

# STATES OF JERSEY



## STRATEGIC RESERVE FUND: LONG-TERM FUNDING PLAN

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Lodged au Greffe on 17th April 2024  
by Deputy M.B. Andrews of St Helier North  
Earliest date for debate: 21st May 2024

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STATES GREFFE

## **PROPOSITION**

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

to request the Minister for Treasury and Resources to develop a long-term funding plan to increase the value of the Strategic Reserve Fund to a minimum of 30% of the Island's Gross Value Added (GVA), and for such a funding plan to be implemented no later than January 2026.

DEPUTY M.B. ANDREWS OF ST. HELIER NORTH

## **REPORT**

The Fiscal Policy Panel (the “Panel”) recommended the Strategic Reserve Fund (“the Fund”) should be somewhere between 30 to 60 percent of Gross Value Added (GVA) ([R Fiscal Policy Panel 2023 Annual Report.pdf \(gov.je\)](#)). The most recent Panel report shows that the Fund is forecast at 17 percent of GVA for 2027 which is below the Panel’s recommendation. In the report it reads ‘The Panel calculates that the Strategic Reserve should sit at £2,900 to £4,300 million by 2027 compared to the current forecast balance of £1,206 million or 17% of GVA’.

The Panel raised the following concerns over the sustainability of the Fund which features in the Panel’s November 2023 report ‘The Strategic Reserve balance is forecast to decline as a share of GVA. In 2027, it is forecast to stand at £1,206 million, roughly half the minimum level recommended by the Panel. The Strategic Reserve is unlikely to be sufficient to meet a major crisis. It is disappointing not to see stronger commitment to add to the reserves, given the current and recent past strength of government revenues’. The sustainability of the Fund has not been helped by consecutive Council of Ministers prioritising growth bids which has led to public sector expansion over making necessary transfers to the reserve funds.

To address these concerns, the government will need to maintain a public sector surplus for future years, to ensure surplus funds can be transferred to the Fund, to increase the Fund value. The government should also consider reducing government expenditure too. By reducing government expenditure, it means more funds can be made available to be transferred to the Fund.

The Council of Ministers should implement a long-term funding plan to increase the value of the Fund which aligns with the Panel’s recommendation which features in the 2021 report which states ‘Current forecasts suggest the Strategic Reserve will remain below the desirable range of 30-60% of GVA for the next 40 years. This does not meet the Panel’s previous recommendations. A long-term plan is needed to increase the size of the Reserve and the Government should set this out’ ([Fiscal Policy Panel 2021 Annual Report \(gov.je\)](#)).

I am proposing that the Minister for Treasury and Resources bring forward proposals to develop a long-term funding plan, to increase the Fund value relative to GVA, to be implemented no later than January 2026.

### **Financial and staffing implications**

Officers in the Treasury department will be responsible for drawing up a long-term funding plan, to be implemented by no later than January 2026.

### **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.