

# STATES OF JERSEY



## PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024): AMENDMENT

### INCREASE GRANTS TO STATES FUNDS

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Lodged au Greffe on 23rd September 2024  
by Deputy Sir P.M. Bailhache of St. Clement  
Earliest date for debate: 26th November 2024

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STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024):  
AMENDMENT

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**1 PAGE 2, PARAGRAPH (g) –**

After the words “Appendix 2 – Summary Tables 5(i) and (ii) of the Report” insert the words –

“, except that in Summary Table 5(i) the head of expenditure for Grants to States Funds shall be increased by £10,000,000 to £129,821,000, to adjust the States grant to the Social Security Fund back to the full formula value.”.

**2 PAGE 3, PARAGRAPH (o) –**

After the words “as set out in the Appendix to the accompanying Report” insert the words –

“, except that on page 85, in Table 48: Social Security Fund, the Grant to Social Security Fund row shall be increased by £10,000,000 in both 2025 and 2026, to £90,368,000 and £91,936,000, respectively, and on page 76, Table 40: Consolidated Fund shall be adjusted to reflect a decrease of £10,000,000 for both 2025 and 2026”.

DEPUTY SIR P.M. BAILHACHE OF ST. CLEMENT

**Note:** After this amendment, the proposition would read as follows –

**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, **except that in Summary Table 5(i) the head of expenditure for Grants to States Funds shall be increased by £10,000,000 to £129,821,000, to adjust the States grant to the Social Security Fund back to the full formula value.**
- (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 (o).
- (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, except that on page 85, in Table 48: Social Security Fund, the Grant to Social Security Fund row shall be increased by £10,000,000 in both 2025 and 2026, to £90,368,000 and £91,936,000, respectively, and on page 76, Table 40: Consolidated Fund shall be adjusted to reflect a decrease of £10,000,000 for both 2025 and 2026.

## REPORT

1. This amendment to the Government Plan is brought, once again, to defend an important principle. The principle is that the monies in the Social Security Fund and the Social Security (Reserve) Fund belong to the Island's pensioners and prospective pensioners, or to the people of Jersey. They do not belong to the States or to the Government. They should not be used as a convenient pot into which the Government can dip with a view to some ulterior purpose, or even to balancing the Government's books. The Funds, which secure Islanders' pensions, have been built up over many years from contributions made by employers and employees, supplemented by the States so that employees whose earnings-related contributions were insufficient to meet the actuarial cost of their pensions could nonetheless receive a full pension in retirement.

2. That States supplementation is not an arbitrary figure to be debated each year. It is specified in a formula set out in the [Social Security \(Jersey\) Law 1974](#). The Law requires the States to make this contribution. Article 4 provides – “There **shall be paid** into the Social Security Fund out of monies provided by the States such amounts as are determined in accordance with Article 9A for the purpose of contributing to the cost of supplementing contributions.” [My emphasis]. Article 9A sets out the formula for assessing the amount to be paid.

3. What is proposed by the Government in the [Proposed Budget \(Government Plan\) 2025-2026](#) is that the statutory amount should be “adjusted” (by which is meant, in fact, “reduced”) by £10 million in 2025 and 2026. The stated purpose is “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.”<sup>1</sup> The Social Security Fund would, therefore, receive a grant of £80,368,000 in 2025 instead of the statutory amount of £90,368,000.<sup>2</sup> In 2026, it would receive a grant of £81,936,000 instead of the statutory amount of £91,936,000.<sup>3</sup> The only justification offered is that the “temporary adjustment is not considered to have any long-term impact on the health of the Social Security Fund”.<sup>4</sup> That is not, in my view, a sufficient reason for the plundering of a Fund which belongs to pensioners and prospective pensioners and not to the Government of Jersey.

4. It is very disappointing that the Government has ignored, once again, ministerial undertakings in 2023 that future Government Plans would **not** reduce the value of the States Grant into the Social Security Fund.<sup>5</sup> It is disappointing that the Government appears to have forgotten that its attempt to reduce the States Grant by £40 million in the last Government Plan was rejected by the Assembly. On being questioned by Deputy Renouf as to why so many Ministers who had voted against these assaults upon the Social Security Fund on the last occasion, had changed their minds on the subject, the Chief Minister could only respond that he was happy to change his mind when presented with new evidence or information.<sup>6</sup> However, nothing has changed in terms of the Social Security Fund which is happily in good health, as it was when the last debate took place in 2023. No Government appears able to resist the temptation to use the Social Security

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<sup>1</sup> [Proposed Budget \(Government Plan\) 2025-2028](#), p. 84

<sup>2</sup> [Proposed Budget \(Government Plan\) 2025-2028](#), Social Security Fund table, p. 85

<sup>3</sup> Ibid

<sup>4</sup> [Proposed Budget \(Government Plan\) 2025-2028](#), p. 84

<sup>5</sup> [Hansard, Tuesday, 7<sup>th</sup> February 2023](#), p. 126-132

<sup>6</sup> [Hansard, Tuesday, 10<sup>th</sup> September 2024](#), p. 69

Fund as a form of “piggy bank” when it is short of cash. That is not a good enough reason to use pension funds which do not belong to the Government.

5. This amendment would increase the amount of the States Grant to the Social Security Fund in 2025 and 2026 to its proper statutory level and reduce the amount in the Consolidated Fund accordingly.

### **Financial and staffing implications**

As noted above, this amendment would increase the amount of the States Grant to the Social Security Fund and reduce the amount in the Consolidated Fund accordingly.

### **Children’s Rights Impact Assessment**

A Children’s Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.