STATES OF JERSEY

PROCEDURES FOR ALLOCATIONS FROM THE CENTRAL RESERVE

Presented to the States on 17th November 2025
by the Minister for Treasury and Resources

STATES GREFFE

REPORT

Purpose

Article 15(3) of the *Public Finances (Jersey) Law 2019* (the "Law") grants the Minister for Treasury and Resources the power to direct how an appropriation for a reserve head of expenditure may be spent. Article 30(2)(a) of the Law requires the Minister to issue a written statement to the States setting out:

(i) the Minister's procedures for directing, under Article 15(3), how an approved appropriation for a reserve head of expenditure in a government plan may be spent, and
(ii) the expected purposes or subjects on which the Minister may direct that such appropriations be spent.

This statement is therefore issued in accordance with Article 30(2)(a) and should be read in conjunction with the information in the Budget. In that document "a reserve head of expenditure" is known as the Central Reserve. This policy relates to that Central Reserve. For the avoidance of doubt, this statement replaces and supersedes the policy previously published as R.76/2022.

Nature of the Central Reserve

The Central Reserve is an important component of Government Finances, as it provides a degree of flexibility to respond to unforeseen needs for expenditure that may emerge during the year. Throughout the financial year, there may be various purposes for which funds held in the Central Reserve are called upon. These include:

- **Inflation Provisions**: The Central Reserve typically holds inflation provisions until sufficient information is available to allow them to be allocated.

- **Specific Items**: The Central Reserve may hold amounts for specific purposes, either specified in the Budget, or through an in-year decision. This includes smoothing reserves for areas where expenditure fluctuates between years.

- **Contingency**: The Central Reserve provides flexibility to respond to unforeseen expenditure needs that may arise during the year.

Amounts may be allocated to the Reserve in a Budget (Government Plan) or transferred to the Central Reserve under one of the powers of the Minister for Treasury and Resources (Under Articles 18 and 19 of the Public Finances Law).

Making Allocations

The Treasurer of the States will make recommendations to the Minister via the allocations processes outlined below. If the proposed allocation is to Treasury and Exchequer, the Principal Accountable Officer must be asked to confirm his agreement. In other circumstances the Treasurer of the States may consider that he has a real or perceived conflict of interest and should not be part of the process, in which case responsibility is delegated to the Group Director, Strategic Finance.

Under the Law, the Minister for Treasury and Resources has the authority to approve the allocation from the Central Reserve by way of a Ministerial Decision. The Minister will consider the recommendation of the Treasurer of the States and the comments from the appraisal process. The Minister can reject the recommendation of the Treasurer of the States but must document their reasons for doing so.

Process for Allocations for Inflation and other Specific Items

The Budget may include identified amounts held in the Central Reserve for allocation during the financial year. These may be subject to variation before allocation. Examples include:

- Pay Awards.
- Central Risk and Inflation Reserve.
- Court & Case Costs Smoothing Reserve (used to manage fluctuations in costs between years).
- Departmental Revenue Expenditure subject to uncertainty (or where a business case needs to be produced).
- Capital Expenditure subject to similar uncertainty.

To assist the Treasurer or their delegate in recommending to the Minister, the following steps will be taken:

- A request by the relevant Accountable Officer(s) for the Heads of Expenditure setting out the need to make the allocation, supported by a Business Case if appropriate. This may not be necessary for some allocations e.g. pay awards.
- Where applicable, a review of the request and or the original Business Case (or alternative documentation) by the Investment Appraisal Team to ensure alignment with expected purposes.
- Where applicable, a written summary to the Treasurer to support the allocation if not previously documented.

The Minister may circulate a draft of the Ministerial Decision to the Council of Ministers for information purposes before signing the decision.

Process for Allocations for Contingency

Throughout the year, the Minister may be required to make allocations to meet expenditure relating to unplanned and unexpected events.

To assist the Treasurer or their delegate in recommending to the Minister, the following steps will be taken:

- Submission of a Business Case by the relevant Accountable Officer to the Investment Appraisal Team, approved by the relevant Accountable Officer(s) and Lead Minister.

- The Investment Appraisal Team will assess the rationale for investment, value for money, key financial assumptions, affordability, and deliverability, and provide a summary report to the Treasurer or their delegate.

Before making a recommendation, the Treasurer of the States may also:

- Seek comments from the Principal Accountable Officer and other senior officers.
- Consider whether the expenditure can be met through other operational means or Heads of Expenditure.
- Determine whether the request places recurring expenditure demands that need to be included within the Budget process.

Prior to making a funding allocation, the Minister will circulate the draft Ministerial Decision to the Council of Ministers for information before it is signed.

Monitoring and Reporting

If a transfer from the Central Reserve is approved by the Minister for Treasury and Resources, funds approved will be transferred to the relevant head of expenditure, according to an agreed drawdown schedule.

During the approval process, the Minister may have requested certain funding conditions are included in the Ministerial Decision. The allocations to the relevant head of expenditure will only occur once these funding conditions have been met.

Once funding has been transferred it becomes the responsibility of the Accountable Officer with responsibility for the relevant head of expenditure. It must not be spent on any other purpose that than for which it was allocated.

Should any allocations remain unspent at the end of the financial year, they are automatically returned to the Central Reserve and may, by further Ministerial Decision, be made available in the following year.

Report to the States Assembly

All Ministerial Decisions signed by the Minister relating to the Central Reserve will ordinarily be made public. The States Assembly will receive updates on allocations as part of the six-monthly Finance Law Delegation Report presented by the Minister.