total cost of which is planned to be of more than £5 million; or
2. a project that has been designated as a major project under an approved government plan

Major Projects are separately identified within each section of the programme.

The Capital Programme also includes Grouped Heads of Expenditure. They help to increase flexibility, allowing Accountable Officers to manage individual projects within a wider programme so that any delays or changes to project expenditure can be managed within the approved financial envelope.

Major Projects are not included in a grouped head of expenditure once the total expenditure for the project has been agreed in a Budget. However, some projects planned for future years of a grouped head of expenditure may ultimately become Major Projects (if the estimated costs exceed £5 million). For example, a replacement school would almost certainly become a major project but would remain in the New School and Educational Developments grouped head of expenditure until the timing and costs are finalised.

Under the Public Finances Law, the Minister for Treasury and Resources can approve changes to funding allocations for projects through the application of property receipts or other income. It is anticipated that the property disposals in 2026 will provide £3 million to support the creation of new property assets. The specific properties to be disposed of will be proposed in the Budget 2026-29 following the completion of a strategic review of the estate.

The Capital Programme sets out the range of projects that will be delivered in 2025. Some projects already in delivery from previous plans may incur some costs in 2025 due to

unforeseen delays. Heads of expenditure established in previous plans will continue to allow for this.

## *Strategic Focus – Deliverability and Renewal*

This budget seeks to re-focus the Capital Programme to ensure that projects are deliverable and there is an improved balance between the need to develop new assets to deliver improvements and the requirement to sustain the existing asset base through replacement and refurbishment.

### **Deliverability**

While affordability is always a key constraint on Government's project ambitions, in recent years departmental spending on projects has significantly lagged behind available budgets due to internal and external capacity constraints.

There is a limit to the capacity in the local economic sectors to deliver project work commissioned by Government – this has been a particular challenge in the local the construction market. Government's internal resources are also finite, and this places limits on the number of projects that can be successfully developed and managed simultaneously.

After taking up Office in February 2024, the Council of Ministers recognised these limitations and through the Budget has sought to prioritise and re-profile projects to ensure that project plans are better matched to available capacity. This work will also help to reduce the need to draw on external consultants to provide additional resources to deliver projects.

Further work to refine the programme will continue over the next 12 months alongside longer-term capital planning with a view to establishing a more consistent annual tempo for capital spending. However, this Budget makes substantial strides towards a fully deliverable programme by ensuring that budgets for each of the 4 years are lower than £100 million – the previous peak level of capital spending on the core capital programme.

### **Renewal**

The Common Strategic Policy recognises the need to revitalise St Helier and this priority is given life through new initiatives in this Budget including a bold new Youth Facility project the preferred site for which would support the wider redevelopment underway at Ann Street and give a new lease of life to the derelict Ann Street Brewery. The wider strategic theme of asset renewal also frames the new investment in this Budget. Successive capital programmes in recent years have tended to prioritise new, improvement-focused initiatives while there have been comparably lower levels of investment aimed at replacing and renewing core existing assets. In this Budget, the Council of Ministers has sought to bring an improved balance between projects intended to grow the asset base and those aimed at ensuring that the Government's estate, digital systems, and wider public infrastructure are an appropriate condition to deliver their crucial purpose.

## Decarbonisation of Government

Jersey's 2050 net zero target, and interim 68% reduction in CO2 emissions by 2030, requires the Government to decarbonise heat within its Estate. We have begun this process, and from 2024 existing heating systems that break down or are at the end of their life will be replaced by low carbon systems wherever possible, and only low carbon heating systems will be specified for all new Government of Jersey-owned or leased property.

This will be factored into all future projects in the Capital Programme.

## The Capital Programme

Investment in capital and other projects is important for ensuring the sustainability and improvement of the Island's public services. Projects support the creation, improvement and extension of assets that enable service delivery.

The Capital Programme in this Budget proposes a total of £415 million for projects across 2025-2028 to invest in the Island's critical infrastructure, the public sector estate, and Government's information technology systems. It also enables the replacement of essential equipment and other assets.

Table 17 provides a breakdown of the key thematic areas of spend within the Capital Programme, each of which is set out in further detail in the sections that follow.

Capital and Other Projects Programme					
2024		2025	2026	2027	2028
Approved	£'000	Estimate	Estimate	Estimate	Estimate
1,706	Feasibility	1,442	1,155	544	-
41,029	Estates	27,904	18,490	25,828	33,329
30,044	Infrastructure	29,788	29,955	19,580	24,000
20,162	Information Technology	20,618	16,280	9,580	1,000
10,680	Replacement Assets and Minor Capital	13,130	10,580	10,580	10,580
<b>103,621</b>	<b>Projects Expenditure</b>	<b>92,882</b>	<b>76,460</b>	<b>66,112</b>	<b>68,909</b>
4,699	COCF Funded Projects	3,490	-	-	-
<b>108,320</b>	<b>Projects Expenditure incl. COCF Funded Projects</b>	<b>96,372</b>	<b>76,460</b>	<b>66,112</b>	<b>68,909</b>

Table 17: Capital and Other Projects Programme

In addition to the programme summarised above, the States Assembly is asked to approve the proposed capital plans of the Trading Funds and States Funds.

Proposed Schemes Funded from Trading Funds					
Project		2025	2026	2027	2028
Total	£'000	Estimate	Estimate	Estimate	Estimate
-	Vehicle and Plant Replacement	3,000	3,000	3,000	3,000
-	Car Park Enhancement and Refurbishment	2,751	600	3,140	100
-	<b>Trading Funds Total</b>	<b>5,751</b>	<b>3,600</b>	<b>6,140</b>	<b>3,100</b>

Table 18: Scheme Funded from Trading Funds

Proposed Schemes Funded from the Social Security Fund					
Project		2025	2026	2027	2028
Total	£'000	Estimate	Estimate	Estimate	Estimate
30,838	Benefits and Payments (Transform)	9,899	7,476	7,644	1,635
<b>30,838</b>	<b>Social Security Fund Total</b>	<b>9,899</b>	<b>7,476</b>	<b>7,644</b>	<b>1,635</b>

Table 19: Scheme Funded from Social Security Fund

In addition, the following projects are funded through transfers from the Criminal Offences Confiscation Fund.

Proposed Schemes Funded by transfer from Criminal Offences Confiscation Fund					
Project		2025	2026	2027	2028
Total	£'000	Estimate	Estimate	Estimate	Estimate
2,529	Firearms Range	906	-	-	-
4,291	Dewberry House – Sexual Assault Referral Centre	2,125	-	-	-
-	Prison Improvement Works	459	-	-	-
<b>6,820</b>	<b>Project Expenditure – COCF Funded</b>	<b>3,490</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 20: Scheme Funded from Criminal Offences Confiscation Fund

## Feasibility

Feasibility					
		2025	2026	2027	2028
£'000		Estimate	Estimate	Estimate	Estimate
Feasibility		1,442	1,155	544	-
<b>Total Feasibility</b>		<b>1,442</b>	<b>1,155</b>	<b>544</b>	<b>-</b>

Table 21: Feasibility

The Government of Jersey adopts a gateway approach to project investment decision making. Individual projects and their associated costs are committed to after detailed, feasibility work has been completed. This helps to ensure that funding allocated to projects through the Budget reflects the Government's best estimate of likely resource requirements based on detailed policy and feasibility planning.

An allocation for feasibility is included in the Budget to provide funding to allow departments to undertake an assessment of new proposals and develop robust Outline Business Cases, which will become the basis for subsequently agreeing the individual budget allocations for new projects.

The allocation for feasibility funding is a grouped head of expenditure. As such, it provides funding for indicative projects but, reflecting the potential for policy and planning to evolve, allows for flexibility within the approved amount. This permits funding to be reallocated where projects progress faster or slower than forecast. To improve flexibility and prevent delay, emerging projects can also receive feasibility funding in year, subject to appropriate approvals. Arrangements for the management of feasibility funding are set out in the Public Finances Manual.

Table 22 sets out current feasibility plans for the Budget 2025-2028.

<b>Feasibility - Breakdown of Grouped Head of Expenditure</b>				
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Feasibility, of which;</b>				
- Crematorium	300	-	-	-
- Education Estate	500	500	-	-
- Cycling and Walking Infrastructure Delivery Programme	-	255	-	-
- Shoreline Management Plan - Havre Des Pas	542	400	544	-
- Vehicle Testing Service	100	-	-	-
- Emerging Projects	-	-	-	-
<b>Total Feasibility</b>	<b>1,442</b>	<b>1,155</b>	<b>544</b>	<b>-</b>

Table 22: Feasibility - Breakdown of Grouped Head of Expenditure

This Budget provides initial exploratory funding for the first in a series of projects required to deliver the Shoreline Management Plan, which is intended to enable the Island to manage the risk of coastal erosion and flooding linked to rising sea levels. Funding in this Budget is for the first project at Havre des Pas, feasibility work for which will commence in 2025.

Additional funding is provided for the department for Children, Young People, Education and Skills to undertake a feasibility project associated with the New Schools and Educational Developments including work on a new town-based school on the Gas Place site and the development of Mont à L'Abbé Secondary school.

## Estates

Estates							
Project		Spon	Supp	2025	2026	2027	2028
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
1,000	Crematorium	CLS	CLS	-	500	250	250
41,000	Mont a' L'Abbé Secondary (M)	CYPES	I&E	-	400	10,000	19,000
7,500	Le Squez (M)	CYPES	I&E	-	-	-	4,500
-	New School and Educational Developments	CYPES	I&E	2,500	2,500	4,900	2,500
-	Upgrades to CYPES Estates	CYPES	CYPES	7,790	3,800	2,500	4,789
8,850	Learning Difficulties - Specialist Accommodation (M)	HCS	HCS	-	3,200	1,624	-
-	Health Services Improvements Programme	HCS	HCS	5,000	-	-	-
-	Major Refurbishment and Upgrades	I&E	I&E	5,000	5,840	2,640	205
-	Land Acquisition	I&E	I&E	-	-	-	-
-	Markets Revitalisation Project	I&E	I&E	-	-	-	-
10,242	Oakfield and Fort Regent Decant (M)	I&E	I&E	6,664	-	-	-
-	Property Dilapidations	I&E	I&E	-	-	-	-
-	Other I&E Estate Projects	I&E	I&E	750	750	750	1,585
24,403	Ambulance, Fire & Rescue Headquarters (M)	JHA	JHA	-	-	-	500
4,993	Army and Sea Cadets Headquarters	JHA	JHA	200	1,500	3,164	-
<b>97,988</b>	<b>Total Estates</b>			<b>27,904</b>	<b>18,490</b>	<b>25,828</b>	<b>33,329</b>

Table 23: Estates | (M) indicates a Major Project

### *Customer and Local Services Estate*

In line with asset replacement plans, the Crematorium is due for refit and refurbishment to ensure this essential part of the Island's infrastructure can continue to reliably deliver services to Islanders.

### *Children, Young People, Education & Skills (CYPES) Estate*

Funding for CYPES Major Projects is continued in this Budget:

- A new secondary school at Mont à L'Abbé – will expand the Island's provision of care and learning for children with moderate to severe learning difficulties, creating an environment tailored to their needs. In combination with the primary school, this single campus will create a specialised hub to accommodate learning from ages 0-25 as well as respite care.
- A new youth centre at Le Squez - will create a new community hub and space for young people in the community to use and enjoy. Providing a link to other youth centres across the Island and a safe place for children and young people to meet and socialise. The development of the Le Squez youth centre has been reprofiled to allow a new youth facility in St Helier to be brought forward in the earlier years of the Budget.

Funding for other CYPES estate priorities is consolidated within two grouped heads of expenditure:

- New Schools and Educational Developments provides funding for a town-based school at Gas Place in later years and also features new funding for a youth facility proposed for the Ann Street Brewery site.
- Upgrades to CYPES Estate supports a broader range of needs including efforts to improve the condition of the existing CYPES estate, improve facilities at La Passerelle, expand youth service facilities, and improve sports fields and play spaces. Table 24 shows an indicative allocation, with the grouped head of expenditure giving the flexibility to reprioritise as needed based on the urgency and readiness of projects in-year.

<b>Upgrades to CYPES Estates - Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>	<b>2028 Estimate</b>
School Improvements	CYPES	CYPES	2,000	3,000	2,000	1,474
Education Estate Wi-Fi	CYPES	TDS	840	-	-	-
La Passerelle	CYPES	CYPES	3,000	-	-	-
DDA Works	CYPES	CYPES	700	300	-	-
Therapeutic Children's Homes	CYPES	CYPES	750	-	-	-
Residential Homes and Secure Settings	CYPES	CYPES	500	500	500	500
Field Developments & Play Space	CYPES	I&E	-	-	-	1,415
Youth Services	CYPES	I&E	-	-	-	1,400
<b>Upgrades to CYPES Estates</b>			<b>7,790</b>	<b>3,800</b>	<b>2,500</b>	<b>4,789</b>

Table 24: Upgrades to CYPES Estates - Breakdown of Grouped Head of Expenditure

## *Health and Community Services Estate*

Funding for essential works within the HCS estate includes the development of specialist accommodation for Islanders with learnings difficulties and an extension of the rolling programme of renovations within the General Hospital. Due to the current hospital's age, on-going refurbishment works are required to ensure the delivery of safe and modern services pending the construction of New Healthcare Facilities to meet the Island's long-term health and care needs.

## *Infrastructure and Environment Estate*

### *Investment in sport*

This Budget provides funding to complete the decant of Fort Regent whilst enabling the development of a new sports centre at Oakfield as replacement venue for clubs and associations.

This investment is a significant early development that is connected to a wider programme of future investment that will be considered in future Budgets to deliver a comprehensive sport strategy for the Island.



### *Major refurbishments and upgrades*

During 2023, the Department for Infrastructure and Environment undertook an extensive condition survey of Government-owned properties. The Major Refurbishments and Upgrades head of expenditure was established in the Government Plan 2024-27 to provide a first tranche of funding to deliver urgent works identified by the survey.

In this Budget, Major Refurbishments and Upgrades are established as a grouped head of expenditure that will support programmes of works related to fire safety within the CYPES estate and upgrades at Highlands College, as well as wider needs across the estate identified by the recent condition survey. Table 25 provides an indication of the breakdown of funding across the grouped head of expenditure.

<b>Major Refurbishments and Upgrades - Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>	<b>2028 Estimate</b>
Major Refurbishment and Upgrades	I&E	I&E	1,000	2,500	2,460	-
Fire Safety in CYPES Estate	I&E	I&E	4,000	2,300	-	-
Highlands College	I&E	I&E	-	1,040	180	205
<b>Major Refurbishment and Upgrades</b>			<b>5,000</b>	<b>5,840</b>	<b>2,640</b>	<b>205</b>

Table 25: Major Refurbishments and Upgrades - Breakdown of Grouped Head of Expenditure

### *Land Acquisition*

The Government's land and property holdings are currently under review, and it is expected that there will be need for a strategic rebalancing of Government of Jersey owned properties through disposals and acquisitions to ensure that Government's land and estates portfolio is optimised to support the delivery of the Island's needs.

The Land Acquisition head of expenditure exists to allow the Government to make strategic purchases. It is expected that in the near term this head of expenditure will be used to secure sites relating to the development of a new town-based school at Gas Place. No funding has been allocated in the plan, as it is expected that any purchases would be funded through the application of receipts of one-off income, asset disposal proceeds and land swaps.

### *Other Estate Projects*

This includes budgets for the implementation of the Discrimination Law, Safeguarding and Regulation of Care across the Government Estate, and construction of new skatepark facilities.

<b>Other I&amp;E Estate Projects - Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>	<b>2028 Estimate</b>
Community Site Improvements (DDA)	I&E	I&E	750	750	750	1,000
New Skateparks	I&E	I&E	-	-	-	585
<b>Other I&amp;E Estate Projects</b>			<b>750</b>	<b>750</b>	<b>750</b>	<b>1,585</b>

Table 26: Other I&E Estate Projects - Breakdown of Grouped Head of Expenditure

## *Justice, Home Affairs and States of Jersey Police Estate*

Funding continues in this Budget for the construction of a new Ambulance, Fire and Rescue Headquarters as well as a new Army and Sea Cadet Headquarters. Budgets for these projects have been updated to reflect revised timescales and on-going work to determine the best approach for redevelopment of the former Police Headquarters at Rouge Boullion.

Funding from the Criminal Offences Confiscation Fund (COCF) is provided to enable the completion of the Sexual Assault Referral Centre at Dewberry House and improvements to HM Prison La Moye.

## Infrastructure

Infrastructure							
Project		Spon	Supp	2025	2026	2027	2028
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
-	Infrastructure Rolling Vote and Public Realm	I&E	I&E	16,850	16,850	16,850	16,850
88,635	Sewage Treatment Works (M)	I&E	I&E	1,300	-	-	-
21,307	Liquid Waste Key Infrastructure (M)	I&E	I&E	8,350	9,300	-	-
845	Springfield Pitch & Floodlights	I&E	I&E	845	-	-	-
-	Shoreline Management Plan - Harve des Pas	I&E	I&E	-	-	-	6,150
-	Planning Obligation Agreements	I&E	I&E	-	-	-	-
-	Road Safety	I&E	I&E	-	-	-	-
-	Countryside Access and Signage	I&E	I&E	-	-	-	-
-	Other Infrastructure	I&E	I&E	2,443	3,805	2,730	1,000
<b>110,787</b>	<b>Total Infrastructure</b>			<b>29,788</b>	<b>29,955</b>	<b>19,580</b>	<b>24,000</b>

Table 27: Infrastructure | (M) indicates a Major Project

### *Infrastructure Rolling Vote and Public Realm*

The Infrastructure Rolling Vote and Public Realm programme is the most significant programme of infrastructure investment in the Budget.

The Infrastructure Rolling Vote is a programme of continual improvements to maintain key infrastructure such as the Island's roads, drains and sea defences, which need continual maintenance and replacement over time. This is critical ongoing activity that is integral to the continued functioning of critical infrastructure that Islanders depend on.

Funding for Public Realm is included within the rolling vote, to allow for the continual improvement and safety of roads, paths, and public spaces in and around St. Helier and across the Island. This also comprises urban renewal work for St Helier including Havre des Pas.

Funding for Public Realm has not been fully utilised in recent years so, as part of work to ensure the Capital Programme is set at a deliverable level, this has been adjusted to match the highest level of annual expenditure of projects successfully delivered by the Department for Infrastructure and Environment. The revitalisation of St Helier is one of the Council of Ministers' Common Strategic Policy Priorities and this change reflects a shift in strategy away from smaller scale redevelopment towards more substantial projects such as the proposed new Youth Centre and other initiatives that will be considered in subsequent Budgets subject to affordability.

### *Sewage Treatment Works*

Funding continues in this Budget to meet the final costs related to the replacement of the Sewage Treatment Works at Bellozanne. While work on the original project has now been completed, this funding supports the delivery of additional components that were extensions to the project. It is envisaged all works will conclude in 2025 bringing this long-term project to a close.

### *Liquid Waste Key Infrastructure*

This Budget provides additional funding for the Liquid Waste Key Infrastructure project that seeks to deliver the Liquid Waste Strategy. The project will expand capacity on the Island's surface water and foul sewage drainage network in order to support the housing development needs identified in the Bridging Island Plan and support the policy response to the Island's housing crisis. It also delivers essential improvements that need to be made to increase the pumping station capacity and replace ageing pipe infrastructure to enable it to cope with increased volumes.

The Scheme needs in excess of £55 million over four years with an on-going investment of £5 million to £10 million likely to be required thereafter. Given the scale of investment needed, the Government Plan 2024-27 provided an initial £15.6 million for the project and indicated that funding for future years would require the introduction of a new funding mechanism. This Budget provides an additional £5.7 million to permit the continuation of the project while work on an appropriate funding model continues. Investment needs for 2027 and beyond are intended to be met following the implementation of a new funding model once it has been agreed.

### *Shoreline Management Plan – Havre Des Pas*

For the first time, this Budget includes estimated costs for the implementation of the coastal flood alleviation project at Havre Des Pas, which forms part of the Shoreline Management Plan. Detailed feasibility work for the project will commence in 2025 and help to determine the precise form and cost of the project. The current Strategic Outline Case anticipates extensive land reclamation and the construction of new sea defences that would require investment in excess of £70 million between 2028 and 2034. The Assembly will be asked to

establish the project as a Major Project in subsequent budgets once feasibility work has been completed and an Outline Business Case developed.

### *Further Listed Infrastructure Projects*

Heads of expenditure are also included for Countryside Access and Signage, Road Safety and Planning Obligation Agreements. Funding for these heads of expenditure is generated from programme underspends in the case of countryside projects, and from income from car park trading funds and third-party planning applications for developments respectively for the latter projects.

Funding is provided to a head of expenditure for the replacement of Springfield football pitch and lights.

### *Other Infrastructure*

A Grouped head of expenditure for all other infrastructure projects includes funding for the La Collette Waste Site, and the extension of the Island's sewage network. There is additional investment in Parks and Gardens, upgrading our equipment and open public spaces.

<b>Other I&amp;E Estate Projects - Breakdown of Grouped Head of Expenditure</b>						
	<b>Spon</b>	<b>Supp</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>£'000</b>	<b>Dept</b>	<b>Dept</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
La Collette Waste Site Development	I&E	I&E	1,258	2,845	2,005	500
Parks & Gardens Upgrades	I&E	I&E	685	460	225	-
Drainage Foul Sewer Extensions	I&E	I&E	500	500	500	500
<b>Other I&amp;E Estate Projects</b>			<b>2,443</b>	<b>3,805</b>	<b>2,730</b>	<b>1,000</b>

Table 28: Other I&E Estate Projects - Breakdown of Grouped Head of Expenditure

## Information Technology

Information Technology							
Project		Spon	Supp	2025	2026	2027	2028
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
10,261	Cyber Programme 2.0 (M)	TDS	TDS	2,514	3,608	3,403	-
13,000	IT Major Upgrade and Replacement	TDS	TDS	6,000	6,000	1,000	-
1,800	Digital Services Platform	TDS	TDS	600	600	-	-
18,308	Digital Care Strategy (M)	HCS	TDS	2,003	770	380	200
3,850	Digital Systems Improvements	HCS	TDS	800	730	1,520	800
1,200	General Hospital Wi-Fi	HCS	TDS	1,200	-	-	-
850	Next Passport Project	JHA	JHA	425	425	-	-
2,047	Combined Control Room	JHA	JHA	450	-	-	-
9,425	Revenue Transformation Programme (Phase 3) (M)	T&E	T&E	1,316	-	-	-
11,274	Revenue Transformation Programme (Phase 4) (M)	T&E	T&E	3,270	3,122	3,122	-
4,017	Court Digitisation	JG	JG	1,230	220	-	-
650	Replacement LC-MS System	OA	OA	-	650	-	-
763	Probation/Prison Offender Case Management System	PROB	PROB	425	110	110	-
974	Automatic Electoral Registration	SA	TDS	385	45	45	-
<b>78,419</b>	<b>Total Information Technology</b>			<b>20,618</b>	<b>16,280</b>	<b>9,580</b>	<b>1,000</b>

Table 29: Information Technology | (M) indicates a Major Project

### Information Technology Investment

This Budget continues support for the development of the Government's digital systems, which has been a consistent strategic imperative for successive Governments. This Budget aims to prioritise projects intended to address critical risks, modernising the Government's digital infrastructure, and ensuring the reliability of frontline systems. In support of this objective, the Digital Services Platform Major Project has been re-scoped to focus on core functionality needed to support other systems. A new grouped head of expenditure is created for the IT Major Upgrades and Replacement Programme, and additional investment is provided to complete the Digital Care Strategy, deliver an Electronic Patient Record system for mental health services, and upgrade the hospital Wi-Fi network.

### Cyber Programme 2.0

Investment in the Cyber Security 2.0 Major Project continues in the Budget. The project seeks to ensure that Government is able to adequately respond to the heightened cyber threat related to the new geopolitical risk landscape. It builds on the successful implementation of the earlier Cyber Programme.

## Revenue Transformation Programme Phases 3 and 4

The Revenue Transformation Programme Phases 3 and 4 are Major Projects that will continue in the Capital Programme. They enable adaptations for digital tax systems to take account of changes in tax legislation including the adoption of independent taxation, changes in respect of the prior-year basis, new rules related to economic substance and the requirement for automatic exchange of tax information internationally.

## IT Major Upgrades and Replacements

In recent years, the Government has invested significantly in technology that has improved Islanders' ability to interact with Government online, empowered hybrid working patterns to reduce demand for office space and driven increased productivity across the public service. This investment in new technology has not in all cases been accompanied by investment in the infrastructure and network that supports government systems. More work is also needed to rationalise and upgrade the range of applications in use by government departments. This Budget provides significant new investment in a programme intended to upgrade government's aging digital infrastructure, simplify digital systems and improve the reliability of the IT network across government. To support the delivery of this programme of work, the IT Major Upgrades and Replacements grouped head of expenditure has been established and Table 30 sets out the indicative allocation for each of the underlying projects.

IT Major Upgrade and Replacement - Breakdown of Grouped Head of Expenditure						
£'000	Spon Dept	Supp Dept	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Cyber Remediation	TDS	TDS	200	200	-	-
Network Remediation	TDS	TDS	2,100	1,800	200	-
Application Remediation	TDS	TDS	2,800	4,000	800	-
Infrastructure Remediation	TDS	TDS	900	-	-	-
<b>IT Major Upgrade and Replacement</b>			<b>6,000</b>	<b>6,000</b>	<b>1,000</b>	<b>-</b>

Table 30: IT Major Upgrade and Replacement - Breakdown of Grouped Head of Expenditure

## Investment in HCS Digital Priorities

Additional funding is proposed in this Budget to complete projects being delivered under the Digital Care Strategy including further releases of the Hospital Electronic Patient Records system and work related to the development an e-referrals system. A new project, Digital Systems Improvements, has also been established to develop an electronic patient record system for mental health and care services, and funding is proposed to upgrade aging Wi-Fi infrastructure in the General Hospital.

## Replacement Assets and Minor Capital

Replacement Assets and Minor Capital							
Project		Spon	Supp	2025	2026	2027	2028
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
-	Replacement Assets and Minor Capital - TDS	TDS	TDS	2,500	2,500	2,500	2,500
-	Replacement Assets and Minor Capital - CYPES	CYPES	CYPES	300	300	300	300
-	Replacement Assets and Minor Capital - HCS	HCS	HCS	2,250	2,500	2,500	2,500
-	Replacement Assets and Minor Capital - I&E	I&E	I&E	4,550	4,550	4,550	4,550
3,332	Fisheries Protection Vessel & Auxiliary Vessels	I&E	I&E	2,800	-	-	-
-	Replacement Assets and Minor Capital - JHA	JHA	JHA	380	380	380	380
-	Replacement Assets and Minor Capital - SoJP	SoJP	SoJP	350	350	350	350
<b>3,332</b>	<b>Total Replacement Assets and Minor Capital</b>			<b>13,130</b>	<b>10,580</b>	<b>10,580</b>	<b>10,580</b>

Table 31: Replacement Assets and Minor Capital

Replacement asset funding is provided to departments to replace key operational equipment on an annual basis to ensure our assets are maintained at an appropriate standard for the ongoing delivery of public services.

Funding is generally provided at a consistent level that is aligned with the average replacement cycles as equipment reaches the end of its safe useful life and needs replacing for newer equipment. Specific funding will also be provided in 2025, for the replacement of the Fisheries Protection Vessel.

## Changes to Project Approvals

In addition to cash flow for 2025, the Budget approves the total expenditure for projects designated as Major Projects including any updates to existing Major Project approvals that may be necessary. The total approvals for new and existing Major Projects in this plan are as set out in Table 32:

Major Projects					
£'000	Spon	Supp	Previous	Total	
	Dept	Dept	Total	Project	Change
				Approval	
Mont a' L'Abbe Secondary	CYPES	I&E	23,000	41,000	18,000
Le Squez	CYPES	I&E	7,500	7,500	-
Learning Difficulties - Specialist Accommodation	HCS	HCS	9,350	8,850	(500)
Digital Care Strategy	HCS	TDS	16,185	18,308	2,123
Oakfield and Fort Regent Decant	I&E	I&E	9,402	10,242	840
Sewage Treatment Works	I&E	I&E	88,635	88,635	-
Liquid Waste Key Infrastructure	I&E	I&E	15,644	21,307	5,663
Ambulance, Fire & Rescue Headquarters	JHA	I&E	24,403	24,403	-
Revenue Transformation Programme (Phase 3)	T&E	T&E	9,425	9,425	-
Revenue Transformation Programme (Phase 4)	T&E	T&E	11,274	11,274	-
Cyber Programme 2.0	TDS	TDS	10,261	10,261	-

Table 32: Major Projects

For projects that are not classified as Major Projects, the Budget approves only the cash flow requirement for 2025. However, to provide transparency over the total intended cost of projects, Table 33 sets out the total intended budget for other projects and indicates any changes from previous plans.

<b>Other Projects</b>					
<b>£'000</b>	<b>Spon</b>	<b>Supp</b>	<b>Previous</b>	<b>Total</b>	<b>Change</b>
	<b>Dept</b>	<b>Dept</b>	<b>Total</b>	<b>Project Approval</b>	
Crematorium	CLS	CLS	4,500	1,000	(3,500)
Army and Sea Cadets Headquarters	JHA	JHA	4,993	4,993	-
Springfield Pitch & Floodlights	I&E	I&E	845	845	-
Digital Services Platform	TDS	TDS	6,257	1,800	(4,457)
Digital Systems Improvements	HCS	TDS	-	3,850	3,850
General Hospital Wi-Fi	HCS	DS	-	1,200	1,200
Next Passport Project	JHA	JHA	850	850	-
Combined Control Room	JHA	JHA	2,218	2,047	(171)
Court Digitisation	JG	JG	5,315	4,017	(1,298)
Replacement LC-MS System	OA	OA	650	650	-
Probation/Prison Offender Case Management system	PROB	PROB	770	763	(7)
Automatic Electoral Registration	SA	TDS	974	974	-
Fisheries Protection Vessel & Auxiliary Vessels	I&E	I&E	3,332	3,332	-

Table 33: Other Projects

Certain heads of expenditure within the Capital Programme are categorised as 'rolling votes'. They provide an annual source of funding for asset upgrades, replacement and refurbishment to ensure our assets remain at an appropriate standard. Table 34 sets out the changes to the level of funding provided for rolling votes in this Budget.

<b>Rolling Votes</b>					
<b>£'000</b>	<b>Spon</b>	<b>Supp</b>	<b>2024</b>	<b>2025</b>	<b>Change</b>
	<b>Dept</b>	<b>Dept</b>	<b>Approval</b>	<b>Approval</b>	
Health Services Improvements Programme	HCS	HCS	5,000	5,000	-
Infrastructure Rolling Vote and Public Realm	I&E	I&E	18,950	16,850	(2,100)
Replacement Assets and Minor Capital - TDS	TDS	TDS	2,500	2,500	-
Replacement Assets and Minor Capital - CYPES	CYPES	CYPES	250	300	50
Replacement Assets and Minor Capital - HCS	HCS	HCS	2,000	2,250	250
Replacement Assets and Minor Capital - I&E	I&E	I&E	5,350	4,550	(800)
Replacement Assets and Minor Capital - JHA	JHA	JHA	380	380	-
Replacement Assets and Minor Capital - SoJP	SoJP	SoJP	200	350	150

Table 34: Rolling Votes



## Use of Public Land for Public Benefit

New development on public land, whether that is owned by Government or a States' Owned Entity, creates value that can be reinvested to benefit the public. Recognising that housing is increasingly unaffordable for many islanders, the Bridging Island Plan includes a policy expectation that;

*'Where States of Jersey or States-owned companies' land is brought forward for the development of new homes, these shall be for affordable homes unless it has been otherwise approved that the development needs to specifically provide open market homes, particularly where this is required to ensure the viability of public realm and community infrastructure delivery, in line with an approved Government Plan.'*

The creation of affordable homes brings real public benefits to Jersey. They help create an inclusive society, where all children can get a good start in life and where our family and friends can live and age well.

A broad strategy to create and maintain affordable homes is in place and is focused on direct support to Andium Homes and to build more new affordable homes for Islanders, and a range of policy steps to increase the use of assisted purchase products, such as shared equity schemes, in the open market. Government invests in affordable housing in a number of ways, for example:

- The £10 million that has been invested in the "First Step" assisted home ownership scheme;
- £250 million of public borrowing that provides stable, low-cost financing to Andium Homes, and has supported other housing trusts;
- affordable homes for rent are, on average, charged at less than 80% of market rates,
- affordable homes for purchase – such as through the Andium Home Buy scheme and the minimum 15% open market homes delivered on new large housing sites being provided with some form of assistance to buy – ensure that new homes can be accessed more affordably;
- land has been made available through the planning process to ensure more affordable homes can be built – whether on rezoned sites or in developments on public land.

In assessing whether land and sites that are currently owned by the Government of Jersey, are developed for housing, there is an ongoing assessment via the Estates Strategy. This process determines whether these sites are needed for public service delivery or can be released. Once a site has been identified for housing, government must consider the need to provide affordable homes, as well as the need to raise sufficient capital to be reinvested in other areas that benefit the public, such as new infrastructure or public realm improvements. When land is used to build affordable homes, a portion of the market value that would otherwise be achieved is forfeited by the public, limiting the amount that can be reinvested to meet other public needs. Because of this, it is sometimes appropriate to build open market homes to ensure the best overall value for the public is realised.

The table below sets out sites in public ownership that are due to deliver housing and confirms whether the value created will be used to subsidise the creation affordable homes, or whether a portion of open market homes is expected to be included and, if so, what wider public benefit the value created from those homes will be used for. There will always be a very minimum of 15% of the housing units created that will be made available with assisted purchase products.

Site	Tenure	Public Value to be Delivered
Aviemore	Open market homes	The creation of a fund to support care-experienced islanders
Huguenot House, Philip le Feuvre House & 38 La Motte Street	Maximised number of affordable homes, with consideration of some open market homes.	The site will be prioritised for affordable homes; however, some open market homes will be considered to ensure a suitable return to the Social Security Fund which made the original investment into this property.
South Hill	The maximum viable provision of homes sold through a package of incentives to both first time buyers and downsizers.	A proportion of assisted purchase homes and, the creation of a capital receipt to invest in affordable homes in other locations
St Saviour's Hospital	Maximum viable number of affordable homes	Affordable homes and adequate funding to secure the refurbishment and future security of the Grade 1 listed building
Waterfront	No less than 50% of the homes to be offered with an assisted purchase product for first time buyers and to also include a minimum of 15% of housing designed to encourage and enable Islanders who are looking to right-size, in accordance with P.37/2024 (as-Group amended).	A maximised proportion of assisted purchase homes will be provided, whilst ensuring the viability of new public facilities, open space and infrastructure improvements and where the phasing of delivery will be agreed by the Minister for Housing and Regeneration Steering

Figure 21: Future Housing Development Sites

### *Sites to be developed in between Government Plans*

It is important to recognise that States of Jersey or States'-owned companies land may be identified for the development of new homes in between Government Plans, and it is considered important that housing delivery is not unacceptably slowed as a result of misalignment with the Government Plan annual cycle.

In the event of a housing development making progress outside of the Government Plan, Ministers will work together to ensure that the development is proposed entirely for affordable homes and, in the case of this not being considered possible, that there is both sufficient rationale for deviating from this policy, whilst ensuring the development will achieve a maximised allocation of units for assisted purchase schemes.

The Minister for Treasury and Resources will give consideration as to whether a revision to the Government Plan is required to incorporate the details of the development, based on the scale and nature of the deviation being proposed. All cases and regardless of any decision to not revise the Government Plan, the proposed tenure of homes will be tested publicly in the consideration of the planning application, in accordance with the Bridging Island Plan and Planning and Building (Jersey) Law 2002.

# New Healthcare Facilities Programme

The New Healthcare Facilities (NHF) Summary Strategic Outline Case (R.111/2023<sup>13</sup>) and feasibility study (R.112/2023<sup>14</sup>) were presented to the Assembly on 4<sup>th</sup> July 2023. The Strategic Outline Case was updated in December 2023 to support the funding request approved in the previous Government Plan for £52 million focusing on the first phase of works in the Programme.

The multi-site phased approach gives the ability to manage financial and economic risk in the context of both services and economic impact by advancing the commitment to spend over a longer period and across multiple projects.

Since then, the business case has been further developed for:

- An acute facility at Overdale.
- Meaningful progress on the Ambulatory facilities at Kensington Place and the Health Village.
- Some meanwhile use work on the Ambulatory facilities at Kensington Place and utilising some of the existing Jersey General Hospital site.
- The Enid Quenault Health and Wellbeing Centre at Les Quennevais, utilised on a longer-term basis.
- The delivery and continued use of the St Ewolds facility for rehabilitation services.
- Acquisition of further land and properties necessary to deliver the programme.
- Provision and use of decant facilities.

The initial projects are focused on the delivery of the Acute Facility together with smaller projects in a number of locations that allow the overall programme to be managed to provide clinical services in the most efficient way for optimum benefit, time and for cost.

The programme for Phase one estimates that the total cost to deliver an acute facility at Overdale and make meaningful progress on development of the future phases covering an ambulatory facility and Health Village at no more than £710 million which is in line with the estimates shared in the previous Government Plan.

The work that has been done has established the concept designs for the Acute Facility and improved the cost certainty related to this first phase of work. The Programme team are actively engaged with stakeholders and are making progress towards the planning application which is the next key milestone for the programme.

There is a need to develop the proposals for the ambulatory parts of the healthcare services and it is anticipated that this work will commence in Q3 2024 with proposals being developed to concept design stage in 2025. No spend or commitments on these elements will be made in excess of the approval in this plan – any further spend would first need assembly approval.

---

<sup>13</sup> Strategic Outline Case R.112/2023 (gov.je)

<sup>14</sup> New Healthcare Facilities R.112-2023 (gov.je)

There was an approval in December 2023 as part of the Government Plan 2024-2027 for up to £52 million for 2024 and this amount has been maintained in the updated cashflow.

Healthcare Facilities						
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate	Total Estimate
Healthcare Facilities	52,000	73,000	152,000	208,000	225,000	710,000

Table 35: Healthcare Facilities Capital Expenditure

There is a robust governance process in place which is designed to ensure compliance with relevant frameworks but allow decision making to be agile as the key dates for the construction of the main Acute Hospital approach. The key target dates for the first phase of the programme are:

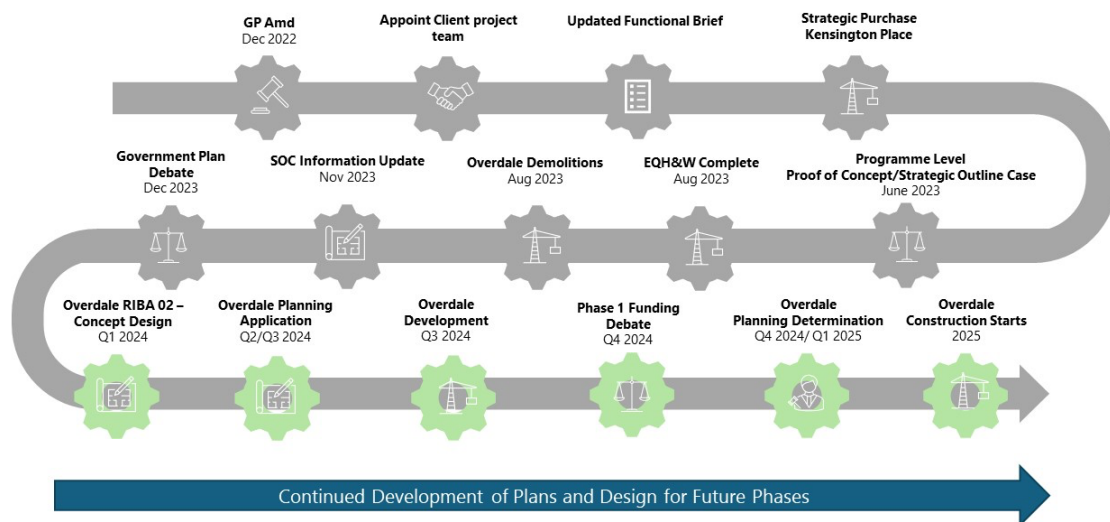


Figure 22: Phase 1 Timeline for The New Healthcare Facilities

The funding request and debt strategy for Phase 1 are included in this Budget. The planned activities will not create a contractual obligation for future phases of the programme and this phase of work allows for current healthcare services provided within a hospital setting to continue to be provided. This approval is sought to provide funding for:

- Continued high level design and planning work for the whole programme of New Healthcare Facilities.
- Continued demolition and development work at Overdale.
- Meaningful developments at the Ambulatory Hospital and Health Village sites.
- Delivery of rehabilitation services at St Ewolds.
- Delivery of ancillary projects related to the programme.
- Acquisition of relevant properties or land related to the delivery of the programme.
- Deliver any decant facilities necessary for the above works.

An Outline Business Case has been prepared to support the application for funding and will be provided to Scrutiny in August. A summary of the Outline Business Case will be published to the Assembly in September 2024.

## Healthcare Facilities Financing Strategy

Government Plan 2024-2027 included indicative costs for the first phase of the NHF totalling £710 million. Including previous expenditure, this brings the total financing requirement to £800 million. The long-term financing strategy for previous iterations of the hospital project was to borrow for the total costs, with financing costs and eventual repayment met from investment returns in the Strategic Reserve.

Our Hospital – budget, financing and land assembly (P.80/2021<sup>15</sup>) set out the financing strategy for the previous “Our Hospital” project, which included a consideration of the relative merits of using borrowing and reserves. P.80/2021 also included a consideration of the different types of debt instrument which still remains relevant. This follows the previous strategy for the “Future Hospital” project (P.107/2017).

The changing economic environment, in particular increased interest rates, significant construction cost inflation and the increased scale and ambition of the total NHF programme, represents significant challenge to the sustainability of public finances.

Accordingly, the financing strategy has been reconsidered. In addition, the likelihood of additional tax receipts from the implementation of Pillar Two represents an opportunity to enable a blended approach that reduces the challenge to the long-term sustainability and resilience of public finances by funding either increased costs of financing and/or some capital costs of the project from those receipts.

At its core, any financing strategy will involve either the use of borrowing, the use of revenues, the use of existing reserves, or a blend of these. In finalising the updated strategy, the following have been considered:

- the overall cost of the solution to taxpayers
- the required level of funding flexibility
- the potential need to retain borrowing capacity for future phases and other requirements
- the overall impact on the States finances, mitigating impact sustainability and resilience.

This Budget proposes that a blended solution to be used, with £523 million sourced through borrowing (including the £23 million assigned from the 2022 bond). To address volatility and interest rate risks, a short to medium term strategy has already been adopted utilising a Revolving Credit Facility (RCF) of up to £300 million (with a potential extension to £500 million) which is in place until 2028 with the possibility to extend to 2030. This allows the States to access funds as and when required. Borrowing proceeds will continue to be paid into the Strategic Reserve and transferred to the Consolidated Fund as required for capital spend.

To date the Assembly have agreed borrowing of up to £142 million for the current and previous hospital plans, which has or will be drawn largely from the RCF in the short term. The Budget includes an approval for the full amount of borrowing, to allow the conversion of the RCF into longer-term borrowing to take place at the most opportune time based on market conditions.

As the full extent of Pillar Two receipts is not yet known, it is necessary to identify a default source of the remaining £277 million funding. It is proposed that if sufficient Pillar Two receipts are not available, this is withdrawn from Strategic Reserve once the total borrowing

---

<sup>15</sup> Our Hospital - Budget, Financing and Land Assembly P.80-2021 (gov.je)

approval has been fully utilised. In addition, the borrowing for the NHF programme would also be ultimately repaid from the Strategic Reserve. If possible, any future excess Pillar Two receipts would then be used to repay the £277 million drawn down from the Strategic Reserve, and further improve the fund balance. The impact of the strategy on the Strategic Reserve balance is explained in the section on the

Strategic Reserve Fund.

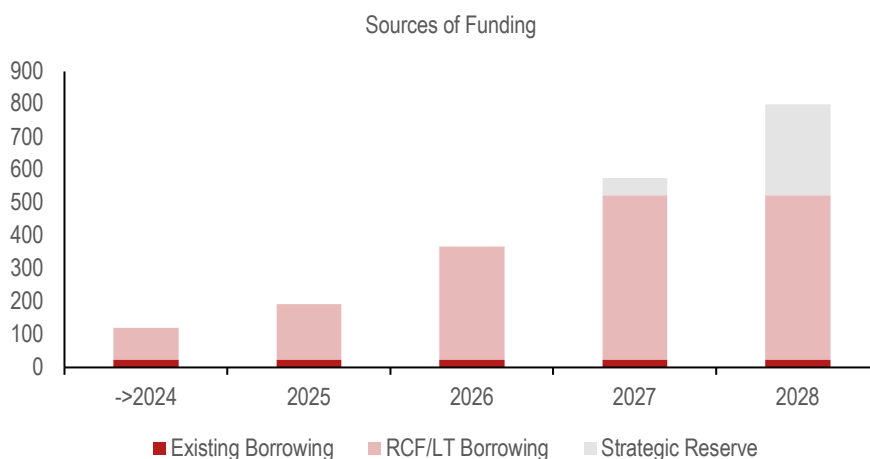


Figure 23: Sources of Funding for New Healthcare Facilities

This strategy avoids the need to arrange long-term borrowing or make any withdrawals from the Strategic Reserve until 2027, if markets are not favourable ahead of then. The most appropriate form of longer-term borrowing will therefore be determined in line with the debt strategy based on the market conditions at the time and allow Treasury to access the market at the most opportune time during the life of the RCF.

Interest costs (estimated at £25-30 million) would be met from base case Pillar Two receipts (see the section on Forecasting Pillar Two Tax Receipts). Financing costs in 2025 only will continue to be met from the Strategic Reserve.

Healthcare Facilities Financing Costs				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
Healthcare Facilities - Financing Costs	9,000	15,000	24,000	28,000
<b>Financing Costs</b>	<b>9,000</b>	<b>15,000</b>	<b>24,000</b>	<b>28,000</b>

Table 36: Healthcare Facilities Financing Costs

The inflows (borrowing proceeds) and outflows (transfers to the Consolidated Fund) through the Strategic Reserve are shown in Table 37.

Healthcare Facilities Strategic Reserve Movements				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
Transfer to Consolidated Fund - Financing costs	(9,000)	-	-	-
Transfer to Consolidated Fund - Capital costs	(73,000)	(152,000)	(208,000)	(225,000)
Borrowing Proceeds	73,000	152,000	156,000	-
<b>Strategic Reserve Net Impact</b>	<b>(9,000)</b>	<b>-</b>	<b>(52,000)</b>	<b>(225,000)</b>

Table 37: Healthcare Facilities Strategic Reserve Movements

# The Government of Jersey

## Balance Sheet and States Funds

The balance sheet provides a snapshot of the States financial position, setting out what we own, what we owe and what is owed at that point in time. This provides an understanding of the long-term financial risks that we face.

The balance sheet is comprised of four main components:

1. **Non-current assets:** this considers the longer-term assets that we have available to deliver services and outcomes. It includes the buildings that we own, along with other equipment that will be used over many years (e.g. IT, vehicles, roads, sea defences, and other infrastructure), the long-term strategic investments that we have made to deliver a return, and loans that we have issued to other organisations.
2. **Working capital or net current assets:** these represent the net day-to-day resources available to us. These include the cash that is held in our bank accounts, the amount owed to us from creditors within the next 12 months; as well as the amount we need to repay to individuals and organisations within the next 12 months.
3. **Non-current liabilities:** our liabilities include loans and bonds that have been taken out to fund capital projects, the long-term liabilities related to our pension funds and any other provisions that we need to make because of past actions and activities where there is a strong obligation that these will need to be repaid.
4. **Taxpayers' equity:** taxpayers' equity represents the accumulation of previous surpluses and deficits and is equal to the total net assets that we hold.

## Government of Jersey Balance sheet

Our Island has maintained a strong balance sheet position, and this is forecast to be maintained throughout this Budget, with net assets continuing to increase. Our property and equipment assets will increase as we invest in capital projects above the level of depreciation.

Both government and our subsidiary companies will be investing in property and equipment assets, including substantial investment to the harbour by Ports of Jersey, funded in part through borrowing by Ports of Jersey.

We will continue to protect our capital reserve funds, investing in line with agreed investment strategies, informed by the advice of the Treasury Advisory Panel. We will reinvest returns to ensure that our investment balance grows to help manage risks and protect the long-term sustainability of the Island's finances.



<b>Balance Sheet Forecast</b>						
<b>2023</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Actual</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Non-current assets</b>						
4,570,558	Property and Equipment	4,868,390	5,062,213	5,283,746	5,513,695	5,718,800
479,999	Loans and Other Assets	479,999	479,999	479,999	479,999	479,999
307,205	Strategic Investments	307,205	307,205	307,205	307,205	307,205
3,487,716	Investments	3,427,948	3,506,422	3,705,933	3,962,692	3,859,460
<b>8,845,478</b>	<b>Non-Current Assets</b>	<b>9,083,542</b>	<b>9,355,839</b>	<b>9,776,883</b>	<b>10,263,591</b>	<b>10,365,464</b>
<b>268,003</b>	<b>Net-Current Assets (Working capital)</b>	<b>287,976</b>	<b>267,948</b>	<b>227,919</b>	<b>222,890</b>	<b>222,627</b>
<b>Non-Current Liabilities</b>						
58,380	Provisions	58,380	58,380	58,380	58,380	58,380
880,234	Borrowing	1,006,845	1,127,296	1,344,238	1,625,674	1,510,172
3,767	Pension Liabilities	3,767	3,767	3,767	3,767	3,767
<b>942,381</b>	<b>Non-Current Liabilities</b>	<b>1,068,992</b>	<b>1,189,443</b>	<b>1,406,385</b>	<b>1,687,821</b>	<b>1,572,319</b>
<b>8,171,100</b>	<b>Net Assets</b>	<b>8,302,526</b>	<b>8,434,344</b>	<b>8,598,417</b>	<b>8,798,660</b>	<b>9,015,772</b>
<b>8,171,100</b>	<b>Taxpayers' Equity</b>	<b>8,302,526</b>	<b>8,434,344</b>	<b>8,598,417</b>	<b>8,798,660</b>	<b>9,015,772</b>

Table 38: Balance Sheet Forecast

## States Borrowing

The States has issued external bonds totalling £750 million; £250 million issued in 2014 for the provision of social housing, and £500 million issued in 2022 to refinance the pre-existing pension past service liabilities, with the remainder being used to fund work on the New Healthcare Facilities programme. Further details on these borrowings are included in the debt framework.

This plan proposes a financing strategy that approves an additional £500 million of borrowing to partly fund phase 1 of the New Healthcare Facilities programme.

In May 2023 the Minister for Treasury and Resources approved the replacement of the existing revolving credit facility with a new facility for £300 million, with an accordion option<sup>16</sup> of £200 million, expiring in 2028. This facility provides flexibility for funding of New Healthcare Facilities and avoids committing to longer-term borrowing at the current higher interest rates.

The most appropriate timing and form of longer-term borrowing to replace the RCF will be determined in line with the debt strategy based on the market conditions and allow Treasury to access the market at the most opportune time during the life of the RCF.

Any borrowing would be in line with the Debt Framework for Jersey (R.68/2022<sup>17</sup>) and future iterations, which defines the States' approach to debt issuance and management and is designed to operate over a significant long-term time horizon and taking into account the States' ability to raise debt and the required cash flows.

<sup>16</sup> Accordion feature is an option that allows the States to increase its line of credit if required.

<sup>17</sup> Debt Framework for Jersey - Propositions (gov.je)

Under the Public Finances (Jersey) Law 2019, Article 26 (1)(a), the Minister for Treasury and Resources is also permitted to arrange for a bank overdraft in any given year, which can be used to meet immediate unforeseen financing needs should they occur. To minimise the costs to Government, the use of the Revolving Credit Facility will continue to be formally extended to include the provision of funds under Article 26 (1)(a), should they be needed and subject to the appropriate limits of that article.

In combination, the Debt and Investment Strategies seek to deliver a sustainable structure to meet the Island's needs whilst minimising the total funding costs over the medium to long-term, consistent with a prudent degree of risk, but at the same time retaining flexibility to react to unknown future events.

The table below sets out the updated borrowing approvals over the period of this Budget.

<b>Borrowing Approvals</b>					
<b>2024</b>		<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Approved</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
142,071	Healthcare Facilities	523,000	523,000	523,000	523,000
477,000	Pension Liabilities	477,000	477,000	477,000	477,000
250,000	Existing Borrowing Housing Bond	250,000	250,000	250,000	250,000
<b>869,071</b>	<b>Borrowing</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>

Table 39: Borrowing Approvals

## Consolidated Fund

The Consolidated Fund is the main fund through which the States collects taxes, other income, and spends money in providing services.

Income received or due is accounted for in the Consolidated Fund, except where specified in Law. Expenditure from the Consolidated Fund is approved by the States Assembly in the Budget. The Council of Ministers must not lodge a Budget which shows a negative balance in the Consolidated Fund at the end of any of the financial years that the plan covers.

There are several planned transfers between the fund to and from other States Funds. This includes;

transfers to fund the delivery of specific capital and project expenditure, including:

- from the Strategic Reserve to support the New Health Care Facilities programme.
- from the Technology Accelerator Fund to support investment in Government digital projects.
- transfers to the Strategic Reserve to form a sinking fund for the eventual repayment of the pension past-service liability bond.
- transfers to the Climate Emergency Fund based on the hypothecated income from fuel duty and Vehicle Emissions Duty (VED).

- a transfer to the Insurance Fund to ensure that it has a sufficient balance to meet the historic and ongoing claim liabilities.
- A transfer to the Agricultural Loans fund to continue the recapitalisation of the fund as previously agreed. This will be combined with a £3 million transfer from unspent capital in 2024, and a contingent transfer similar to that in the Government Plan 2024-2027, to ensure that £10 million in total is transferred across 2024 and 2025.
- transfers from legacy housing funds, including the Assisted House Purchase Scheme (£0.3 million), Dwelling Houses Loan Fund (£1.1 million) and the 99 Year Leaseholders Fund (£0.6 million) to provide further funds for the First Step assisted home ownership scheme.

The previously agreed transfer from the Health Insurance Fund of £75,000 to fund free GP visits for full time students has been removed as expenditure is now incurred directly by the Fund.

Receipts relating to prior year basis taxation have previously been included in the fund forecast but will cease following the transfer of the debtors to the Strategic Reserve in 2026.

In drafting the Capital Programme for 2025 to 2028, existing approvals amounts that are not expected to be spent in 2024 have been incorporated into future years of the programme and will be released in 2024.

<b>Consolidated Fund</b>					
<b>2024</b>		<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Estimate</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>94,744</b>	<b>Opening Balance</b>	<b>83,116</b>	<b>23,456</b>	<b>4,220</b>	<b>1,188</b>
<b>Operating Surplus/(Deficit)</b>					
1,220,420	General Revenue Income	1,270,217	1,296,742	1,330,251	1,371,224
(1,162,591)	Net Revenue Expenditure	(1,229,715)	(1,238,649)	(1,260,912)	(1,294,099)
<b>57,829</b>		<b>40,502</b>	<b>58,093</b>	<b>69,339</b>	<b>77,125</b>
<b>Other Movements in Fund Balances</b>					
11,000	Prior Year Basis Tax Debt Receipts	12,500	-	-	-
9,507	Release of unspent Capital Allocations	-	-	-	-
-	Property Disposals	-	3,000	-	-
<b>20,507</b>		<b>12,500</b>	<b>3,000</b>	<b>-</b>	<b>-</b>
<b>Capital and Other Projects Expenditure</b>					
(107,049)	Capital and other projects expenditure	(96,372)	(76,460)	(66,112)	(68,909)
<b>(107,049)</b>		<b>(96,372)</b>	<b>(76,460)</b>	<b>(66,112)</b>	<b>(68,909)</b>
<b>Capital Financing Transfers In</b>					
777	Criminal Offences Confiscation Fund	-	-	-	-
2,194	Technology Accelerator Fund	1,289	3,387	1,387	-
336	Strategic Reserve - Capital Repayment	-	-	-	-
<b>3,307</b>		<b>1,289</b>	<b>3,387</b>	<b>1,387</b>	<b>-</b>
<b>Fund Transfers In/(Out)</b>					
(4,130)	Climate Emergency Fund	(4,299)	(4,254)	(4,210)	(4,167)
20,000	Strategic Reserve - States Grant	-	-	-	-
(2,167)	Strategic Reserve - Pension Refinancing Repayment	(2,580)	(3,002)	(3,436)	(3,881)
75	Health Insurance Fund	-	-	-	-
-	Agricultural Loans Fund	(5,000)	-	-	-
-	Insurance Fund	(7,700)	-	-	-
-	Dwelling Houses Loan Fund	1,075	-	-	-
-	Assisted House Purchase Scheme	250	-	-	-
-	99 Year Leaseholders Fund	675	-	-	-
<b>13,778</b>		<b>(17,579)</b>	<b>(7,256)</b>	<b>(7,646)</b>	<b>(8,048)</b>
-	Borrowing Drawdown/(Repayment)	-	-	-	-
<b>83,116</b>	<b>Closing Balance (before Pillar Two)</b>	<b>23,456</b>	<b>4,220</b>	<b>1,188</b>	<b>1,356</b>
-	Net Impact of Pillar Two	(1,760)	1,760	-	-
<b>83,116</b>	<b>Closing Balance (after Pillar Two)</b>	<b>21,696</b>	<b>5,980</b>	<b>1,188</b>	<b>1,356</b>

Table 40: Consolidated Fund

## States Funds

The Government has several other States funds established by statute. This provides the public with the confidence that the funds remain ring-fenced and used for the specific purpose for which they were established. For the purposes of investment, the funds are pooled together into the Common Investment Fund, thus achieving the benefits of economies of scale and more effective risk management of the overall Government investment portfolio. Each individual fund has its own investment strategy which reflects the long-term aims of that fund, and investment returns are estimated based on the target investment return for each fund.

<b>Summary Fund Balances</b>				
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Strategic Reserve Fund	1,449,438	1,506,180	1,515,921	1,349,184
Stabilisation Fund	643	669	694	715
The Health Insurance Fund	93,998	85,038	76,274	67,375
The Long-Term Care Fund	58,028	60,661	64,017	66,974
The Social Security Fund	87,964	89,974	99,722	111,864
The Social Security (Reserve) Fund	2,429,413	2,543,595	2,670,775	2,809,655
Climate Emergency Fund	1,903	1,903	1,903	1,903
Technology Accelerator Fund	10,018	4,285	1,152	-
Other Special Funds	64,536	65,477	66,295	65,992
Jersey Car Parking Fund	17,641	18,564	18,022	20,497
Jersey Fleet Management Fund	4,554	3,498	2,606	1,883
<b>Funds Net Assets</b>	<b>4,218,136</b>	<b>4,379,844</b>	<b>4,517,381</b>	<b>4,496,042</b>

Table 41: Summary Fund Balances

### *Jersey Car Parking Trading Fund*

The Jersey Car Parking trading operation manages the provision of the public parking places that are within the functions of the Minister for Infrastructure. Priority is given to maintenance and refurbishment of car parking facilities. Additional expenditure is forecast in 2025 - 2028 to reflect support for concessionary bus fares as a grant from the Trading Fund.

<b>Jersey Car Parking Trading Fund</b>				
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>19,736</b>	<b>17,641</b>	<b>18,564</b>	<b>18,022</b>
Trading Income	9,599	10,698	11,773	11,750
Other Expenditure	(8,943)	(9,175)	(9,175)	(9,175)
Capital Expenditure	(2,751)	(600)	(3,140)	(100)
<b>Closing Balance</b>	<b>17,641</b>	<b>18,564</b>	<b>18,022</b>	<b>20,497</b>

Table 42: Jersey Car Parking Trading Fund

## Jersey Fleet Management Trading Fund

The Jersey Fleet Management trading operation manages the acquisition, maintenance, servicing, fuelling, garaging and disposal of vehicles and mobile plant and machinery on behalf of the Government of Jersey. Charges are set to recover the up-front cost of the asset, routine maintenance and servicing and the costs of managing the fleet operations.

Jersey Fleet Management Trading Fund				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>5,812</b>	<b>4,554</b>	<b>3,498</b>	<b>2,606</b>
Trading Income	6,053	6,210	6,374	6,543
Other Expenditure	(4,311)	(4,266)	(4,266)	(4,266)
Capital Expenditure	(3,000)	(3,000)	(3,000)	(3,000)
<b>Closing Balance</b>	<b>4,554</b>	<b>3,498</b>	<b>2,606</b>	<b>1,883</b>

Table 43: Jersey Fleet Management Trading Fund

## Strategic Reserve Fund

The Strategic Reserve is a permanent reserve, to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster. It forms a critical part of the infrastructure of financial and risk management and helps to protect the long-term financial sustainability of the Island.

Strategic Reserve				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>1,124,142</b>	<b>1,449,438</b>	<b>1,506,180</b>	<b>1,515,921</b>
Investment income	51,716	53,740	58,305	54,382
Transfer from Consolidated Fund (Pension Refinancing repayment)	2,580	3,002	3,436	3,881
Healthcare Facilities related;				
- Borrowing Proceeds	73,000	152,000	156,000	-
- Transfer to Consolidated Fund (financing costs)	(9,000)	-	-	-
- Transfer to Consolidated Fund (Capital costs)	(73,000)	(152,000)	(208,000)	(225,000)
Transfer of PYB Taxation	280,000	-	-	-
<b>Closing Balance</b>	<b>1,449,438</b>	<b>1,506,180</b>	<b>1,515,921</b>	<b>1,349,184</b>
<b>Closing Balance (excluding PYB Debtor)</b>	<b>1,169,438</b>	<b>1,238,680</b>	<b>1,260,921</b>	<b>1,106,684</b>

Table 44: Strategic Reserve

## Purpose of the Strategic Reserve

The purpose of the Strategic Reserve Fund is covered in the Public Finances Law, and policy set by a number of subsequent States Decisions. This Budget proposes to formally consolidate these into a single, clear purpose:

*The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005, is a permanent reserve only to be used:*

- a. in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.*
- b. if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme*
- c. to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly; and*
- d. as a holding Fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing, with the monies used to offset the repayment of debt, as and when required*
- e. in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Treasury and Resources Minister is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.*

The FPP have recommended that the fund is grown in the medium to long-term to achieve a target of 30%-60% GVA. It is therefore proposed that the superseded requirements of P.76/2015<sup>18</sup> to maintain a capital value are removed.

## Growth Strategy for the Strategic Reserve

The Fiscal Policy Panel have recommended that to meet its objectives the Strategic Reserve balance should be between 30% and 60% of GVA. The rationale behind this is set out in their "Advice for the 2020-23 Government Plan". As at 31 December 2023, the fund balance was £1.09 billion (17.3% GVA<sup>19</sup>). This Budget sets out a plan to increase the value of the Strategic Reserve, achieving 30% of GVA in the medium to long-term.

## Investment Growth

The Fund has an investment target of RPI + 2%, which is higher than the FPP trend assumption for GVA (RPI + 0.5%). As a result, the fund should naturally grow as a proportion of GVA over time. In addition, a sinking fund is being built for the eventual repayment of the Pension Refinancing Bond in 2052.

<sup>18</sup> Strategic Reserve Fund- funding for Independent Jersey Care Inquiry and transfers from and to the Consolidated Fund P.076/2015 (gov.je)

<sup>19</sup> GVA 2022 was £5.76 billion. FPP assumed growth in GVA for 2023: 9.3%

Under this growth, the Fund would only meet the lower bound of the target (30% GVA) by 2061.

### ***Prior Year Basis Taxation Debtors***

In 2020 the decision was made (Draft Income Tax (Amendment No.46) (Jersey) Law P.118/2020<sup>20</sup>) to switch all taxpayers to a current year basis of taxation, in part to support the financial pressures on Islanders arising from Covid-19. This resulted in a debtor of £345 million being recognised, to be collected over a longer time period. Taxpayers can choose to repay by either:

- Commit to pay on retirement
- Payment plan agreement

As at the end of 2024, £42 million has either been paid or become due to be paid (for example through estates), £303 million remains outstanding. In Government Plan 2024 – 2027, projected receipts from prior year taxation debts were included as an inflow to the Consolidated Fund estimated at £12 million per annum. These receipts were used to fund the capital programme.

In their Medium Term Report 2022, FPP explicitly recommended that the PYB debt should be used to improve the States Balance Sheet, and transfers to the Strategic Reserve would be appropriate. This was reiterated in their latest annual report: “The Panel recommends that all Prior Year Basis receipts should be ringfenced and transferred to the Strategic Reserve as they arise.”

This Budget proposes taking that positive action to strengthen the Strategic Reserve balance. This will increase the overall value of the fund, but a portion would be illiquid as cash is received over time. The cash balance in the fund would hit 30% by 2046.

### ***New Healthcare Facilities Funding Strategy***

This budget sets out a Financing Strategy for Phase 1 of the New Healthcare Facilities programme that uses a blended approach of borrowing and £277 million from the Strategic Reserve (equivalent to 3.6% of GVA). It assumes that the costs of servicing any debt are met from General Revenues (including Pillar Two receipts) from 2026 rather than further transfers from the Strategic Reserve.

### ***Application of Pillar Two Receipts***

This Budget has taken a prudent stance of including a “base forecast”, which includes only amounts that can be estimated with a reasonable degree of accuracy for the period. It is proposed that any upside revenues (i.e. receipts in excess of the base case) are used to strengthen reserves, for further investment in the competitiveness of the Island, and for investment in infrastructure.

---

<sup>20</sup> Draft Income Tax (Amendment No. 46) (Jersey) Law 202- (gov.je)



Whilst the exact application of receipts to strengthen reserves would need to be determined, the following hierarchy is proposed to guide decision making, subject to the availability of funds.

- i. Reduce the level of transfers from the Strategic Reserve to fund the NHF, or to repay previous transfers made (up to £277 million). This restores the previous value of the Strategic Reserve.
- ii. Further Replenish the Stabilisation Fund (up to a balance of £100 million) to insulate the Island from the impacts of the Economic Cycle.
- iii. Reducing Borrowing for the NHF (up to £500 million) – to ultimately improve the reserve position
- iv. Make further transfers into the Strategic Reserve to achieve the target as a proportion of GVA faster

As an illustrative example, if Pillar Two receipts were used as an alternative source of funding £277 million of the NHF programme, the target of 30% of GVA would be met by 2046.

As Pillar Two receipts remain uncertain, other alternative funding sources for transfers (e.g. alternative revenue raising) have not been considered at this point. If Pillar Two receipts are not sufficient to deliver a strategy to meet the Strategic Reserve target value, then this strategy would need to be revisited, and alternative revenue sources of funding considered.

## *Stabilisation Fund*

The Stabilisation Fund was created in 2006 to manage government finances through the economic cycle, where expenditure could be drawn down in economic downturns and the Fund replenished through surpluses in economic booms and periods of above-trend growth.

This plan recognises the ongoing need to rebuild the Stabilisation Fund and it may be proposed to apply part of the “base case” forecast of Pillar Two receipts to make transfers to the fund or the Strategic Reserve. Upside on Pillar Two receipts could also be used to further rebuild the fund in future budgets.

In addition, a similar approach to the Government Plan 2024-2027 has been used whereby transfers to the Fund of up to £25 million contingent on the availability of funding in the Consolidated Fund at the end of 2024 or 2025, for example through additional income or unspent approvals if available. As the transfer is contingent, figures are not included in the forecast for the Consolidated Fund or Stabilisation Fund at this point.

<b>Stabilisation Fund</b>				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>615</b>	<b>643</b>	<b>669</b>	<b>694</b>
Investment income	28	26	25	21
<b>Closing Balance</b>	<b>643</b>	<b>669</b>	<b>694</b>	<b>715</b>

Table 45: Stabilisation Fund

## Health Insurance Fund

The Health Insurance Fund (HIF) receives allocations from Social Security contributions from employers and working-age adults and supports the wellbeing of Islanders by subsidising GP visits, the cost of prescriptions and other primary care services. The table reflects the anticipated costs of current services over the period as they are presently provided for.

Health Insurance Fund				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>103,927</b>	<b>93,998</b>	<b>85,038</b>	<b>76,274</b>
Social Security Contributions	50,536	52,052	53,510	55,008
Investment income	4,310	3,251	2,496	1,925
Social Benefit Payments	(61,918)	(61,294)	(61,767)	(62,800)
Other expenditure	(2,857)	(2,969)	(3,003)	(3,032)
<b>Closing Balance</b>	<b>93,998</b>	<b>85,038</b>	<b>76,274</b>	<b>67,375</b>

Table 46: Health Insurance Fund

An actuarial review of the Health Insurance Fund was completed in 2023 and financial projections indicated that the fund will be exhausted during the late 2030s or early 2040s. With the additional cost of changes agreed since then and currently planned as set out below, it is likely that, without action, the fund will be exhausted during the early-2030s.

The cost of these programme of investments in general practice and community pharmacy is shown over their respective lifetimes. As these programmes reach maturity the additional capacity within these services is likely to lead to further contracts. The cost of these further contracts is not shown in the forecast.

In 2023, contracts to reduce the cost of general practice services to islanders were introduced. Two separate contracts provide for:

- £20 reduction in individual's cost of GP adult surgery appointments - £6 million per year
- Free access to surgery consultations for children under the age of 18 - £2 million per year

In 2024, further contracts to reduce the cost of general practice services have been introduced in line with the CSP commitment:

- A further £10 reduction in individual's cost of GP adult surgery appointments (total cost: £2 million per year)
- Reduction in the fixed fee charged in respect of the Health Access Scheme - for example the patient fee for an adult GP surgery consultation is reduced from £12 to £10 (total cost: £100,000 per year)

In addition, contracts are being developed during 2024 to provide further support in the following areas:

- Free access to surgery consultations for full time adult students (total cost: £75,000 per year)
- the provision of free medical dressings to those with a clinical need with a budget estimated at £1 million per year.

Following the winding down of the centrally funded Covid-19 vaccination programme, the majority of Covid and flu vaccinations will be provided through HIF contracts using primary care practitioners (as part of the £2 million vaccinations programme).

Ongoing contracts provide quality payments to general practice (£3 million), provide free cervical screening (£350,000), and support the cost of remote GP consultations (£1 million). A contract also funds the provision of free diabetic ancillary supplies through community pharmacies (£600,000).

The value of the fund is expected to fall to just under £70 million by 2028. This represents just over one year's worth of expenditure.

The ageing demographic is increasing the cost of health services in the Island, including the costs met by the fund. These pressures will continue to increase in coming years. Changes will be needed to pay for future healthcare costs in a sustainable way.

The Health and Social Services Minister is continuing to review the Island's health and care costs, with options for the future funding of our whole health and care system being developed. These options will include possible reform of the Health Insurance Fund but, in the meantime, the current role of the Health Insurance Fund in subsidising the cost of specific primary care services will be maintained.

### *Long-Term Care Fund*

The Long-Term Care Fund provides universal and means-tested benefits to adults with long-term care needs and is funded through a central grant from general revenues and income-related contributions from income taxpayers.

An actuarial review of the Long-Term Care Fund was completed in 2023. It shows the Fund balance growing and then decreasing gradually over the next 15 years as the number and proportion of older people with long term care needs is expected to increase.

The current contribution rate of 1.5% is expected to enable the balance on the Long-Term Care Fund to continue to increase throughout the period of the Budget. This supports the operation of the Fund in the short term.

While there is no immediate need to increase the income into the fund or limit the benefits available from the fund, action will be needed in the next few years. The Minister for Social Security will keep this area under careful review in 2025.

Whenever possible, long term care claimants are supported to receive care in their own home rather than enter institutional care. The Minister for Social Security has introduced additional support in 2024 within the income support system to help low-income families with additional domestic costs when a family member is receiving care at home. The Minister will also be taking action following the receipt of an independent review into domiciliary care costs to support the development of a sustainable domiciliary care market. These actions should help to reduce the extent of future increases in Long-Term Care expenditure.

<b>Long-Term Care Fund</b>				
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>55,856</b>	<b>58,028</b>	<b>60,661</b>	<b>64,017</b>
Long-Term Care Contributions	47,600	49,600	51,600	53,600
States Grant to Long-Term Care Fund	39,453	40,123	40,805	41,621
Investment income	1,190	1,186	1,172	1,232
Social Benefit Payments	(84,436)	(86,514)	(88,482)	(91,755)
Other expenditure	(1,635)	(1,762)	(1,739)	(1,741)
<b>Closing Balance</b>	<b>58,028</b>	<b>60,661</b>	<b>64,017</b>	<b>66,974</b>

Table 47: Long-Term Care Fund

## *Social Security Fund*

The Social Security Fund receives allocations from Social Security contributions from employers and working-age adults and an annual States Grant. The fund supports the wellbeing of Islanders by providing old age pensions and a range of working age benefits.

The previous States Assembly agreed that no States grant would be paid into the Social Security Fund for 2020 to 2023 to offset the impact of Covid-19 on the public finances. Funds have been drawn from the Social Security (Reserve) Fund in these years to support the payment of pensions and contributory benefits. The States Grant for 2024 is being paid in full.

The actuarial review of the Social Security Fund was completed in 2023. The financial projections have improved since the last review at the end of 2017. The review assumed that the States Grant would be fully restored to its formula value from 2024 onwards. On this assumption, it is expected that the Fund will be able to pay old age pensions and working age contributory benefits for at least 40 years under a range of population and investment scenarios. There is no need to make changes to improve the financial sustainability of the fund over the next few years.

The impact of stopping the States grant from 2020 to 2023 was balanced by better-than-expected investment performance since 2018. The actuaries are also now expecting slower improvements in life expectancy, which improves the financial projections through slower increases in pension costs.

In support of the 2024 Common Strategic Policy, Ministers propose making an adjustment to the increase in the States Grant payment in 2025 and 2026 in order to provide one off funding to support the transition to a living wage. For these two years, the value of the States Grant will be £10 million lower than the formula value, with the full formula value paid from 2027 onwards. The £20 million released will be wholly allocated to support packages to be provided to both employers and employees during the transition to a living wage. In the event that the full allocation is not required, the balance will be returned to the Social Security Fund. This temporary adjustment is not considered to have any long-term impact on the health of the Social Security fund.

A major new IT project is ongoing to specify and implement a new, transformational benefits system, and it is planned that this project will complete in 2027. This represents a significant capital investment by the fund which will provide a new digital platform to improve customer service and efficient management of social security benefits for many years to come.

The Minister for Social Security is reviewing aspects of the working age benefits available under the Social Security Law during 2024 with a particular emphasis on supporting working parents. Legislation will be brought forward as needed during the year.

The impact of the transition to a living wage is likely to increase the value of social security contributions and will lead to a corresponding reduction in the size of the States Grant, with a 2-year lag. The impact of this is not included in the forecast balance.

<b>Social Security Fund</b>				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>86,083</b>	<b>87,964</b>	<b>89,974</b>	<b>99,722</b>
Social Security Contributions	265,316	273,275	280,927	288,793
Other income	506	451	418	407
Grant to Social Security Fund	80,368	81,936	90,466	92,457
Social Benefit Payments	(334,775)	(344,227)	(353,010)	(361,584)
Other Expenditure	(7,487)	(7,066)	(7,088)	(7,194)
Revenue Expenditure on New Benefits System	(2,047)	(2,359)	(1,965)	(737)
<b>Closing Balance</b>	<b>87,964</b>	<b>89,974</b>	<b>99,722</b>	<b>111,864</b>

Table 48: Social Security Fund

## *Social Security (Reserve) Fund*

<b>Social Security (Reserve) Fund</b>				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>2,320,356</b>	<b>2,429,413</b>	<b>2,543,595</b>	<b>2,670,775</b>
Investment income	109,057	114,182	127,180	138,880
<b>Closing Balance</b>	<b>2,429,413</b>	<b>2,543,595</b>	<b>2,670,775</b>	<b>2,809,655</b>

Table 49: Social Security (Reserve) Fund

The Social Security (Reserve) Fund holds the balances built up in the Social Security Fund and is critical in managing the impact of an ageing population on future pension costs.

Further work is required to implement the FPP's recommendation to review the objective of the Social Security (Reserve) Fund in light of the actuarial review, and this will be considered in a future Budget.

### **Investment in the New Office**

The Government's office accommodation project was established to construct a new Government Headquarters on the site of the former Cyril Le Marquand House that will enable a consolidation of the existing estate and centralise various government departments that are currently disparately located. The office accommodation project has been undertaken on land owned by the Public of the Island of Jersey.

Construction has been undertaken through partnership with a local developer who managed the funding, design, planning, demolition, construction, fit-out, furnishing, testing, completion and handover risk associated with the project.

On completion, the development agreement commits the Public to leasing the premises, but it also provides an option to purchase on the basis of a prescribed formula. This option can

be exercised at any point within three years of practical completion and the total cost varies depending on when the option is exercised. If the option is exercised in 2025, the estimated cost will be £91 million. An assessment of the option has been completed, and this Budget proposes that the option is exercised, with the Social Security (Reserve) Fund purchasing the building as an investment. The cost of the investment to the Social Security (Reserve) Fund would also include any direct costs relating to the acquisition (e.g. legal fees).

The building would be held as a local infrastructure investment for the Social Security (Reserve) Fund and a complementary diversifier to the fund's existing investment portfolio. The Fund's investment strategy will be updated to reflect this. Under the proposed arrangement, the Fund would purchase or long-lease the office, either directly or via a suitable corporate structure, and lease it to the Government under similar terms that are currently in place under the Development Agreement. Subject to agreement between the Minister for Infrastructure, Minister for Treasury and Resources and the Minister for Social Security, it is anticipated that the annual rent payable would be £3.8 million increasing with RPI subject to a minimum uplift of 2% and maximum increase of 5%.

The Fund will receive a guaranteed RPI linked rental income from Government as a highly rated (currently AA rating) tenant. These payments would be paid within the wider Government as opposed to being made to a third party, presenting a benefit to the Government Balance Sheet. The Fund would also retain the asset, benefiting from the expected residual value.

The proposed investment is aligned with the target return of the Social Security (Reserve) Fund and comparable to the existing UK commercial property allocation. It is also consistent with the established intention to develop a local infrastructure pool within Government's reserve funds. The investment has been reviewed and confirmed as being appropriate by the Treasury Advisory Panel, an independent group of experts that provides investment advice on the management of Government's investment assets.

The arrangements would also allow for a potential future purchase of the office by the Consolidated Fund, including via refinancing should this become attractive. However, in any such case the purchase price would be such to ensure that the Social Security (Reserve) Fund would have achieved its target returns during its period of ownership.

## *Climate Emergency Fund*

In 2022 the States Assembly agreed the Carbon Neutral Roadmap which outlines the Island's strategic approach and the policies intended to reduce our greenhouse gas emissions in line with the Paris Agreement on Climate Change. The Paris Agreement was extended to Jersey in 2022 and provides a scientifically endorsed, emissions reduction pathway towards net zero emissions by 2050. It sets carbon reduction milestones in 2030 of 68% and 78% by 2035 compared to emissions in the 1990 baseline year.

The Climate Emergency Fund is the vehicle through which the funding for the policies in the roadmap will be met. The Fund was created with £5 million transferred from the Consolidated Fund in 2020 and receives annual income from previously agreed increases in fuel duty and vehicle emissions duty.

It is accepted that this will be insufficient to fund all the necessary policies to achieve our carbon neutral targets and it is expected that further income streams will need to be added to the fund. A net zero financing strategy for the Carbon Neutral Roadmap is under development.

## Carbon Neutral Roadmap Net Zero Financing Strategy

The net zero financing strategy (NZFS) – formerly long-term financing strategy for the Carbon Neutral Roadmap (CNR), will set out how the Government expects to raise the money it needs to successfully achieve Jersey’s net zero transition.

In 2023 the States Assembly approved 12 principles which will inform the development of the NZFS. The first phase of the NZFS will address the projected expenditure profile for the second CNR delivery period. New polluter pays measures, including a fuel duty replacement policy, will be developed to generate additional revenue for the Climate Emergency Fund.

Following the approval of the Establishment of a Climate Council P.117/2022<sup>21</sup>, the States Assembly is due to receive the first report from Jersey’s independent Climate Council in early 2026, prior to the general election. The Council’s report will evaluate the Government of Jersey’s progress in implementing the CNR during the 2022 - 2025 delivery period.

The CNR stipulates that, “an updated delivery plan be set out at the start of each new term of government.” Accordingly, proposals for the second CNR delivery plan will be brought forward in 2026 for the new States Assembly to consider alongside the Climate Council’s findings and recommendations.

To ensure alignment between the CNR and Climate Council cycles, 2026 will be treated as a continuation year for the first CNR delivery plan, with the second CNR delivery plan running from 2027 - 2030.

### **Climate Emergency Expenditure 2025-2028**

The first Carbon Neutral Roadmap (CNR) delivery period will conclude at the end of 2025. Estimated Climate Emergency Fund (CEF) expenditure for 2025 reflects the delivery and resources plan within the CNR, which apportions funds for all the policies focused on reducing emissions from heating, transport, and other sources, together with enabling policies addressing the biodiversity crisis and protecting wildlife and habitats.

Estimates for expenditure from 2026 – 2028 are equal to the expected revenues from fuel duty and vehicle emissions duty transferred to the CEF in each of those years.

Proposals for the second CNR delivery period and accompanying net zero financing strategy are now under development and will be brought forward following the 2026 general election. These will include additional sources of revenue and details of the policies prioritised for delivery.

Included in the expenditure is c.£500k for 2025 to progress policy development on offshore wind following the States Assembly approval of P.82/2023.

---

<sup>21</sup> Establishment of a Climate Council P.117-2022 (gov.je)

<b>Climate Emergency Fund</b>				
<b>£'000</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>5,950</b>	<b>1,903</b>	<b>1,903</b>	<b>1,903</b>
Transfer from Consolidated Fund (from a portion of fuel duty and VED)	4,299	4,254	4,210	4,167
Expenditure (as detailed in the Carbon Neutral Roadmap)	(8,346)	(4,254)	(4,210)	(4,167)
<b>Closing Balance</b>	<b>1,903</b>	<b>1,903</b>	<b>1,903</b>	<b>1,903</b>
<b>Closing Balance (excluding non-current assets)</b>	<b>661</b>	<b>661</b>	<b>661</b>	<b>661</b>

Table 50: Climate Emergency Fund

The 2025-2028 closing balances for the CEF include the sum of £1.2 million of investment in non-current assets relating to sustainable transport policies. This sum will be appropriately transferred from the CEF in future years. The fund's cash balance, excluding these non-current assets, has been presented separately.

## *Technology Accelerator Fund*

The Technology Accelerator Fund was created from a £20 million transfer from the Consolidated Fund in 2022, funded by the receipt of an extraordinary dividend from Jersey Telecom in 2021 of £40 million.

The Technology Accelerator Fund, through a delivery programme called Impact Jersey delivered on behalf of Government by Digital Jersey, aims to assist in solving the Island's strategic challenges by enhancing the digital economy, incubating, supporting, and accelerating high value technological initiatives and closing known gaps in Jersey's innovation eco-system. It was initially envisaged that all funds could be disbursed by 2026.

Working with Digital Jersey in 2024, a revised spend profile of this £20 million fund was agreed enabling some monies to be transferred into the Consolidated Fund to fund investment in the Government's digital programme. Further amounts are proposed to be transferred to the Consolidated Fund in 2026 for this same purpose. This has led to a reprofiling of the spend across 2025 and 2026.

A review in 2026 will assess the next phases of the programme and what further transfers to the Technology Fund are needed for future phases of the programme, that would use early learning and experience to grow the programme in a more measured and still effective way over a longer period.

<b>Technology Accelerator Fund</b>				
<b>£'000</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>14,278</b>	<b>10,018</b>	<b>4,285</b>	<b>1,152</b>
Programme expenditure	(2,971)	(2,346)	(1,746)	(1,152)
Transfer to Consolidated Fund	(1,289)	(3,387)	(1,387)	-
<b>Closing Balance</b>	<b>10,018</b>	<b>4,285</b>	<b>1,152</b>	<b>-</b>

Table 51: Technology Accelerator Fund



## Other Special Funds

There are several other special funds that operate for specific purposes. The funds included in this category are Jersey Currency Notes Fund, Jersey Coinage Fund, Housing Development Fund, Dormant Bank Accounts Fund, Dental Scheme Fund, Insurance Fund, Agricultural Loans Fund, Tourism Development Fund, CI Lottery (Jersey) Fund, Jersey Innovation Fund, Criminal Offences Confiscation Fund, Civil Asset Recovery Fund, Ecology Fund and Hospital Construction Fund.

These funds generally hold lower balances and are similarly established either under legislation or through bequests made to the Government. Income and expenditure are generally equal.

Transfers in 2025 to the Insurance Fund and Agricultural Loans Fund are explained in the section on the Consolidated Fund.

Other Special Funds				
	2025	2026	2027	2028
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>52,802</b>	<b>64,536</b>	<b>65,477</b>	<b>66,295</b>
Investment Income	4,600	4,100	3,800	3,000
Lottery and Other Income	34,217	34,523	34,830	34,830
Other Expenditure	(32,683)	(33,282)	(33,812)	(34,133)
Financial Return to Consolidated Fund	(5,100)	(4,400)	(4,000)	(4,000)
Net Funds Transfers	10,700	-	-	-
<b>Closing Balance</b>	<b>64,536</b>	<b>65,477</b>	<b>66,295</b>	<b>65,992</b>

Table 52: Other Special Funds

## Government of Jersey Group Forecast

The financial forecast for the Government of Jersey Group considers the income and expenditure through trading operations and special funds. An operating surplus is forecast throughout the plan period. Investment returns of the funds also form part of the accounting surplus, although the use of these returns is restricted.

Summary Forecast Operating Balance - Government of Jersey					
2024		2025	2026	2027	2028
Estimate	£'000	Estimate	Estimate	Estimate	Estimate
<b>(28,133)</b>	<b>States Operating Surplus/(Deficit)</b>	<b>(18,432)</b>	<b>(826)</b>	<b>10,420</b>	<b>18,206</b>
3,999	Trading Operations Net Income	3,860	3,817	4,006	4,151
(13,237)	Special Funds Net Income/(Expenditure)	(26,775)	(18,974)	(8,695)	(5,998)
<b>(37,371)</b>	<b>Group Operating Surplus/(Deficit)</b>	<b>(41,347)</b>	<b>(15,983)</b>	<b>5,731</b>	<b>16,359</b>
168,797	Special Funds - Investment Income	171,417	176,946	193,407	199,859
<b>131,426</b>	<b>Group Surplus/(Deficit)</b>	<b>130,070</b>	<b>160,963</b>	<b>199,138</b>	<b>216,218</b>

Table 53: Summary Forecast Operating Balance - Government of Jersey

# Financial Matters Under Development

## Local Infrastructure Investment

Previous Government Plans have identified that infrastructure investment in Jersey could provide a way to fund major projects, however these plans were deferred because of the Covid-19 pandemic.

In this plan it is proposed that the Social Security (Reserve) Fund invests in local infrastructure through the purchase of the new Government office building, leasing the building to Government to create a secure and stable return on investment.

This direct investment could potentially be widened in the future to allow other funds to participate in similar investments that generate a suitable return. This could provide the opportunity to fund projects in a different way and reduce the dependency on public sector finances and could be actioned through an updated investment strategy.

## Sustainability of Health Funding

The Budget provides additional funding to address immediate pressures on the Health and Community Services department's budget that arise from increased service demand and increased service delivery costs including price inflation, premium agency costs, high-cost drugs, rising mental health placements and social care packages costs, and a significant cost increase in off-island tertiary care contracts. There remains, however, a growing gap in ongoing funding; more monies will be required over coming years to maintain health and care services as the costs of treatments and medicines increase, and as our population ages requiring long term care, complex and enhanced care, all of which have a direct correlation to the increased funding requirements and current pressures. This is in common with countries the world over.

Forecasts indicate that, when health inflation and population changes are accounted for, we will need to invest an additional 2.2% above inflation each year, which means that in 20 years, we will need to spend around 55% more on health and care services than we do today. This forecast does not include additional monies needed to transform services, nor does it include cost reductions that may be achieved by delivering services in more effective ways.

The Health and Community Services department has historically had a higher inflationary uplift than provided to other Departments (2% above inflation) and it is anticipated that this will continue, but the over inflation uplift only applies to the monies allocated to the Health and Community Services department which – alongside other Budget monies allocated to other departments for health and care related services – only accounts for just over half the total expenditure on health and care services in Jersey. The rest of the expenditure on health

and care services comes from other sources such as the Health Insurance Fund and out-of-pocket payments, hence the historical higher inflationary uplift for the Health and Community Services only addresses some of our future funding requirements.

We also know that increased expenditure against the Health Insurance Fund means that the fund will be exhausted during the early-2030s unless we take some action.

The Government Plan 2023 – 2026 noted that the Minister for Health and Social Services would undertake a review to better understand how we are spending money today, and to inform options for the future funding of our health and care system. This work has started and has provided some key insights:

- whilst Jersey’s overall spend on health and care services is broadly in line with the OECD average, we spend more on hospital services and less on prevention and primary care services.
- household out-of-pocket spend is higher in Jersey than many other OECD jurisdictions (this includes payments to see GPs, dentists, and some hospital services)
- our funding system is more complex than other OECD jurisdictions which tend to favour a predominant source of funding (for example, predominately tax or employer / employee contributions), unlike Jersey’s mixed funding system of tax, employer / employee contributions, out-of-pocket expenses, and private health insurance. Whilst this mixed system for raising funds is not problematic, the ways we govern the funds raised can make it harder for us to maximise effective use.

We also know that Islanders broadly support a collective approach to health care costs, as opposed to an individual approach – the majority of people believe we should all contribute to the costs of services provided to Islanders, as opposed to only paying for the services we use as individuals.

These insights will help inform potential options for change which will focus on how we:

- determine the best mix of funding that is needed in future?
- ensure the way we govern and spend the money raised supports best use of that money?
- contract with providers to deliver better value, safe, effective services?
- make decisions about the services needed across the health and care system?

These options will be brought to the Assembly in 2025.

## Skills Development Fund

Following the approval of the Skills Development Fund’ (P.116/2022<sup>22</sup>) the Government will establish a “Skills Development Fund” that uses both the current budgets for this purpose, and contributions from philanthropists, and other sources towards training for individuals or businesses which target specific skills gaps.

To avoid any delay, in 2025 this will form part of the Education and Lifelong Learning head of expenditure within the CYPES department, with relevant income applied only for this purpose. Any amounts not spent in any year will be presumed to be made available in the following financial year under the Minister for Treasury and Resources’ powers in the Public

<sup>22</sup> Skills Development Fund - Propositions (gov.je)

Finances Law, and the CYPES department will establish suitable reporting to ensure that amounts are kept separate from other areas of operation to facilitate this.

If Ministers subsequently determine that a separate States Fund is appropriate for the administration of the fund then a proposition would be brought to the Assembly as required by the Public Finances Law, either as part of a future Budget or a separate proposition.

## Longer-Term Planning

Long-term Financial Sustainability is a critical objective of government, and it is intended that further work is undertaken in 2025 to further improve financial forecasting over a longer time period, to help inform decision making. This will build on planned work in 2024 on a longer-term capital plan.

Forecasts over a range of periods will be developed:

- Short Term (4-5 years)
- Medium Term (5-10 years)
- Long-Term (10-25 years)

Medium and long-term plans will seek to estimate the impact of changes to population size, demographics, and the economy over those longer timescales.

It is anticipated that the development of these models will be multi-year project, to eventually incorporate:

- General Revenue Income
- Departmental Expenditure
- Capital Expenditure
- Social Security Funds Income and Expenditure
- Spend to deliver the Carbon Neutral Roadmap
- Reserve Funds balances
- Borrowing

Existing work, including on the Sustainability of Health Funding will inform this more holistic model.

## Long-term Sustainability of the Jersey Teachers Superannuation Fund (JTSF)

Following the last actuarial valuation as at the end of 2021, the Jersey Teachers Superannuation Fund Management Board highlighted to Government that the contributions being paid into the JTSF to fund benefits are likely to be insufficient to pay for the future benefits for current and future teachers.

The Jersey Teachers Superannuation Scheme is in need of review and modernisation, as was undertaken for the public pensions for all other government and States employees. The repayment of the JTSF Pension Increase Debt in 2022 has supported the long-term sustainability of the JTSF final salary scheme, and further actions will be considered as part of the pay strategy and any implications included in a future Budget.

The next actuarial valuation will be completed as at the end of 2024 and is expected to inform an updated assessment of the long-term sustainability of the Jersey Teachers Superannuation Fund (JTSF).

## Sustainable funding for waste management

Government Plan 2024-2027 included investment in our liquid waste infrastructure, and this Budget extends funding to 2026 to allow further work on a sustainable funding model to be developed by the Minister for Infrastructure.

In addition, the capacity for inert waste disposal at La Collette is expected to be fully used before the end of 2024, which will lead to a reduction in income to the infrastructure department. To ensure that services can continue to be delivered the States will need to consider alternative income sources (for example commercial solid waste charges).

To support businesses, who will also be transitioning to a Living Wage, it is not proposed that any charges are implemented before 2027.

# APPENDICES



# Appendix 1: Key to Abbreviations

<b>CLS</b>	Customer and Local Services
<b>CBO</b>	Cabinet Office
<b>CYPES</b>	Children, Young People, Education and Skills
<b>EDTSC</b>	Economic Development, Tourism, Sport, and Culture
<b>ENV</b>	Environment
<b>ER</b>	External Relations
<b>FS</b>	Financial Services
<b>HCS</b>	Health and Community Services
<b>I&amp;E</b>	Infrastructure & Environment
<b>INF</b>	Infrastructure
<b>JHA</b>	Justice and Home Affairs
<b>SoJP</b>	States of Jersey Police
<b>OCE</b>	Office of the Chief Executive
<b>PS</b>	People Services
<b>SPPP</b>	Strategic Policy, Planning and Performance
<b>TDS</b>	Technology & Digital Services
<b>T&amp;E</b>	Treasury and Exchequer
<b>NM</b>	Non-Ministerial Departments
<b>BC</b>	Bailiff's Chambers
<b>C&amp;AG</b>	Comptroller and Auditor General
<b>JG</b>	Judicial Greffe
<b>LOD</b>	Law Officers' Department
<b>SG</b>	States Greffe
<b>VD</b>	Viscount's Department
<b>JOA</b>	Jersey Overseas Aid
<b>PPC</b>	Privileges and Procedures Committee
<b>SA</b>	States Assembly
<b>PRO</b>	Probation

---

<b>AML</b>	Anti Money Laundering
<b>ASW</b>	Actively Seeking Work
<b>CAMHS</b>	Children & Adult Mental Health Services
<b>COCF</b>	Criminal Offences Confiscation Fund
<b>CSP</b>	Common Strategic Policy
<b>FPP</b>	Fiscal Policy Panel
<b>GVA</b>	Gross Value Added
<b>HVR</b>	High Value Residents
<b>IFG</b>	Income Forecasting Group
<b>IMF</b>	International Monetary Fund
<b>JFSC</b>	Jersey Financial Services Commission
<b>JTSF</b>	Jersey Teachers Superannuation Fund Management
<b>NHF</b>	New Healthcare Facilities
<b>OECD</b>	Organisation for Economic Development
<b>PFL</b>	Public Finances (Jersey) Law 2019
<b>RPI</b>	Retail Price Index
<b>VED</b>	Vehicle Emissions Duty



# Appendix 2: Proposition and Summary Tables

## **THE STATES are asked to decide whether they are of opinion –**

to receive the Government Plan 2025 – 2028 (entitled “Budget 2025-2028”) specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2025 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law.
- (b) to approve the proposed Changes to Approval for financing/borrowing for 2025, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.
- (c) to approve the transfers from one States fund to another for 2025 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- (d) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2025 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2024 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2025.
- (e) to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2025 of up to £2 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2024 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2025;
- (f) to approve each major project that is to be started or continued in 2025 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.
- (g) to approve the proposed amount to be appropriated from the Consolidated Fund for 2025, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.
- (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2025 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.

- (i) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2025 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.
- (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2025 as set out in Appendix 2 – Summary Table 8 to the Report.
- (k) to approve an updated and consolidated policy of the Strategic Reserve Fund as follows:

“The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005, is a permanent reserve only to be used:

- i. in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.
  - ii. if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme.
  - iii. to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly;
  - iv. as a holding fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing used to offset the repayment of debt, as and when required; and
  - v. in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.”
- (l) to approve the transfer to the Strategic Reserve of the amounts due as a result of the move from prior-year basis taxation after 31st December 2025, as and when these payments are received (estimated at £280 million).
- (m) in relation to the new Government Headquarters (office), to approve;
  - i. the exercising of the option to acquire the new Government Headquarters (estimated at £91 million), by the Public of the Island, in line with the pre-agreed terms; and
  - ii. the acquisition of the new Government Headquarters as an investment of the Social Security (Reserve) Fund (including authorising the meeting of expenses incurred in connection with the acquisition); and
  - iii. the subsequent leasing of the new Government Headquarters by the Public of the Island from the Social Security (Reserve) Fund, with commercial terms to be agreed between the Minister for Infrastructure (on behalf of the Public) and Minister for Social Security and the Minister for Treasury and Resources (both on behalf of the Fund); and
- (n) in relation to the new Government Headquarters, to authorise H.M. Attorney General, the Greffier of the States, the Ministers for Infrastructure, Social Security and Treasury and Resources, and the Public of the Island, to enter into such arrangements, including financing, and pass any contracts as are necessary to put into effect paragraph (m).

- (o) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2025-2028, as set out at Appendix 3 to the Report.

COUNCIL OF MINISTERS

**Summary Table 1 - States Income**

£'000	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
<b>Income Taxes</b>				
- Personal Income Tax	716,500	742,500	771,500	800,500
- Corporate Income Tax	221,000	220,000	220,000	226,000
- Interest Tax Relief (Letting Properties Only)	-	-	1,900	1,900
	<b>937,500</b>	<b>962,500</b>	<b>993,400</b>	<b>1,028,400</b>
<b>Goods and Services Tax (GST)</b>				
- Goods and Services Tax	116,300	119,300	122,300	125,300
- International Service Entities Fees	12,700	12,700	12,700	12,700
	<b>129,000</b>	<b>132,000</b>	<b>135,000</b>	<b>138,000</b>
<b>Impôt Duties</b>				
- Spirits	7,397	7,602	7,821	8,070
- Wine	9,058	9,208	9,369	9,563
- Cider	921	927	934	944
- Beer	6,514	6,621	6,739	6,877
- Tobacco	17,764	17,804	17,861	17,995
- Fuel	25,137	25,293	25,478	25,742
- Goods (Customs)	700	700	700	700
- Vehicle Emissions Duty (VED)	3,131	2,986	2,847	2,724
	<b>70,622</b>	<b>71,141</b>	<b>71,749</b>	<b>72,615</b>
<b>Stamp Duty and Land Transaction Tax</b>				
- Stamp Duty	37,329	43,066	44,206	45,288
- Land Transaction Tax (LTT)	3,614	4,534	4,717	4,907
- Probate	2,600	2,600	2,600	2,600
- Enveloped Property Transaction Tax	1,000	1,000	1,000	1,000
	<b>44,543</b>	<b>51,200</b>	<b>52,523</b>	<b>53,795</b>
<b>Other Income</b>				
- Island-Wide Rates	17,660	17,960	18,319	18,722
- Dividend Income	21,226	12,331	9,457	9,600
- Income from Andium Homes	29,645	29,628	29,820	30,024
- Other Non-dividend Income	20,021	19,982	19,983	20,068
	<b>88,552</b>	<b>79,901</b>	<b>77,579</b>	<b>78,414</b>
<b>Total States Income (before Pillar 2)</b>	<b>1,270,217</b>	<b>1,296,742</b>	<b>1,330,251</b>	<b>1,371,224</b>
Base Case Forecast Pillar 2	-	52,000	52,000	54,000
<b>Total States Income (after Pillar 2)</b>	<b>1,270,217</b>	<b>1,348,742</b>	<b>1,382,251</b>	<b>1,425,224</b>

**Summary Table 2 - Borrowing for 2025**

£'000	2024 Approved	Change to Approved	2025 Approval	2026 Proposed	2027 Proposed	2028 Proposed
Refinancing of past-service liabilities	477,000	-	477,000	477,000	477,000	477,000
Housing bond	250,000	-	250,000	250,000	250,000	250,000
<b>Borrowing (before healthcare facilities)</b>	<b>727,000</b>	<b>-</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>
Healthcare facilities	142,071	380,929	523,000	523,000	523,000	523,000
<b>Borrowing</b>	<b>869,071</b>	<b>380,929</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>

**Table 3 - Transfer of monies between States Funds**

£'000		2025 Proposed	2026 Proposed	2027 Proposed	2028 Proposed
<b>Transfer from</b>	<b>Transfer to</b>				
Technology Accelerator Fund	Consolidated Fund	1,289	3,387	1,387	-
Consolidated Fund	Climate Emergency Fund	4,299	4,254	4,210	4,167
Strategic Reserve	Consolidated Fund (capital costs)	73,000	152,000	208,000	225,000
Strategic Reserve	Consolidated Fund (financing costs)	9,000	-	-	-
Consolidated Fund	Strategic Reserve (pension refinancing)	2,580	3,002	3,436	3,881
Consolidated Fund	Agriculture Loans Fund	5,000	-	-	-
Consolidated Fund	Insurance Fund	7,700	-	-	-
Dwelling Houses Loan Fund	Consolidated Fund	1,075	-	-	-
Assisted House Purchase Scheme	Consolidated Fund	250	-	-	-
99 Year Leaseholders Fund	Consolidated Fund	675	-	-	-

**Table 4 Major Projects**

£'000	Previous Approval	Revised Approval	Change In Approval
Mont a' L'Abbe Secondary	23,000	41,000	18,000
Le Squez	7,500	7,500	-
Oakfield and Fort Regent Decant	9,402	10,242	840
Learning Difficulties - Specialist Accommodation	9,350	8,850	(500)
Ambulance, Fire & Rescue Headquarters	24,403	24,403	-
Sewage Treatment Works	88,635	88,635	-
Liquid Waste Key Infrastructure	15,644	21,307	5,663
Cyber Programme 2.0	10,261	10,261	-
Digital Care Strategy	16,185	18,308	2,123
Revenue Transformation Programme (Phase 3)	9,425	9,425	-
Revenue Transformation Programme (Phase 4)	11,274	11,274	-
<b>Major Projects (before healthcare facilities)</b>	<b>225,079</b>	<b>251,205</b>	<b>26,126</b>
Healthcare facilities	112,360	770,360	658,000
<b>Major Projects (after healthcare facilities)</b>	<b>337,439</b>	<b>1,021,565</b>	<b>684,126</b>

**Table 5i - Revenue Heads of Expenditure**

<b>2025</b>			<b>Head of</b>
<b>£'000</b>	<b>Income</b>	<b>Expenditure</b>	<b>Expenditure</b>
<b>Departmental Expenditure</b>			
Cabinet Office	(380)	26,654	26,274
Technology and Digital Services	(1,778)	41,568	39,790
People Services	(6,063)	20,170	14,107
Education and Lifelong Learning	(23,524)	193,164	169,640
Children and Families	(1,088)	57,027	55,939
Customer and Local Services	(12,530)	121,579	109,049
Infrastructure	(26,748)	89,648	62,900
Environment	(6,176)	17,939	11,763
Health and Community Services	(28,973)	351,038	322,065
Jersey Overseas Aid	-	22,221	22,221
Justice and Home Affairs	(4,528)	46,953	42,425
States of Jersey Police	(168)	30,353	30,185
Ministry of External Relations	(330)	3,737	3,407
Economic Development, Tourism, Sport & Culture	-	37,016	37,016
Financial Services	-	10,886	10,886
Treasury and Exchequer	(4,353)	51,052	46,699
Grants to States Funds	-	119,821	119,821
Living Wage Transitional Support	-	10,000	10,000
Past Service Pension Liability Refinancing	(174)	13,957	13,783
<b>Departmental Expenditure</b>	<b>(116,813)</b>	<b>1,264,783</b>	<b>1,147,970</b>
<b>Non-Ministerial and Other States Bodies</b>			
Bailiffs Chambers	(52)	3,852	3,800
Comptroller and Auditor General	(93)	1,289	1,196
Judicial Greffe	(2,094)	12,062	9,968
Law Officers' Department	(127)	14,142	14,015
Office of the Lieutenant Governor	(148)	1,061	913
Official Analyst	(53)	837	784
Probation	(44)	3,368	3,324
States Assembly	-	10,932	10,932
Viscount's Department	(919)	3,535	2,616
<b>Non-Ministerial and Other States Bodies Expenditure</b>	<b>(3,530)</b>	<b>51,078</b>	<b>47,548</b>
<b>Departmental and Non-Ministerial Expenditure</b>	<b>(120,343)</b>	<b>1,315,861</b>	<b>1,195,518</b>
<b>Reserves</b>			
Central Reserve	-	34,197	34,197
<b>Reserve Expenditure</b>	<b>-</b>	<b>34,197</b>	<b>34,197</b>
Healthcare Facilities - Financing Costs	-	9,000	9,000
<b>Revenue Heads of Expenditure Total</b>	<b>(120,343)</b>	<b>1,359,058</b>	<b>1,238,715</b>

**Summary Table 5ii - Capital and Other Projects Heads of Expenditure**

£'000	Major Project	Spon Dept	Supp Dept	2025 Estimate
<b>Feasibility</b>				<b>1,442</b>
<b>Estates</b>				
Crematorium		CLS	CLS	-
Mont a' L'Abbe Secondary	M	CYPES	I&E	-
Le Squez	M	CYPES	I&E	-
New School and Educational Developments		CYPES	I&E	2,500
Upgrades to CYPES Estates		CYPES	CYPES	7,790
Learning Difficulties - Specialist Accommodation	M	HCS	HCS	-
Health Services Improvements Programme		HCS	HCS	5,000
Major Refurbishment and Upgrades		I&E	I&E	5,000
Land Acquisition		I&E	I&E	-
Markets Revitalisation Project		I&E	I&E	-
Oakfield and Fort Regent Decant	M	I&E	I&E	6,664
Property Dilapidations		I&E	I&E	-
Other I&E Estate Projects		I&E	I&E	750
Ambulance, Fire & Rescue Headquarters	M	JHA	JHA	-
Army and Sea Cadets Headquarters		JHA	JHA	200
<b>Estates</b>				<b>27,904</b>
<b>Infrastructure</b>				
Infrastructure Rolling Vote and Public Realm		I&E	I&E	16,850
Sewage Treatment Works	M	I&E	I&E	1,300
Liquid Waste Key Infrastructure	M	I&E	I&E	8,350
Springfield Pitch & Floodlights		I&E	I&E	845
Shoreline Management Plan - Harve des Pas		I&E	I&E	-
Planning Obligation Agreements		I&E	I&E	-
Road Safety		I&E	I&E	-
Countryside Access and Signage		I&E	I&E	-
Other Infrastructure		I&E	I&E	2,443
<b>Infrastructure</b>				<b>29,788</b>
<b>Information Technology</b>				
Cyber Programme 2.0	M	TDS	TDS	2,514
IT Major Upgrade and Replacement	M	TDS	TDS	6,000
Digital Services Platform		TDS	TDS	600
Digital Care Strategy	M	HCS	TDS	2,003
Digital Systems Improvements		HCS	TDS	800
General Hospital Wi-Fi		HCS	TDS	1,200
Next Passport Project		JHA	JHA	425
Combined Control Room		JHA	JHA	450
Revenue Transformation Programme (Phase 3)	M	T&E	T&E	1,316
Revenue Transformation Programme (Phase 4)	M	T&E	T&E	3,270
Court Digitisation		JG	JG	1,230
Replacement LC-MS System		OA	OA	-
Probation/Prison Offender Case Management System		PROB	PROB	425
Automatic Electoral Registration		SA	DS	385
<b>Information Technology</b>				<b>20,618</b>
<b>Replacement Assets and Minor Capital</b>				
Replacement Assets and Minor Capital - DS		TDS	TDS	2,500
Replacement Assets and Minor Capital - CYPES		CYPES	CYPES	300
Replacement Assets and Minor Capital - HCS		HCS	HCS	2,250
Replacement Assets and Minor Capital - I&E		I&E	I&E	4,550
Fisheries Protection Vessel & Auxiliary Vessels		I&E	I&E	2,800

**Summary Table 5ii - Capital and Other Projects Heads of Expenditure (Continued)**

<b>£'000</b>	<b>Major Project</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2025 Estimate</b>
Replacement Assets and Minor Capital - JHA		JHA	JHA	380
Replacement Assets and Minor Capital - SoJP		SoJP	SoJP	350
<b>Replacement Assets and Minor Capital</b>				<b>13,130</b>
<b>Total Capital and Projects Heads of Expenditure (before NHF)</b>				<b>92,882</b>
New Healthcare Facilities	M	HCS	HCS	73,000
<b>Total Capital and Projects Heads of Expenditure (after NHF)</b>				<b>165,882</b>
Pillar 2 Implementation Costs		T&E	T&E	1,760
<b>Total Capital and Projects Heads of Expenditure</b>				<b>167,642</b>

**Summary Table 6 - Trading Operations Revenue Heads of Expenditure**

<b>2025 £'000</b>	<b>Income</b>	<b>Expenditure</b>	<b>Estimated Net Income</b>
Jersey Car Parking	9,599	(8,943)	656
Jersey Fleet Management	6,053	(4,311)	1,742
	<b>15,652</b>	<b>(13,254)</b>	<b>2,398</b>

**Summary Table 7 - Trading Operations Project Heads of Expenditure**

<b>2025 £'000</b>	<b>Estimated Expenditure</b>
Jersey Car Parking	-
Jersey Fleet Management	1,000
	<b>1,000</b>

**Summary Table 8 - Climate Emergency Fund**

<b>£'000</b>	<b>2025 Estimate</b>
<b>Opening Balance</b>	<b>5,950</b>
Transfer from the Consolidated Fund	4,299
Expenditure	(8,346)
<b>Closing Balance</b>	<b>1,903</b>



# Appendix 3: Supplementary Financial Tables

## Revenue Expenditure Growth

Revenue Expenditure Growth				2025	2026	2027	2028
£'000				Estimate	Estimate	Estimate	Estimate
Head of Expenditure	Reference	Description		Estimate	Estimate	Estimate	Estimate
Cabinet Office	I-SPP-GP25-001	Implementation of VAWG Taskforce Recommendations - CSP		375	124	-	-
Infrastructure	I-INF-GP25-001	Deferral of Waste Income Charges - CSP		1,500	3,000	-	-
EcDv, Tourism, Sport & Culture	I-DFE-GP25-001	Minimum Income Standards - CSP		200	50	50	50
Education and Lifelong Learning	I-CYP-GP25-001	Extend Nursery and Childcare Provision - CSP		1,517	2,358	3,423	4,629
Education and Lifelong Learning	I-CYP-GP25-002	School Meals - CSP		1,169	1,169	1,169	1,169
Education and Lifelong Learning	I-CYP-GP25-003	Investing in Lifelong Learning & Future Skills Provision - CSP		1,158	1,544	1,882	2,209
				<b>5,919</b>	<b>8,245</b>	<b>6,524</b>	<b>8,057</b>
Health & Community Services	I-HCS-GP25-001	Ongoing Risks and Pressures in HCS		29,900	29,900	29,900	29,900
Health & Community Services	I-HCS-GP25-002	In Vitro Fertilisation Funding		620	620	620	620
<b>Health &amp; Community Services Total</b>				<b>30,520</b>	<b>30,520</b>	<b>30,520</b>	<b>30,520</b>
Bailiff's Chamber	I-BAC-GP25-001	Court & Case Costs		174	174	174	174
Comptroller & Auditor General	I-CAG-GP25-001	Contractual Inflation		-	-	-	32
Judicial Greffe	I-JUG-GP25-001	Staff Resources, Legal Aid Costs & Court Refurbishment		860	820	824	828
Law Officers' Dept	I-LOD-GP25-001	Staff Resource for Additional Cases		258	463	463	463
Probation	I-PRO-GP25-001	Staff Resources, Recharge Removal & Fleet Management		268	292	295	289
States Assembly	I-STA-GP25-001	Members and Staff Costs and Election 26'		553	836	717	802
Viscount's Department	I-VID-GP25-001	Staff Resources		114	109	109	109
<b>Mins Total</b>				<b>2,227</b>	<b>2,694</b>	<b>2,582</b>	<b>2,697</b>
<b>Total</b>				<b>38,666</b>	<b>41,459</b>	<b>39,626</b>	<b>41,274</b>

Table 54: Revenue Expenditure Growth

## Savings Proposals

Savings Proposals																			
£'000	ALOs	Office	Growth Reductions	Roles	Non-Mins	FRP	2025 Estimate	ALOs	Office	Roles	FRP	Future Savings	2026 Estimate	ALOs	Office	Future Savings	2027 Estimate	Office	2028 Estimate
<b>Department</b>																			
Cabinet Office	-	-	(788)	(893)	-	-	(1,681)	-	-	(1,335)	-	-	(1,335)	-	-	-	-	-	-
Technology and Digital Services	-	(29)	-	(687)	-	-	(716)	-	(1)	(1,034)	-	-	(1,035)	-	-	-	-	(1)	(1)
People Services	-	(18)	-	(243)	-	-	(261)	-	(53)	(364)	-	-	(417)	-	(29)	-	(29)	(41)	(41)
Education and Lifelong Learning	-	(65)	(682)	(702)	-	-	(1,449)	-	(245)	(1,052)	-	-	(1,297)	-	(176)	-	(176)	(32)	(32)
Children and Families	-	(24)	(253)	(260)	-	-	(537)	-	(91)	(391)	-	-	(482)	-	(65)	-	(65)	(12)	(12)
CLS	-	(242)	(227)	(284)	-	-	(753)	-	(59)	(427)	-	-	(486)	-	-	-	-	-	-
Infrastructure	-	(1,134)	(117)	(179)	-	-	(1,430)	-	(1,170)	(1,019)	-	-	(2,189)	-	(207)	-	(207)	(375)	(375)
Environment	-	-	(60)	(499)	-	-	(559)	-	-	(749)	-	-	(749)	-	-	-	-	-	-
HCS	-	(97)	-	(500)	-	(8,000)	(8,597)	-	(96)	-	(9,000)	-	(9,096)	-	(4)	-	(4)	(5)	(5)
Jersey Overseas Aid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Justice and Home Affairs	-	-	(90)	(244)	-	-	(334)	-	-	(365)	-	-	(365)	-	-	-	-	-	-
States of Jersey Police	-	-	(47)	(125)	-	-	(172)	-	-	(187)	-	-	(187)	-	-	-	-	-	-
External Relations	-	-	(27)	(52)	-	-	(79)	-	-	(79)	-	-	(79)	-	-	-	-	-	-
EDTSC	(571)	-	(220)	(256)	-	-	(1,047)	-	-	(384)	-	-	(384)	-	-	-	-	-	-
Financial Services	(429)	-	(287)	(67)	-	-	(783)	-	-	(101)	-	-	(101)	-	-	-	-	-	-
Treasury and Exchequer	-	(110)	(335)	(1,009)	-	-	(1,454)	-	-	(1,513)	-	-	(1,513)	-	-	-	-	-	-
<b>Non-Ministerial Savings</b>	-	-	-	-	<b>(452)</b>	-	<b>(452)</b>	-	-	-	-	-	-	-	-	-	-	-	-
Future Savings	-	-	-	-	-	-	-	(1,000)	-	-	-	(3,285)	(4,285)	(1,000)	-	(1,019)	(2,019)	-	-
<b>Savings Total</b>	<b>(1,000)</b>	<b>(1,719)</b>	<b>(3,133)</b>	<b>(6,000)</b>	<b>(452)</b>	<b>(8,000)</b>	<b>(20,304)</b>	<b>(1,000)</b>	<b>(1,715)</b>	<b>(9,000)</b>	<b>(9,000)</b>	<b>(3,285)</b>	<b>(24,000)</b>	<b>(1,000)</b>	<b>(481)</b>	<b>(1,019)</b>	<b>(2,500)</b>	<b>(466)</b>	<b>(466)</b>

Table 55: Savings Proposals

## Changes to Net Revenue Expenditure

Change to Revenue Heads of Expenditure 2024 - 2025								
£'000	2024 Approved	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	2024 Pay Award	Budget Transfers	Savings	2025 Estimate
<b>Departmental Heads of Expenditure</b>								
Cabinet Office	26,052	142	(246)	375	1,652	(20)	(1,681)	26,274
Technology and Digital Services	38,270	219	200	-	1,567	250	(716)	39,790
People Services	12,946	77	-	-	862	483	(261)	14,107
Education and Lifelong Learning	154,080	(275)	2,677	3,844	10,810	(47)	(1,449)	169,640
Children and Families	52,387	321	870	-	3,127	(229)	(537)	55,939
CLS	106,827	2,212	(500)	-	1,258	5	(753)	109,049
Infrastructure	57,165	418	2,911	1,500	2,464	(128)	(1,430)	62,900
Environment	10,899	-	289	-	1,134	-	(559)	11,763
HCS	286,235	7,665	(10,552)	30,520	16,508	286	(8,597)	322,065
Jersey Overseas Aid	20,041	1,130	1,050	-	-	-	-	22,221
Justice and Home Affairs	40,069	61	594	-	2,862	(827)	(334)	42,425
States of Jersey Police	27,335	43	240	-	1,984	755	(172)	30,185
External Relations	3,377	20	(92)	-	181	-	(79)	3,407
EDTSC	37,119	440	(100)	200	404	-	(1,047)	37,016
Financial Services	11,215	114	9	-	331	-	(783)	10,886
Treasury and Exchequer	44,667	1,231	508	-	2,456	(709)	(1,454)	46,699
Grants to States Funds	114,921	4,900	-	-	-	-	-	119,821
Living Wage Transitional Support	-	-	-	10,000	-	-	-	10,000
PSPL	13,790	(7)	-	-	-	-	-	13,783
<b>Departmental NRE</b>	<b>1,057,395</b>	<b>18,711</b>	<b>(2,142)</b>	<b>46,439</b>	<b>47,600</b>	<b>(181)</b>	<b>(19,852)</b>	<b>1,147,970</b>
<b>Non-Ministerial &amp; Other States Bodies</b>								
Bailiff's Chambers	3,208	17	200	174	201	-	-	3,800
CAG	1,152	-	44	-	-	-	-	1,196
Judicial Greffe	8,859	90	(6)	860	305	-	(140)	9,968
Law Officers' Department	12,881	28	61	258	887	-	(100)	14,015
OLG	905	-	-	-	56	-	(48)	913
Official Analyst	735	4	3	-	42	-	-	784
Probation	2,951	8	(68)	268	212	-	(47)	3,324
States Assembly	9,904	22	(97)	553	449	181	(80)	10,932
Viscount's Department	2,413	-	(70)	114	196	-	(37)	2,616
<b>Non-Ministerial NRE</b>	<b>43,008</b>	<b>169</b>	<b>67</b>	<b>2,227</b>	<b>2,348</b>	<b>181</b>	<b>(452)</b>	<b>47,548</b>
<b>Departmental and Non-Mins Total</b>	<b>1,100,403</b>	<b>18,880</b>	<b>(2,075)</b>	<b>48,666</b>	<b>49,948</b>	<b>-</b>	<b>(20,304)</b>	<b>1,195,518</b>
<b>Reserves</b>								
Central Reserve	62,188	24,754	(2,797)	-	(49,948)	-	-	34,197
<b>Reserve Expenditure</b>	<b>62,188</b>	<b>24,754</b>	<b>(2,797)</b>	<b>-</b>	<b>(49,948)</b>	<b>-</b>	<b>-</b>	<b>34,197</b>
Future Savings	-	-	-	-	-	-	-	-
<b>Net Revenue Expenditure</b>	<b>1,162,591</b>	<b>43,634</b>	<b>(4,872)</b>	<b>48,666</b>	<b>-</b>	<b>-</b>	<b>(20,304)</b>	<b>1,229,715</b>

Table 56: Changes to Revenue Heads of Expenditure 2024-2025

Changes to Revenue Heads of Expenditure 2025 - 2026									
£'000	2025 Estimate	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	2024 Pay Award	Budget Transfers	Savings	2026 Estimate	
<b>Departmental Heads of Expenditure</b>									
Cabinet Office	26,274	-	(362)	(251)	-	(15)	(1,335)	24,311	
Technology and Digital Services	39,790	-	200	-	-	-	(1,035)	38,955	
People Services	14,107	-	-	-	-	-	(417)	13,690	
Education and Lifelong Learning	169,640	105	1,262	1,227	-	-	(1,297)	170,937	
Children and Families	55,939	-	(148)	-	-	-	(482)	55,309	
CLS	109,049	3,111	(47)	-	-	-	(486)	111,627	
Infrastructure	62,900	-	(1,587)	1,500	-	-	(2,189)	60,624	
Environment	11,763	-	35	-	-	-	(749)	11,049	
HCS	322,065	6,247	110	-	-	21	(9,096)	319,347	
Jersey Overseas Aid	22,221	667	-	-	-	-	-	22,888	
Justice and Home Affairs	42,425	-	12	-	-	(6)	(365)	42,066	
States of Jersey Police	30,185	-	(23)	-	-	-	(187)	29,975	
External Relations	3,407	-	-	-	-	-	(79)	3,328	
EDTSC	37,016	372	-	(150)	-	-	(384)	36,854	
Financial Services	10,886	-	(45)	-	-	-	(101)	10,740	
Treasury and Exchequer	46,699	(1,000)	(900)	-	-	-	(1,513)	43,286	
Grants to States Funds	119,821	2,239	-	-	-	-	-	122,060	
Living Wage Transitional Support	10,000	-	-	-	-	-	-	10,000	
PSPL	13,783	8	-	-	-	-	-	13,791	
<b>Departmental NRE</b>	<b>1,147,970</b>	<b>11,749</b>	<b>(1,493)</b>	<b>2,326</b>	<b>-</b>	<b>-</b>	<b>(19,715)</b>	<b>1,140,837</b>	
<b>Non-Ministerial &amp; Other States Bodies</b>									
Bailiff's Chambers	3,800	2	(200)	-	-	-	-	3,602	
CAG	1,196	-	(9)	-	-	-	-	1,187	
Judicial Greffe	9,968	-	-	(40)	-	-	-	9,928	
Law Officers' Department	14,015	-	-	205	-	-	-	14,220	
OLG	913	-	-	-	-	-	-	913	
Official Analyst	784	-	3	-	-	-	-	787	
Probation	3,324	-	-	24	-	-	-	3,348	
States Assembly	10,932	-	-	283	-	-	-	11,215	
Viscount's Department	2,616	-	-	(5)	-	-	-	2,611	
<b>Non-Ministerial NRE</b>	<b>47,548</b>	<b>2</b>	<b>(206)</b>	<b>467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,811</b>	
<b>Departmental and Non-Mins Total</b>	<b>1,195,518</b>	<b>11,751</b>	<b>(1,699)</b>	<b>2,793</b>	<b>-</b>	<b>-</b>	<b>(19,715)</b>	<b>1,188,648</b>	
<b>Reserves</b>									
Central Reserve	34,197	22,194	(2,105)	-	-	-	-	54,286	
<b>Reserve Expenditure</b>	<b>34,197</b>	<b>22,194</b>	<b>(2,105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,286</b>	
Future Savings	-	-	-	-	-	-	(4,285)	(4,285)	
<b>Net Revenue Expenditure</b>	<b>1,229,715</b>	<b>33,945</b>	<b>(3,804)</b>	<b>2,793</b>	<b>-</b>	<b>-</b>	<b>(24,000)</b>	<b>1,238,649</b>	

Table 57: Changes to Revenue Heads of Expenditure 2025-2026

Changes to Revenue Heads of Expenditure 2026 - 2027									
£'000	2026 Estimate	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	2024 Pay Award	Budget Transfers	Savings	2027 Estimate	
<b>Departmental Heads of Expenditure</b>									
Cabinet Office	24,311	-	-	(124)	-	-	-	24,187	
Technology and Digital Services	38,955	-	-	-	-	-	-	38,955	
People Services	13,690	-	-	-	-	-	(29)	13,661	
Education and Lifelong Learning	170,937	(125)	-	1,403	-	-	(176)	172,039	
Children and Families	55,309	-	-	-	-	-	(65)	55,244	
CLS	111,627	3,193	(47)	-	-	-	-	114,773	
Infrastructure	60,624	-	(163)	(3,000)	-	-	(207)	57,254	
Environment	11,049	-	349	-	-	-	-	11,398	
HCS	319,347	6,350	-	-	-	-	(4)	325,693	
Jersey Overseas Aid	22,888	664	-	-	-	-	-	23,552	
Justice and Home Affairs	42,066	-	44	-	-	-	-	42,110	
States of Jersey Police	29,975	-	(21)	-	-	-	-	29,954	
External Relations	3,328	-	-	-	-	-	-	3,328	
EDTSC	36,854	218	-	-	-	-	-	37,072	
Financial Services	10,740	-	(25)	-	-	-	-	10,715	
Treasury and Exchequer	43,286	-	-	-	-	-	-	43,286	
Grants to States Funds	122,060	9,212	-	-	-	-	-	131,272	
Living Wage Transitional Support	10,000	-	-	(10,000)	-	-	-	-	
PSPL	13,791	8	-	-	-	-	-	13,799	
<b>Departmental NRE</b>	<b>1,140,837</b>	<b>19,520</b>	<b>137</b>	<b>(11,721)</b>	<b>-</b>	<b>-</b>	<b>(481)</b>	<b>1,148,292</b>	
<b>Non-Ministerial &amp; Other States Bodies</b>									
Bailiff's Chambers	3,602	2	-	-	-	-	-	3,604	
CAG	1,187	-	28	-	-	-	-	1,215	
Judicial Greffe	9,928	-	-	4	-	-	-	9,932	
Law Officers' Department	14,220	-	-	-	-	-	-	14,220	
OLG	913	-	-	-	-	-	-	913	
Official Analyst	787	-	50	-	-	-	-	837	
Probation	3,348	-	-	3	-	-	-	3,351	
States Assembly	11,215	-	-	(119)	-	-	-	11,096	
Viscount's Department	2,611	-	-	-	-	-	-	2,611	
<b>Non-Ministerial NRE</b>	<b>47,811</b>	<b>2</b>	<b>78</b>	<b>(112)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,779</b>	
<b>Departmental and Non-Mins Total</b>	<b>1,188,648</b>	<b>19,522</b>	<b>215</b>	<b>(11,833)</b>	<b>-</b>	<b>-</b>	<b>(481)</b>	<b>1,196,071</b>	
<b>Reserves</b>									
Central Reserve	54,286	16,859	-	-	-	-	-	71,145	
<b>Reserve Expenditure</b>	<b>54,286</b>	<b>16,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,145</b>	
Future Savings	(4,285)	-	-	-	-	-	(2,019)	(6,304)	
<b>Net Revenue Expenditure</b>	<b>1,238,649</b>	<b>36,381</b>	<b>215</b>	<b>(11,833)</b>	<b>-</b>	<b>-</b>	<b>(2,500)</b>	<b>1,260,912</b>	

Table 58: Changes to Revenue Heads of Expenditure 2026-2027

Changes to Revenue Heads of Expenditure 2027 - 2028									
£'000	2027 Estimate	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	2024 Pay Award	Budget Transfers	Savings	2028 Estimate	
<b>Departmental Heads of Expenditure</b>									
Cabinet Office	24,187	-	-	-	-	-	-	24,187	
Technology and Digital Services	38,955	-	-	-	-	-	(1)	38,954	
People Services	13,661	-	-	-	-	-	(41)	13,620	
Education and Lifelong Learning	172,039	(139)	-	1,533	-	-	(32)	173,401	
Children and Families	55,244	-	-	-	-	-	(12)	55,232	
CLS	114,773	1,907	-	-	-	-	-	116,680	
Infrastructure	57,254	-	-	-	-	-	(375)	56,879	
Environment	11,398	-	-	-	-	-	-	11,398	
HCS	325,693	6,455	-	-	-	-	(5)	332,143	
Jersey Overseas Aid	23,552	707	-	-	-	-	-	24,259	
Justice and Home Affairs	42,110	-	-	-	-	-	-	42,110	
States of Jersey Police	29,954	-	-	-	-	-	-	29,954	
External Relations	3,328	-	-	-	-	-	-	3,328	
EDTSC	37,072	243	-	-	-	-	-	37,315	
Financial Services	10,715	-	-	-	-	-	-	10,715	
Treasury and Exchequer	43,286	-	-	-	-	-	-	43,286	
Grants to States Funds	131,272	2,807	-	-	-	-	-	134,079	
Living Wage Transitional Support	-	-	-	-	-	-	-	-	
PSPL	13,799	9	-	-	-	-	-	13,808	
<b>Departmental NRE</b>	<b>1,148,292</b>	<b>11,989</b>	<b>-</b>	<b>1,533</b>	<b>-</b>	<b>-</b>	<b>(466)</b>	<b>1,161,348</b>	
<b>Non-Ministerial &amp; Other States Bodies</b>									
Bailiff's Chambers	3,604	3	-	-	-	-	-	3,607	
CAG	1,215	-	-	32	-	-	-	1,247	
Judicial Greffe	9,932	-	-	4	-	-	-	9,936	
Law Officers' Department	14,220	-	-	-	-	-	-	14,220	
OLG	913	-	-	-	-	-	-	913	
Official Analyst	837	-	-	-	-	-	-	837	
Probation	3,351	-	-	(6)	-	-	-	3,345	
States Assembly	11,096	-	-	85	-	-	-	11,181	
Viscount's Department	2,611	-	-	-	-	-	-	2,611	
<b>Non-Ministerial NRE</b>	<b>47,779</b>	<b>3</b>	<b>-</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,897</b>	
<b>Departmental and Non-Mins Total</b>	<b>1,196,071</b>	<b>11,992</b>	<b>-</b>	<b>1,648</b>	<b>-</b>	<b>-</b>	<b>(466)</b>	<b>1,209,245</b>	
<b>Reserves</b>									
Central Reserve	71,145	20,013	-	-	-	-	-	91,158	
<b>Reserve Expenditure</b>	<b>71,145</b>	<b>20,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,158</b>	
Future Savings	(6,304)	-	-	-	-	-	-	(6,304)	
<b>Net Revenue Expenditure</b>	<b>1,260,912</b>	<b>32,005</b>	<b>-</b>	<b>1,648</b>	<b>-</b>	<b>-</b>	<b>(466)</b>	<b>1,294,099</b>	

Table 59: Changes to Revenue Heads of Expenditure 2027-2028

## Appendix 4: Administrative Tax Measures

Additional administrative and technical measures to be included in the Finance Law (debated alongside the Budget)

### *Clarifying the category of late filing penalties for membership organisations and professional associations*

The Income Tax Law will be amended to clarify that a membership organisation or professional association is subject to the £100 per month penalty rate for late filings and is not eligible for penalty abatement, regardless of whether it is incorporated or not.

### *Formalising the deductibility of accounting expenses*

The accounting fees that businesses pay can benefit both the business's operations and the owners and stakeholders personally. As it can be difficult to apportion fees that are "wholly and exclusively" for the purposes of trade, Revenue Jersey has accepted all accounting fees as permissible deductions as a matter of practice. To provide certainty to businesses, this practice will be legislated.

### *Deleting Article 52A on energy-saving items*

Article 52A of the Income Tax Law, which permitted a deduction from property income for expenditure on energy-saving items during the assessment years 2010 to 2012, will be deleted as it is spent.

### *Expanding group relief for mixed-rate corporate groups*

Currently, only groups consisting exclusively of either 0% or 10% companies can benefit from group relief under the Income Tax Law. The group relief provisions will be amended to allow corporate groups containing both 0% and 10% companies to offset gains with losses across members taxed at the same rate. The change will ease administration for mixed groups.

### *Stamp duty for registering a will*

The Stamp Duties and Fees (Jersey) Law 1998 will be updated to reflect the increased rates for properties over £2 million introduced in last year's Government Plan 2024-2027.

### *GST on imports from unregistered online retailers*

The GST Law will be clarified allowing Revenue Jersey and the Jersey Customs and Immigration Service to ensure there is effective collection of GST on imports where there are uncooperative online retailers.

### *Exempting the Jersey Resolution Authority from GST*

The GST Regulations will be amended to exempt the Jersey Resolution Authority (JRA) from GST.

### *Small pot pensions*

Following an amendment to Government Plan 2024-2027, which proposed a phased reduction in the 'small pot' pension limits, the second and final phase of a reduction of the small pot pensions limit will be implemented. This will reduce the commutable value for approved schemes from £15,000 to £10,000. The maximum commutable value for pension holders aged 60 years or older continues to be £50,000.

### *Rental losses carried forward*

Article 52 of the Income Tax Law will be amended to clarify the current practice that Schedule A rental income losses can only be carried forward and cannot be carried back.

### *Relocation expenses*

Relocation expenses paid by an employer to an employee to help cover the costs of relocating to Jersey are treated as an exempt benefit-in-kind. In addition, there is an exempt 'disturbance allowance' of £7,500 but 'disturbance allowance' itself is not defined. The current language is being clarified to ensure that the £7,500 is only treated as exempt if it is paid by the employer in respect of the costs of relocating to Jersey.

### *Clarification to ISE fee regime*

A change will be made in the International Services Entities (ISE) Regulations to clarify that the Regulations do not impose multiple fees on the same regulated activity conducted by an entity.

### *Compensatory allowance formula*

The compensatory allowance formula will be revised before it comes into effect in the year of assessment 2026. The reference to "qualifying income" will be changed to refer to "earned income".

### *Childcare tax relief*

The transitional provisions that apply to married couples and civil partners for the year of assessment 2025 will be updated to include the higher earned income threshold, for the purposes of calculating the childcare tax relief due.



