STATES OF JERSEY

PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024): TWENTY-THIRD AMENDMENT (P.51/2024 AMD.(23)) – AMENDMENT

ST. HELIER'S NEIGHBOURHOOD IMPROVEMENT AREA PROGRAMMES

Lodged au Greffe on xx
by the Council of Ministers
Earliest date for debate: 26th November 2024

STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024): TWENTY-THIRD AMENDMENT (P.51/2024 AMD.(23)) – AMENDMENT

1 PAGE 2, PART 1 –

For the words "The Treasury Minister will request additional funding for" substitute the word "Across"

Delete the words "from the States of Jersey Development Company (SoJDC) of"

After the words "up to £500,000" insert the words "within the Infrastructure Rolling Vote (Public Realm) will be used"

For the words "recognising that a" substitute the words "provided always that additional"

For the words "allocation will also be made" substitute the words "is contributed"

After the words "Parish of St Helier" insert the words "to meet the costs of relevant projects.

COUNCIL OF MINISTERS

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

1 PAGE 4, PARAGRAPH (o) –

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

"except that, on Page 59, after the words "in subsequent Budgets subject to affordability." there should be inserted the following new paragraph –

Across the period 2025-2028, up to £500,000 within the Infrastructure Rolling Vote (Public Realm) will be used to support St. Helier's Neighbourhood Improvement Area programmes, provided always that additional matching funding is contributed by the ratepayers of the Parish of St. Helier to meet the costs of the relevant projects."

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.

(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, except that, on Page 59, after the words "in subsequent Budgets subject to affordability." there should be inserted the following new paragraph –

Across the period 2025-2028, up to £500,000 within the Infrastructure Rolling Vote (Public Realm) will be used to support St. Helier's Neighbourhood Improvement Area programmes, provided always that additional matching funding is contributed by the ratepayers of the Parish of St. Helier to meet the costs of the relevant projects.

REPORT

Ministers are committed to improving St Helier, and one of the Common Strategic Policy priorities for 2024-2026 is the delivery of a plan to revitalise Town. Ministers are therefore supportive of the principle and intent behind Deputy Gardiner's amendment twenty-three and wish to support it, subject to this amendment.

The public realm programme provides a holistic approach to creating a vibrant and healthy Town centre to live in, work, and visit. The programme has the potential to create greater cultural and economic vibrancy in our Capital and to promote the wellbeing of St Helier residents and visitors to town. Attractive streets and places attract more tourism, and greater footfall increases the spend in local shops and businesses. Both will require increased space in town, including for sitting and outdoor dining.

The Island Plan's Public Realm Strategy set investing into the retail centre of St Helier's 'Vibrant Core' as a priority. This was ratified at a public realm workshop with representatives of the Parish of St Helier, Government departments and invited representatives of NGO's including the Chamber of Commerce, Jersey Business and Visit Jersey. Part of the 'Vibrant Core' work was to support initiatives to revitalise and provide better links within town to increase footfall.

The Parish of St Helier's Halkett Street public project was deemed to have a strategic fit with this work, being part of an important route linking Charles Street and Minden Place Car Parks with the Fish Market and the main Market, in conjunction with other works planned for that route. This route had already been identified as part of the public realm development work. On that basis alone a joint funding agreement was entered into by the Government with the Parish of St Helier.

The Neighbourhood Improvement Schemes are in residential zones on parish by-roads – offering value for immediate residents. The Council of Ministers is supportive of this work, on the basis of a firm commitment from the Parish of St Helier to make an additional investment in the projects which fall within the remit of the Parish Roads Committee and ratepayers.

This amendment has the effect of changing the source of funding identified by Deputy Gardiner from The States of Jersey Development Company Limited ("SoJDC") to the pre-existing Infrastructure Rolling Vote, subject to the availability of matching funding from the Parish. Ministers believe it would be inappropriate to source the £500,000 from the SoJDC. The Government, SoJDC and the Parish are aligned in our objectives in this regard, but SoJDC has a distinct and specific remit which it should be allowed to pursue in co-ordination and co-operation with Government and the Parish of St Helier, but not with ongoing interference.

<u>SoJDC's funding</u>

SoJDC was capitalised with £40 million of cash and assets. This contrasts with, for example, Andium Homes Limited, which received some £678 million of assets on creation. P.73/2010 (which created SoJDC and established its objectives) provides that SoJDC's development will be financed, exclusive of Government, from a combination of SoJDC's own resources and third-party financing.

The Deputy's amendment requires the Minister for Treasury & Resources to request up to £500,000 from SoJDC, which would be in the form of a dividend. The dividend could only be paid from two sources: -

Infrastructure allocation

- £5m from the profits from the College Gardens development, has already been allocated by the Regeneration Steering Group ("RSG") for infrastructure projects. The Deputy notes that £3m remains and that this sum has now been earmarked for feasibility and preliminary works relating to Fort Regent, and £500,000 could be taken from this pot. However, the £3m has already been allocated by SoJDC for these Fort Regent preliminary works.

SoJDC reserves

- The dividend would otherwise have to be sourced from the reserves of SoJDC. Removing £500,000 from the reserves of SoJDC is also problematic, since the RSG has agreed that, with major projects in the SoJDC pipeline including South Hill, the Waterfront and the remaining buildings in the International Finance Centre, all profits are reinvested in those future projects. Therefore, any sums that are removed from SoJDC's reserves now will have a direct impact on the viability and delivery of these projects.

- SoJDC has paid dividends in the past, but it is critical that the Company has sufficient working capital and reserves to finance its major property developments. As a result of significant build cost inflation, SoJDC requires increased levels of working capital to balance funding requirements. SoJDC's development finance requires 34% of equity to be injected by the Company, meaning that whilst a third-party lender will lend up to 66% of the cost of a development, SoJDC have to contribute the balance of the cost from its cashflow and reserves.

- In addition, whilst the Minister for Treasury and Resources, as shareholder representative, may request the payment of a dividend, dividends are only paid at the discretion of the directors of SoJDC. The Directors are obliged to consider the solvency of the company and its future commitments before approving dividends. Funding through a capital allocation represents a greater degree of certainty to achieve the objectives of the amendment.

SoJDC's objectives

The Deputy states that one of the aims of SoJDC when it was formed was to "enhance the individual characteristics of the Parish and of the neighbourhoods within them."

However, P.73.2010 states that this is one of the objectives of RSG that should be considered for future major public property and infrastructure projects, rather than SoJDC. It also states that this factor is for Parishes rather than the Parish of St Helier specifically.

P.73/2010 states in part that the overarching objective of SoJDC is "*to act as the delivery vehicle for property development for the States of Jersey….. Developing detailed development proposals for specific projects of major regeneration of property and* *infrastructure within Regeneration Zones in accordance with Development Plans approved by the Regeneration Steering Group*". Arguably, the Deputy's proposal is in conflict with SoJDC's principal raison d'etre.

SoJDC's delivery of Parish of St Helier improvements

The comments above should not be mis-construed as meaning that Government and SoJDC are not concerned with making infrastructure improvements within the Parish of St Helier.

The Deputy's report unfortunately fails to recognise the significant infrastructure improvements that SoJDC have already made and contributed to in the Parish. One notable project was the Midvale Road improvement project funded by SoJDC. Not only did this project deliver a much-improved pedestrian experience but, contrary to the Deputy's assertion, the £730,000 cost was actually drawn from the £5m infrastructure pot under the direction of the RSG.

SoJDC has also delivered significant infrastructure and public realm improvements including Trenton Square, Marina Gardens, Les Jardins de la Mer and Weighbridge Place, which have benefitted both Parishioners and all Islanders.

Further, as part of its development activities, SoJDC have and will continue to deliver considerable investment to improve the public realm, including new and enhanced public spaces. The delivery of the new South Hill development will, for example, deliver a renewed public park and make a considerable contribution to road and footpath improvements in the surrounding area.

Establishing a precedent

Members may consider that the Deputy's request is a reasonable one, but it does establish a potentially unwise precedent of drawing funds from SoJDC to fund Parish projects. In fact, the Deputy acknowledges this by referring to the "*potential scope to extend into other parishes if it is a success, and for such a scheme to become standard practice for SoJDC when working in co-ordination with the Parishes and Government*". Not only would this precedent conflict with SoJDC's overarching objectives, it has the potential to hamstring SoJDC's future projects as its reserves are taken for other Government or parish projects and it ignores the vital role of the RSG in providing direct political oversight over SoJDC, its activities and developments.

Accordingly, Ministers ask that Members accept this amendment, which supports the objectives of Deputy Gardiner, but identifies an alternative funding source, so that the £500,000 will come from the public realm budget across the period of 2025-2028.

Financial and staffing implications

The commitment of £500,000 from the Public Realm allocation in the IRV across 2025-2028 will require some reprioritisation and replanning of the existing programme, which was already reduced in the Budget 2025 to £2.5 million. However, the Minister will work with his department to drive some efficiencies, prioritise, and thus minimise levels of delay and extension to the programme, which would otherwise cause disruption to the town centre and businesses.

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.