Minister for Treasury
and Resources

Government of Jersey

Government of Jersey
Union Street | St Helier | Jersey | JE2 3DN

Deputy Helen Miles
Chair – Corporate Services Scrutiny Panel

BY EMAIL

7 November 2025

Dear Chair,

Corporate Services Scrutiny Panel

Proposed Budget 2026-2029 Review – Written Questions

Further to your letter dated 31 October 2025, please see below in answer to the Panel's questions.

Technical and Formula Driven Growth

1. The Proposed Budget 2026-29 outlines a number of areas of expenditure that are determined by pre-agreed formulae (Page 47). Can you explain how the pre-agreed formulae are assessed as appropriate and at what intervals the formulae are reviewed?

Arts, Heritage and Culture	States Assembly decision to spend 1% of total net revenue expenditure on arts, heritage and culture, reviewed annually as part of the Budget process. Can only be revoked through a standalone proposition agreed by the Assembly.
Grant to Long Term Care Fund	Formula set in the Long-Term Care (States Contribution) (Jersey) Regulations 2013 Law. Reviewed every year as part of the Budget process and every 3 years through the actuarial review into the Long-Term Care Fund.
Grant to the Social Security Fund	Formula set in the Social Security (Jersey) Law 1974. Reviewed every year as part of the Budget process and every 3 years through the actuarial review into the Social Security Fund.
Jersey Overseas Aid	Council of Ministers commitment to spend 0.3% of GVA on development aid. Reviewed each year as part of the Budget process.
Maintain health and care standard	Council of Ministers commitment to increase the Health and Care Jersey Budget by at least 2% each year (over and above RPI). Reviewed each year as part of the Budget process. An additional 1% £3.6m has been allocated to Health and Care Jersey in Budget 2026, with the formula under review as part of the ongoing work into the sustainability of healthcare funding.

Technical growth includes allocations for finance costs, which vary depending on the level of borrowing and interest rates, as well as other adjustments to rebuild the court and case costs contingency reserve and to allocate an increase in the JFSC annual confirmation fees (received through general revenue income and not departmental income) to the Department for the Economy.

2. What instigates these reviews?

Reviews of formula driven expenditure are instigated at least annually through the annual Budget process.

3. What set guidelines exist for the review mechanism?

Formula driven expenditure items are reviewed alongside overall expenditure requirements, with the requirement in the Public Finances (Jersey) Law 2019, that the Council of Ministers cannot lodge a Government Plan with a negative balance in the Consolidated Fund for any of the four years.

Pilot Project Fund

4. Can you outline where allocations for the Chief Minister's 'Pilot Project Fund' are shown in the Proposed Budget 2026-29? (WQ.421/2024)

The Pilot Project Fund is included within the Ministerial Office, FOI and CEO service area of the Cabinet Office budget.

5. What processes govern this Fund and how much is allocated to it annually?

Funding requests come from a sponsoring department, accompanied by a business case, signed by the Finance Business Partner and Chief Officer, or delegates, or comparable assurance, with either a Ministerial Decision or the Chief Minister approving the business case to authorise the expenditure. All expenditure is governed the Public Finances Manual.

£615,000 is allocated to the Fund annually.

6. What happens to remaining funds if the annual allocation is not fully spent and are there mechanisms for the reallocation of unspent funds?

Any underspends would be considered in the same way as other revenue underspends, as part of the year-end process.

Under the Public Finances Law, the Treasury Minister can choose to allocate to the next year's reserve under Article 19 and then issue amounts under Article 15.

7. What mechanisms are in place regarding the use, governance and progress reporting for this Fund and for the projects the monies are attributed to?

All expenditure is governed the Public Finances Manual and reported in the Annual Accounts in the Grants disclosures. See also response to question 5.

Jersey Reclaim Fund and Dormant Bank Accounts (Jersey) Law 2017

8. It is the Panel's understanding that the Charities Commission is funded through the Jersey Reclaim Fund, in line with the Dormant Bank Accounts (Jersey) Law 2017. Can you explain the mechanism used to fund the Commission (is there a prescribed upper limit for allocations to the Commission)?

Yes, the Charity Commissioner is funded through the Jersey Reclaim Fund under the Dormant Bank Accounts (Jersey) Law 2017. The Law, specifically Article 20(2), allows money from the Fund to be used to cover the Commissioner's remuneration and the costs of staff, accommodation, and equipment necessary for the proper discharge of their functions.

Funding is not automatic; and all awards are governed by a Ministerial Order that sets out the policies and procedures for making distributions. Each year, the Minister for External Relations decides whether a distribution should be made and, if so, the amount, after consulting with the Minister for Treasury and Resources. In making this decision, the Minister considers factors such as the sustainability of the Fund, anticipated claims from account holders, and investment returns, as specified in the Order. For the period 2023 to 2027, the Order requires that sufficient funds are allocated first to meet the anticipated costs of the Charity Commissioner before any charitable distributions are considered.

There is no prescribed upper limit for allocations to the Commissioner, but the amount is specifically approved by the Minister for External Relations each year. This process is designed to ensure appropriate scrutiny of the Commissioner's costs and of the Fund's ability to honour future claims whilst maintaining a sustainable level of support for charitable purposes.

9. Should a scenario arise where funds are not available through the Jersey Reclaim Fund, what funding source can be utilised to fund the Charities Commission?

Whilst this is deemed unlikely, if this were to occur funding would need to be found from within Government approvals, either through allocation in a Budget or reallocation in year.

States Funds – Consolidated Fund, Strategic Reserve and Stabilisation Fund

10. How would the establishment of the Jersey Capital Investment Fund impact the Consolidated Fund, including its current cash-negative position and overdraft, and why has the decision on applying excess income to eliminate the overdraft been left for future Governments to consider rather than addressed in 2026?

This will be more fully set out in the proposition to establish the fund. However, it is anticipated that the Consolidated Fund will be split into the Jersey Capital Investment Fund (JCIF), and a General Revenue Fund (GRF). The JCIF would begin with a zero balance, and transfers from the GRF used to pay for spend through the fund.

We are committed to curbing the growth in the public sector, and this should create space which could be used to reduce the overdraft in future years. However, future governments will also need to consider the alternative needs for capital investments and transfers to the Stabilisation Fund or other reserves when making any decisions.

<u>Recommendation – Budget 2024-27</u>

11. A workplan was set out in 2024 to review the objectives and associated policies of the States Funds. Can you provide an update on the 2025 progress against the 2024 workplan to review the objectives and policies of the States Funds, including which Funds have been reviewed?

The Budget 2026-2029 includes the outcome of the review of 4 funds, which are in effect redundant and will now be closed:

- Jersey Innovation Fund (balance transferred to the Consolidated Fund)
- Hospital Construction Fund (assets transferred to the Consolidated Fund, balance to the Strategic Reserve
- Assisted House Purchase Scheme (balance transferred to the Dwelling Houses Loan Fund)
- 99-year Leaseholders Fund (balance transferred to the Dwelling Houses Loan Fund)

In addition, whilst the objective and purpose of the Criminal Offences Confiscation Fund are well established in law, a review of the operation of the fund is currently being carried out with internal procedures to be reviewed and updated.

Work on the Insurance Strategy has continued during the year, and on completion will inform changes to the objectives, policies and operations of that fund.

The workplan for review covered a number of years and will continue to be on the Department's business plan for 2026 and beyond. In particular in 2026, the department will input into a review of the objectives of the Social Security Fund by the Minister for Social Security, which will be informed by Actuarial Advice.

The Long-term Care fund is also being reviewed, and it is planned to review the Technology Accelerator Fund (as set out in the budget), and the Climate Emergency Fund – via the second Carbon Neutral Roadmap delivery plan.

<u>Recommendation – Budget 2025-28</u>

12. Can you provide an update on the 2025 work to review the objectives of the Stabilisation Fund?

The primary objective is unlikely to change: to assist in making Jersey's fiscal policy more countercyclical to create a more stable economic environment.

Background work on how we ensure that the Stabilisation Fund fulfils its purpose has begun, but will crystalise in proposals to move back to medium-term financial planning, which will change the context in which the fund will operate.

13. How has the Government strengthened its commitment to replenish the Reserves to appropriate levels through the Budget for 2026?

This is set out at a high level in the Budget. In particular, the Budget reaffirms our commitment to apply Pillar 2 receipts above the base case to strengthening reserves.

Work is ongoing on a project to forecast finances in a longer-term context, which will be available to support the creation of future budgets, including the forecast reserve position in the longer-term. In addition, we have begun work to move back to Medium-term financial planning, which should help build more financial discipline into the planning process.

Yours sincerely

Deputy Elaine Millar
Minister for Treasury and Resources

E e.millar2@gov.je