

# STATES OF JERSEY



## PROPOSED GOVERNMENT PLAN 2023- 2026

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Lodged au Greffe on 4th October 2022  
by the Council of Ministers  
Earliest date for debate: 13th December 2022

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STATES GREFFE

## PROPOSITION

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

to receive the Government Plan 2023–2026 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 2023 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 2023, 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 approvals;
- (c) to approve the transfers from one States fund to another for 2023 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 each major project that is to be started or continued in 2023 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;
- (e) to approve the proposed amount to be appropriated from the Consolidated Fund for 2023, 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;
- (f) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2023 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;
- (g) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2023 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;
- (h) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2023 as set out in Appendix 2 – Summary Table 8 to the Report; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2023-2026, as set out at Appendix 3 to the Report.

COUNCIL OF MINISTERS

## REPORT

### **Introduction**

In accordance with Articles 9(1) and 15 of the Public Finances (Jersey) Law 2019, the Council of Ministers seeks the approval of the States Assembly to the Government Plan 2023-2026 which is included in Appendix 3 of this report.

Article 9(1) of the Public Finances (Jersey) Law 2019 provides that the Council of Ministers must prepare a Government Plan and lodge it in sufficient time for the States to debate and approve it before the start of the next financial year.

Article 15 of the Public Finances (Jersey) Law 2019 sets out the effect of the approval by the States Assembly of a Government Plan.

### **Structure of the Government Plan**

Part 3 of the Public Finances (Jersey) Law 2019 sets out the statutory content and scope for the Government Plan and is set out at Appendix 1 for ease of reference. This requires certain specific information to be included within the Government Plan and also requires the Council of Ministers to provide any other information that the Council of Ministers believes that the States may reasonably expect to need in order to consider the matters required to be set out in the Government Plan. The Government Plan 2023-2026, included at Appendix 3, sets out this information.

### **Draft Legislation containing a Taxation Draft and Social Security amendments**

As the Government Plan 2023-2026 proposes imposing or varying a tax for 2023, in accordance with Articles 11 and 12 of the Public Finances (Jersey) Law 2019, the Minister for Treasury and Resources will lodge draft legislation containing a taxation draft that implements those proposals. This will be lodged in line with the 6 week lodging period as required by Standing Orders so that it can be debated by the States in the same sitting as the Government Plan.

As the Government Plan 2023–2026 also proposes changes to Social Security legislation to remove the States grant to the Social Security Fund, and transfers from the Health Insurance Fund, the Minister for Social Security will lodge draft legislation containing the necessary legislative amendments that implement these changes. The legislation will be lodged in line with the 6 week lodging period as required by States Standing Orders so that it can be debated by the States in the same sitting as the Government Plan.

### **Amendments to the lodged Government Plan 2023-2026**

States Members seeking to amend the Government Plan 2023-2026 are asked to note that the Public Finances (Jersey) Law 2019 provides:

#### ***“13 Amendment to lodged government plan***

- (1) An amendment to a lodged government plan may, in addition to proposing the amendment to the plan, propose –*
- (a) the amendment of any enactment that imposes a tax or provides for the administration of a tax (whether or not the Minister has lodged a taxation draft that would amend the enactment); or*
  - (b) the imposition of a new tax.*

- (2) A person, committee or panel who intends to propose an amendment to any element of a lodged government plan referred to in Article 9(2) must, in preparing the amendment, take into account the impact of the amendment on –
- (a) the States' finances;
  - (b) the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey; and
  - (c) the sustainable well-being of the inhabitants of Jersey over successive generations.”

In addition, it states that:

**“14 Limitations on approval**

*The States may not approve a government plan that would –*

- (a) show a negative balance in the Consolidated Fund at the end of the first financial year covered by the plan; or
- (b) authorise the transfer of money between one States fund and another in a manner that is inconsistent with any enactment or with the terms of a States fund.”

**Effect of Approval of the Government Plan 2023-2026**

The Public Finances (Jersey) Law 2019 also outlines the impacts following the approval of the Government Plan:

**“15 Effect of approval**

- (1) *The approval by the States of a government plan is an approval of the appropriations, financing and transfers set out in the plan for the first financial year it covers, such that in that year –*
- (a) *an amount of not more than an approved appropriation may be withdrawn from the Consolidated Fund and spent in accordance with the plan;*
  - (b) *a States body or area of operation specified under Article 9(8) may withdraw from the Consolidated Fund an amount, to be spent on the related head of expenditure, of not more than the lesser of –*
    - (i) *the amount of income that is earned by, or is attributable to, the States body or area of operation in that year, and*
    - (ii) *the amount, set out in the plan under Article 9(8) in relation to the head of expenditure, of the estimated income of the States body or area of operation;*
  - (c) *a States trading operation may withdraw from its fund an amount of not more than the approved appropriation and spend it in accordance with the Plan;*
  - (d) *the Minister may arrange financing in accordance with the Plan; and*
  - (e) *money may be transferred between States funds in accordance with the Plan.*
- (2) *The approval by the States of a Government Plan is also an approval of –*
- (a) *the designation of a project, set out in the Plan, that is to be designated as a major project;*
  - (b) *the undertaking of the major projects that are set out in, or designated under, the Plan; and*

*(c) the proposed total cost, from start to finish, of each of those major projects.*

- (3) The approval by the States of a Government Plan Authorises the Minister to direct how an approved appropriation for a reserve head of expenditure in the Plan may be spent (including on another head of expenditure) in the first financial year covered by the Plan.*
- (4) Is not an approval of any appropriations, financing or transfers for the years following the first financial year covered by the Plan"*

Extract from the Public Finances (Jersey) Law 2019

**PART 3**

FINANCIAL PLANNING AND AUTHORITY TO SPEND

*Government plan and taxation drafts*

**9 Preparation and lodging of government plan**

- (1) Each financial year, the Council of Ministers must prepare a government plan and lodge it in sufficient time for the States to debate and approve it before the start of the next financial year.
- (2) The government plan must set out –
  - (a) the estimated income to be paid into the Consolidated Fund in the next financial year;
  - (b) the proposed amount of any transfer of money from one States fund to another during the next financial year;
  - (c) the amount of any other proposed financing to be obtained for the next financial year;
  - (d) each major project, and each project that is to be designated as a major project, that –
    - (i) is proposed to be started in the next financial year, and
    - (ii) has not previously been set out in an approved government plan;
  - (e) the proposed total cost, from start to finish, of each project referred to in sub-paragraph (d);
  - (f) any amendment to the proposed total cost, from start to finish, of a major project that was set out in or designated under a previously approved government plan;
  - (g) the proposed amount to be appropriated from the Consolidated Fund for the next financial year, per head of expenditure;
  - (h) the estimated income from each States trading operation to be paid into its fund in the next financial year; and
  - (i) the proposed amount to be appropriated from each States trading operation's fund for the next financial year, per head of expenditure.
- (3) The government plan must also set out, more generally –
  - (a) the estimated income to be paid into the Consolidated Fund in the 3 financial years following the next financial year;

- (b) the estimated amount of any proposed transfer of money from one States fund to another during each of those 3 financial years;
  - (c) the estimated amount of any other proposed financing to be obtained for each of those 3 financial years;
  - (d) the total estimated expenditures from the Consolidated Fund for each of those 3 financial years;
  - (e) the estimated expenditures from the Consolidated Fund for each major project to be carried out in each of those 3 financial years;
  - (f) the estimated income from each States trading operation to be paid into its fund for each of those 3 financial years; and
  - (g) the total estimated expenditures from each States trading operation's fund for each of those 3 financial years.
- (4) The government plan must also include –
- (a) the estimated amounts that will be in each of the States funds listed in Schedule 5 at the start and at the end of each of the 4 financial years covered by the plan; and
  - (b) any other information that the Council of Ministers believes that the States may reasonably be expected to need in order to consider the matters mentioned in paragraphs (2) and (3) and sub-paragraph (a).
- (5) The Council of Ministers must not lodge a government plan that shows a negative balance in the Consolidated Fund at the end of any of the financial years covered by the plan.
- (6) The Council of Ministers must –
- (a) in preparing the government plan, take into account the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey; and
  - (b) set out in the government plan how the proposals in the government plan take those matters into account.
- (7) The government plan may include a reserve as a head of expenditure.
- (8) The government plan may, in relation to a head of expenditure, set out an amount of the estimated income to be earned by, or be attributable to, a specified States body or area of operation of a States body in the next financial year.
- (9) The Council of Ministers must –
- (a) in preparing the government plan, take into account the sustainable well-being (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations; and

- (b) set out in the government plan how the proposals in the plan take that sustainable well-being into account.

## **10 Proposed appropriations for non-Ministerial States bodies or other bodies**

- (1) A government plan lodged by the Council of Ministers must set out, as the proposed amount referred to in Article 9(2)(g) to be appropriated in relation to the operations of a non-Ministerial States body or body listed in Schedule 6 for the next financial year, the amount that is submitted to the Council of Ministers by –
  - (a) the chairman of the States’ Public Accounts Committee, in the case of the office of the Comptroller and Auditor General;
  - (b) the chairman of the States’ Privileges and Procedures Committee, in the case of the States Greffe;
  - (c) the non-Ministerial States body, in the case of any other non-Ministerial States body; and
  - (d) the Minister responsible for ensuring the proper resourcing of the body under the enactment that established that body, in the case of a body listed in Schedule 6.
- (2) The Council of Ministers may include, in the government plan, a statement indicating whether or not the Council supports any of the submitted amounts referred to in paragraph (1).
- (3) For the avoidance of doubt, the amounts set out in the government plan under this Article may be the subject of an amendment under Article 13.

## **11 Lodging of taxation draft**

- (1) If a lodged government plan proposes imposing or varying a tax for the next financial year, the Minister must lodge draft legislation containing a taxation draft that implements the proposal in sufficient time for the taxation draft to be debated and approved by the States before the start of that financial year.
- (2) Paragraph (1) does not prevent the Minister from lodging other draft legislation containing a taxation draft at any time.
- (3) If, at any time, the States approve a proposition that suggests that a taxation draft should be lodged and the Minister does not lodge draft legislation containing a taxation draft in sufficient time for it to be debated before the time when it should have effect, the Minister must explain why he or she has not lodged it.
- (4) Only the Minister may lodge draft legislation that contains a taxation draft.



## **12 Taxation draft may be given immediate effect**

- (1) The States may by Act declare that, on the Act being made, a taxation draft in a draft Law has effect as if the draft Law had been passed by the States, confirmed by Her Majesty in Council and registered in the Royal Court.
- (2) The States may extend the application of the Act to an ancillary provision that is contained in the same draft Law.
- (3) An Act referred to in paragraph (1) may be made at any time after the taxation draft to which it relates has been lodged.
- (4) If a taxation draft which has effect under paragraph (1) provides for the renewal of an existing tax, any enactment which was in force in respect of the tax as last imposed has full force and effect with respect to the renewed tax, subject to any taxation draft or ancillary provision which also has effect under paragraph (1).
- (5) If, after an Act has been made under paragraph (1), a taxation draft or ancillary provision given effect by the Act is amended before it is confirmed by Her Majesty in Council, money that is paid or deducted in respect of it but that would not have been paid or deducted in respect of the version as amended and confirmed must be repaid or made good.
- (6) If, after an Act has been made under paragraph (1), a taxation draft or ancillary provision given effect by the Act is not adopted by the States or is not confirmed by Her Majesty in Council, any money paid or deducted under it must be repaid or made good.
- (7) In this Article –
  - (a) an “ancillary provision” is a provision in a draft Law that provides for –
    - (i) the collection and administration of a tax,
    - (ii) the proper administration of matters connected with the imposition of a tax,
    - (iii) the interpretation, application, effect or commencement of a taxation draft,
    - (iv) consequential amendments, transitional arrangements or savings that are supplemental to a taxation draft being given effect; and
  - (b) a reference to a taxation draft or ancillary provision includes any amendment to a taxation draft or ancillary provision that is adopted by the States before the Act is declared.

## **13 Amendment to lodged government plan**

- (1) An amendment to a lodged government plan may, in addition to proposing the amendment to the plan, propose –

- (a) the amendment of any enactment that imposes a tax or provides for the administration of a tax (whether or not the Minister has lodged a taxation draft that would amend the enactment); or
  - (b) the imposition of a new tax.
- (2) A person, committee or panel who intends to propose an amendment to any element of a lodged government plan referred to in Article 9(2) must, in preparing the amendment, take into account the impact of the amendment on –
- (a) the States’ finances;
  - (b) the medium-term and long-term sustainability of the States’ finances and the outlook for the economy in Jersey; and
  - (c) the sustainable well-being of the inhabitants of Jersey over successive generations.

*Approval of government plan*

**14 Limitations on approval**

The States may not approve a government plan that would –

- (a) show a negative balance in the Consolidated Fund at the end of the first financial year covered by the plan; or
- (b) authorise the transfer of money between one States fund and another in a manner that is inconsistent with any enactment or with the terms of a States fund.

**15 Effect of approval**

- (1) The approval by the States of a government plan is an approval of the appropriations, financing and transfers set out in the plan for the first financial year it covers, such that in that year –
- (a) an amount of not more than an approved appropriation may be withdrawn from the Consolidated Fund and spent in accordance with the plan;
  - (b) a States body or area of operation specified under Article 9(8) may withdraw from the Consolidated Fund an amount, to be spent on the related head of expenditure, of not more than the lesser of –
    - (i) the amount of income that is earned by, or is attributable to, the States body or area of operation in that year, and
    - (ii) the amount, set out in the plan under Article 9(8) in relation to the head of expenditure, of the estimated income of the States body or area of operation;

- (c) a States trading operation may withdraw from its fund an amount of not more than the approved appropriation and spend it in accordance with the plan;
  - (d) the Minister may arrange financing in accordance with the plan; and
  - (e) money may be transferred between States funds in accordance with the plan.
- (2) The approval by the States of a government plan is also an approval of –
- (a) the designation of a project, set out in the plan, that is to be designated as a major project;
  - (b) the undertaking of the major projects that are set out in, or designated under, the plan; and
  - (c) the proposed total cost, from start to finish, of each of those major projects.
- (3) The approval by the States of a government plan authorises the Minister to direct how an approved appropriation for a reserve head of expenditure in the plan may be spent (including on another head of expenditure) in the first financial year covered by the plan.
- (4) For the avoidance of doubt, approval by the States of a government plan is not an approval of any appropriations, financing or transfers for the years following the first financial year covered by the plan.

## **16 Amendment to an approved government plan**

- (1) The States may amend an approved government plan only on a proposition lodged by the Council of Ministers.
- (2) A proposition to amend an approved government plan must not result in the plan showing a negative balance in the Consolidated Fund at the end of any financial year covered by the plan.

### *Supplementary powers*

## **17 Approval still pending at start of financial year**

- (1) This Article applies if the States have not approved a lodged government plan before the start of the first financial year covered by the plan.
- (2) For each month of that year during which the government plan remains unapproved, an amount up to the maximum set out in paragraph (4) may be withdrawn from the Consolidated Fund in

respect of a proposed head of expenditure set out in the unapproved plan if there is an equivalent head of expenditure set out in the most recently approved government plan.

- (3) For each month of that year during which the government plan remains unapproved, a States trading operation may withdraw an amount up to the maximum set out in paragraph (4) from its fund in respect of a proposed head of expenditure set out in the unapproved plan if there is an equivalent head of expenditure, under which an amount is appropriated from that fund, set out in the most recently approved government plan.
- (4) The maximum referred to in paragraphs (2) and (3) is 1/12th of the amount of the appropriation for the equivalent head of expenditure set out in the most recently approved government plan.
- (5) Articles 18 and 22 apply, with any modifications that the circumstances require, with respect to heads of expenditure in the unapproved government plan.
- (6) Paragraphs (2) and (3) cease to apply as soon as the States approves the government plan referred to in paragraph (1), and in that case any amounts withdrawn under this Article are treated as being withdrawn under that plan.

## **18 Power to re-allocate**

- (1) Despite an approved government plan, the Minister may direct that a specified amount appropriated under the plan for one head of expenditure be allocated to another head of expenditure that is –
  - (a) set out in the plan; or
  - (b) a new head of expenditure relating to a major project set out in, or designated by, the plan or a previously approved government plan.
- (2) The specified amount may be withdrawn from the Consolidated Fund and spent on that other head of expenditure in the same financial year for which the amount was appropriated, as if the amount had been appropriated for that other head of expenditure.
- (3) For the avoidance of doubt, the total amount appropriated for the original head of expenditure is decreased by the specified amount.
- (4) The Minister must give the States at least 4 weeks' notice of the day on which the Minister proposes to give a direction under this Article and, if a proposition objecting to the proposed direction is lodged before that day, the Minister must not give the direction unless and until the States reject the proposition or the proposition is withdrawn.
- (5) If a direction under this Article would affect a head of expenditure that relates to the responsibilities of any Minister, that Minister must be consulted before the direction is made.

**19 Power to transfer amounts to following year's reserve**

Despite an approved government plan, the Minister may direct that an unspent amount appropriated for a head of expenditure in one financial year be deemed to be appropriated for a reserve head of expenditure for the following financial year.

**20 Power to transfer major project amounts to following year**

Despite an approved government plan, the Minister may direct that an unspent amount appropriated for a head of expenditure for a major project in one financial year is deemed to be appropriated for a head of expenditure for that major project for the following financial year.

**21 Power to allocate excess income**

- (1) This Article applies if –
  - (a) an approved government plan includes, under Article 9(8), the estimated income that will be earned by, or be attributable to, a States body or by an area of operation of a States body during the first financial year covered by the plan; and
  - (b) income in excess of that estimate is earned by, or attributable to, the States body or area of operation during that financial year.
- (2) Despite the approved government plan, the Minister may direct that the excess income referred to in paragraph (1)(b) be allocated to a head of expenditure set out in the plan.
- (3) The amount subject to the Minister's direction may be withdrawn from the Consolidated Fund and spent on that head of expenditure in the first financial year covered by the approved government plan, as if the amount had been appropriated for that head of expenditure.

**22 Limitations on powers – non-Ministerial States bodies and States trading operations**

- (1) The Minister may give a direction under any of Articles 18 to 21 with respect to a head of expenditure that relates to the operations of a non-Ministerial States body only with the approval of –
  - (a) the chairman of the States' Public Accounts Committee, in the case of the Comptroller and Auditor General;
  - (b) the chairman of the States' Privileges and Procedures Committee, in the case of the States Greffe; or
  - (c) the accountable officer of the non-Ministerial States body, in any other case.

- (2) Amounts appropriated from a States trading operation's fund may only be allocated under Article 18 to –
  - (a) another head of expenditure, set out in the plan, for which amounts are appropriated from that fund, or
  - (b) a new head of expenditure relating to a major project, described in Article 18(1)(b), that is being undertaken by the States trading operation.
- (3) Articles 19 and 21 do not apply with respect to amounts appropriated in relation to a States trading operation from the Consolidated Fund or its fund.

### **23 Semi-annual updates**

- (1) The Minister must, in accordance with paragraph (2), prepare and present to the States a written statement setting out –
  - (a) each function undertaken, within the applicable 6-month period referred to in paragraph (2), under any of Articles 18 to 21, 24 and 26 to 28; and
  - (b) each direction given, within the applicable 6-month period referred to in paragraph (2), by the Minister under Article 15(3) with respect to the amounts appropriated for a reserve head of expenditure.
- (2) The Minister must present the statement in respect of the first 6 months of a financial year no later than 31st August of that year, and must present the statement in respect of the second 6 months of the financial year no later than the last day of February of the next year.

#### *Emergency expenditures*

### **24 Authority to withdraw a specified amount**

- (1) Despite an approved government plan, the Minister may authorise the withdrawal of a specified amount from the Consolidated Fund if he or she is satisfied that –
  - (a) the circumstances described in paragraph (2) require an immediate expenditure; and
  - (b) no other amount, or an insufficient amount, may be withdrawn from the Consolidated Fund under the applicable approved government plan.
- (2) The circumstances referred to in paragraph (1)(a) are –
  - (a) a state of emergency has been declared under the Emergency Powers and Planning (Jersey) Law 1990; or

- (b) the Minister 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.
- (3) The Minister must present a notice to the States of a withdrawal under paragraph (1) as soon as is practicable after it occurs.
- (4) If the amount specified under paragraph (1) is less than £10 million, the Minister may, despite the approved government plan, direct that the amount be appropriated from the Consolidated Fund.
- (5) If the amount specified under paragraph (1) is £10 million or more, the applicable approved government plan must be amended accordingly under Article 16.

## APPENDIX 2 Summary Tables

Summary Table 1 - States Income				
£'000	2023	2024	2025	2026
	Estimate	Estimate	Estimate	Estimate
<b>Income Taxes</b>				
- Personal Income Tax	619,650	656,150	686,150	717,150
- Corporate Income Tax	131,000	171,000	181,000	184,000
- Provision for Bad Debt	(3,000)	(3,000)	(3,000)	(3,000)
	<b>747,650</b>	<b>824,150</b>	<b>864,150</b>	<b>898,150</b>
<b>Goods and Services Tax (GST)</b>				
- Goods and Services Tax	94,820	98,000	99,900	101,670
- International Service Entities Fees	12,630	12,630	12,630	12,630
	<b>107,450</b>	<b>110,630</b>	<b>112,530</b>	<b>114,300</b>
<b>Impôt Duties</b>				
- Spirits	7,585	8,219	8,655	9,000
- Wine	9,209	9,874	10,286	10,583
- Cider	860	902	919	928
- Beer	6,710	7,117	7,335	7,467
- Tobacco	19,027	17,748	17,333	16,734
- Fuel	27,960	29,660	30,572	31,121
- Goods (Customs)	1,000	1,000	1,000	1,000
- Vehicle Emissions Duty (VED)	4,337	4,337	4,337	4,337
	<b>76,688</b>	<b>78,857</b>	<b>80,437</b>	<b>81,170</b>
<b>Stamp Duty and Land Transfer Tax</b>				
- Stamp Duty	49,162	49,538	51,604	54,349
- Land Transfer Tax (LTT)	5,662	5,930	6,172	6,493
- Probate	2,700	2,700	2,700	2,700
- Enveloped Property Transaction Tax	1,000	1,000	1,000	1,000
	<b>58,524</b>	<b>59,168</b>	<b>61,476</b>	<b>64,542</b>
<b>Other Income</b>				
- Parish Rates	15,555	16,161	16,598	16,996
- Dividend Income	9,669	10,157	10,716	11,113
- Income from Andium Homes and Housing Trusts	29,156	29,702	30,210	30,618
- Other Non-dividend Income	7,776	7,779	10,183	10,086
	<b>62,156</b>	<b>63,799</b>	<b>67,707</b>	<b>68,813</b>
<b>General Revenue Income - Income Forecast Group (IFG) Scenario</b>	<b>1,052,468</b>	<b>1,136,604</b>	<b>1,186,300</b>	<b>1,226,975</b>
<b>Additional Income Measures</b>				
- Future Tax Measures	-	6,650	6,650	6,650
	-	<b>6,650</b>	<b>6,650</b>	<b>6,650</b>
<b>Total States Income after Additional Income Measures</b>	<b>1,052,468</b>	<b>1,143,254</b>	<b>1,192,950</b>	<b>1,233,625</b>



**Summary Table 2 - Borrowing for 2023**

£'000	Existing Approval	Change to Approval	2023 Approval	2024 Proposed	2025 Proposed	2026 Proposed
Costs of Covid-19	208,520	(208,520)	-	-	-	-
Fiscal Stimulus	29,641	(29,641)	-	-	-	-
Refinancing of past-service liabilities	480,000	(3,000)	477,000	477,000	477,000	477,000
Housing Bond	250,000	-	250,000	250,000	250,000	250,000
<b>Total Approved Borrowing (before Our Hospital)</b>	<b>968,161</b>	<b>(241,161)</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>
Borrowing for Our Hospital	756,000	-	756,000	756,000	756,000	756,000
<b>Total Approved Borrowing</b>	<b>1,724,161</b>	<b>(241,161)</b>	<b>1,483,000</b>	<b>1,483,000</b>	<b>1,483,000</b>	<b>1,483,000</b>

**Summary Table 3 - Transfers of monies between States Funds**

£'000	Transfer From	Transfer To	2023 Proposed	2024 Proposed	2025 Proposed	2026 Proposed
	Consolidated Fund	Climate Emergency Fund	4,400	4,400	4,400	4,400
	Consolidated Fund	Strategic Reserve (Pensions refinancing)	1,790	2,192	2,605	3,028
	Health Insurance Fund	Consolidated Fund (Revenue)	6,100	4,100	-	-
	Health Insurance Fund	Consolidated Fund (Capital)	6,350	5,705	-	-
	Criminal Offences Confiscation Fund	Consolidated Fund	1,811	777	-	-
	Social Security (Reserve) Fund	Social Security Fund	89,000	-	-	-
	Strategic Reserve	Consolidated Fund (Hospital capital)	80,100	190,100	241,200	183,300
	Strategic Reserve	Consolidated Fund (Capital repayment)	1,000	336	-	-
	Strategic Reserve	Consolidated Fund (Hospital borrowing)	3,050	7,010	14,990	19,600

**Summary Table 4 - Major Projects**

£'000	Spons Dept	Supply Dept	Previous Approval	Total Project Approval	Change
Infrastructure Rolling Vote & Regeneration Including St. Helier	IHE	IHE	-	14,715	14,715
Sewage Treatment Works	IHE	IHE	86,235	88,635	2,400
Learning Difficulties - Specialist Accommodation	HCS	IHE	9,350	9,350	-
Ambulance, Fire & Rescue Headquarters	JHA	IHE	24,403	24,403	-
Oakfield and Fort Regent Decant <sup>1</sup>	IHE	IHE	9,402	9,402	-
Office Modernisation	IHE	IHE	3,923	3,923	-
Inspiring Active Places - Sports Strategy	IHE	IHE	814	3,914	3,100
MS Foundation	CBO	CBO	11,446	10,871	(575)
Cyber & Cyber ORI <sup>2</sup>	CBO	CBO	14,970	16,358	1,388
Integrated Tech Solution Release 1 & 2	CBO	CBO	54,740	54,740	-
ITS Release 3 & 4	CBO	CBO	6,500	6,500	-
ITS Release 3 Additional	CBO	CBO	1,281	1,281	-
Digital Care Strategy	HCS	CBO	16,185	16,185	-
Schools Estate <sup>3</sup>	CYPES	IHE	31,350	-	(31,350)
Jersey Opera House	ECON	ECON	-	11,731	11,731

<sup>1</sup> Renamed (GP22: Fort Regent)

<sup>2</sup> Renamed (GP22: Cyber)

<sup>3</sup> No longer a Major Project. Now included within the Head of Expenditure for New School Educational Developments

Community Fund	T&E	T&E	-	7,000	7,000
Revenue Transformation Programme (Phase 3)	T&E	T&E	9,425	9,425	-
Our Hospital	HCS	HCS	804,500	804,500	-

### Summary Table 5i - 2023 Revenue Heads of Expenditure

£'000	Income	Expenditure	Head of Expenditure
<b>Departmental Expenditure</b>			
Cabinet Office	2,780	70,116	67,336
Children, Young People, Education and Skills	21,220	210,908	189,688
Customer and Local Services	10,452	105,755	95,303
Infrastructure, Housing and Environment	31,177	86,682	55,505
Health and Community Services	26,207	274,089	247,882
Jersey Overseas Aid	-	17,700	17,700
Justice and Home Affairs	4,530	39,700	35,170
States of Jersey Police	234	27,342	27,108
Ministry of External Relations	290	3,378	3,088
Department for the Economy	-	40,264	40,264
Treasury and Exchequer	3,355	70,743	67,388
Past Service Pension Liability Refinancing	174	13,956	13,782
<b>Departmental Expenditure</b>	<b>100,419</b>	<b>960,633</b>	<b>860,214</b>
<b>Non-Ministerial and Other States Bodies</b>			
Bailiff's Chambers	68	2,192	2,124
Comptroller and Auditor General	80	1,158	1,078
Judicial Greffe	2,382	11,509	9,127
Law Officers' Department	237	11,118	10,881
Office of the Lieutenant Governor	107	946	839
Official Analyst	53	738	685
Probation	88	2,732	2,644
States Assembly	68	8,814	8,746
Viscount's Department	826	2,928	2,102
<b>Non-Ministerial and Other States Bodies Expenditure</b>	<b>3,909</b>	<b>42,135</b>	<b>38,226</b>
Covid-19 Response	-	25,211	25,211
<b>Departmental and Non-Ministerial Expenditure</b>	<b>104,328</b>	<b>1,027,979</b>	<b>923,651</b>
<b>Reserves</b>			
Reserve for Centrally Held Items	-	43,506	43,506
General Reserve	-	29,187	29,187
<b>Reserve Expenditure</b>	<b>-</b>	<b>72,693</b>	<b>72,693</b>
Our Hospital - Financing Costs	-	3,050	3,050
<b>Revenue Heads of Expenditure Total</b>	<b>104,328</b>	<b>1,103,722</b>	<b>999,394</b>

**Summary Table 5ii -2023 Capital and Other Projects Heads of Expenditure**

<b>£'000</b>	<b>Major Project</b>	<b>Spons Dept</b>	<b>Supply Dept</b>	<b>2023 Estimate</b>
Feasibility				1,830
<b>Estates</b>				
Land Acquisition		IHE	IHE	-
Oakfield and Fort Regent Decant	M	IHE	IHE	5,000
Inspiring Active Places - Sports Strategy	M	IHE	IHE	1,300
Office Modernisation	M	IHE	IHE	460
Crematorium		CLS	IHE	-
Vehicle Testing Service		IHE	IHE	100
Orchard House		IHE	IHE	449
Other IHE Estate Projects		IHE	IHE	1,700
Jersey Opera House	M	ECON	ECON	6,270
Elizabeth Castle		ECON	ECON	2,027
Learning Difficulties - Specialist Accommodation	M	HCS	IHE	1,700
Health Services Improvements Programme		HCS	HCS	5,000
In-Patient/Support Services Refurbishments		HCS	HCS	749
New School and Educational Developments		CYPES	CYPES	3,504
Upgrade to CYPES Estate		CYPES	CYPES	13,621
Ambulance, Fire & Rescue Headquarters	M	JHA	IHE	800
Army and Sea Cadets Headquarters		JHA	IHE	960
Magistrate's Court conversion		JG	JG	750
Firearms Range		SoJP	SoJP	1,775
Dewberry House - Sexual Assault Referral Centre		SoJP	IHE	2,851
Prison Improvement Works		JHA	IHE	2,985
				<b>52,001</b>
<b>Infrastructure</b>				
Infrastructure Rolling Vote and Regeneration Including St. Helier	M	IHE	IHE	14,715
Sewage Treatment Works	M	IHE	IHE	11,966
Countryside Access & Wellbeing		IHE	IHE	-
Planning Obligation Agreements		IHE	IHE	-
Road Safety		IHE	IHE	-
Other Infrastructure		IHE	IHE	2,950
				<b>29,631</b>
<b>Information Technology</b>				
MS Foundation	M	CBO	CBO	1,300
Cyber & Cyber ORI	M	CBO	CBO	5,000
Integrated Technology Solution Release 1 & 2	M	CBO	CBO	9,778
ITS Release 3 & 4	M	CBO	CBO	2,300
ITS Release 3 Additional	M	CBO	CBO	17
Other Government Wide IT Projects		CBO	CBO	3,399
Revenue Transformation Programme (Phase 3)	M	T&E	T&E	3,105
Digital Care Strategy	M	HCS	CBO	5,300
Jersey Care Model - Digital Systems		HCS	CBO	1,050
Next Passport Project		JHA	JHA	250
Combined Control IT		JHA	JHA	567

Electronic Patient Records		JHA	JHA	191
Regulation Group Digital Assets		IHE	IHE	1,252
Replacement LC-MS system		OA	OA	-
Probation/Prison Case Management system		Prob	Prob	440
Pride Software		JG	JG	-
Phoenix Software		VD	VD	300
Court Digitisation		JG	JG	1,639
				<b>35,888</b>
<b>Replacement Assets</b>				
Replacement Assets and Minor Capital		IHE	IHE	3,930
Refit & Replacement of Fisheries Protection Vessel & Auxiliary Vessels		IHE	IHE	-
Replacement Assets and Minor Capital		CYPES	CYPES	250
Replacement Assets and Minor Capital		HCS	HCS	3,755
Replacement Assets and Minor Capital		SoJP	SoJP	200
Replacement Assets and Minor Capital		JHA	JHA	162
Replacement of Aerial Ladder Platform		JHA	JHA	768
Replacement Assets and Minor Capital		CBO	CBO	3,000
				<b>12,065</b>
Community Fund	M	T&E	T&E	1,000
Reserve for Central Risk and Inflation		T&E	T&E	8,100
<b>Total Project Heads of Expenditure</b>				<b>140,515</b>
Our Hospital	M	HCS	HCS	80,100
<b>Total Project Heads of Expenditure including Our Hospital</b>				<b>220,615</b>

#### Summary Table 6 - Trading Operations Revenue Heads of Expenditure 2023

£'000	Estimated Income	Estimated Expenditure	Estimated Net Income
Jersey Car Parking	7,661	(5,862)	1,799
Jersey Fleet Management	5,434	(3,228)	2,206
	<b>13,095</b>	<b>(9,090)</b>	<b>4,005</b>

#### Summary Table 7 - Trading Operations Capital Heads of Expenditure 2023

£'000	Estimated Expenditure
Jersey Car Parking - Car Park Enhancement and Refurbishment	60
Jersey Fleet Management - Vehicle and Plant Replacement	2,000
	<b>2,060</b>

**Summary Table 8 - Climate Emergency Fund**

<b>£'000</b>	<b>2023 Estimate</b>
<b>Opening Balance</b>	<b>7,998</b>
Transfer from the Consolidated Fund	4,400
Expenditure	(7,050)
<b>Closing Balance</b>	<b>5,348</b>

**APPENDIX 3**  
Government Plan 2023-26



# Proposed Government Plan



Government  
Programme  
2023-26



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## CONTENTS

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Foreword by the Chief Minister	4
Foreword by the Minister for Treasury and Resources	6
Executive Summary	8
Economic Context	14
Financial Strategy	19
General Revenue Income	23
Budget Proposals	29
Public Sector Spending 2023-2026	38
Delivering Value for Money	45
Capital and Other Projects 2023 - 2026	49
Our Hospital	69
The Government of Jersey Balance Sheet and States Funds	70
Financial Matters Under Development	84

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## APPENDICES

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Appendix 1: Key to Abbreviations	88
Appendix 2: Proposition and Summary Tables	90
Appendix 3: Supplementary Financial Tables	96
Appendix 4: Administrative Tax Measures	107

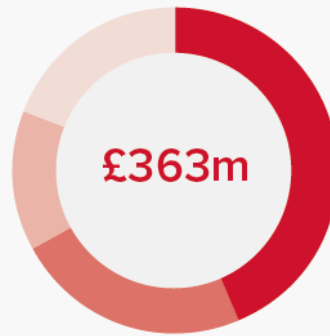


## Protecting our island's future by:



Taking action on Housing and the Cost of Living

Investing in our infrastructure



● Estates ● Infrastructure  
● IT ● Other



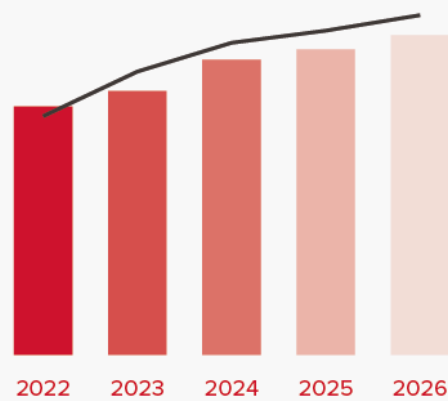
Value for Money in Government spending

Maintaining the strength of our Reserves (2026)



Covid borrowing fully repaid

Running balanced budgets



● Expenditure — Income

## Budget measures for 2023

### Alcohol and Fuel duty - Freeze for 2023



Alcohol  
**+0p**



Road Fuel  
**+0p**



### Tobacco duty      Uprate by RPI plus (on health policy grounds) an additional amount:



20 king size cigarettes  
**+97p**



RPI + 5% increase in standard tobacco duty



50g tobacco pouch  
**+£4.26**



RPI + 6.4% increase (to align the duty rate with that of cigarettes)

### Personal Income Tax allowances      (agreed in the cost of living mini budget)

**£2,000**



Increase in single person's standard income tax exemption threshold

**£3,200**



Increase in married / civil partner income tax exemption threshold

**£800**



Increase in second earner's allowance

### Vehicle Emissions Duty



**+0%**



Zero (0g) CO<sub>2</sub> emissions electric car



**+32%**



Low (51-75g) CO<sub>2</sub> emissions car



**+85%**



Very highest (201g plus) CO<sub>2</sub> emissions car

# Foreword by the Chief Minister



## Chief Minister

Deputy Kristina Moore

I am delighted to introduce the first Government Plan since the new Council of Ministers and Assistant Ministers took office in July. At the General Election, the public voted for change, for a better way and a fresh approach. We are now putting Jersey back on track, and this plan will support our ambition for Jersey to be a place where everyone can thrive.

We have hit the ground running, developing this Government Plan concurrently with our Strategic Priorities for the next four years, and implementing an action plan for our first 100 days in office. We have already delivered a mini budget to help Islanders with the rising cost of living, legislated to increase the minimum wage to £10.50, and we have taken steps to improve our accountability, transparency, and how we engage with the public.

We live in a beautiful Island – there is so much we value and we want to protect. We nevertheless have our challenges, which the new Government is committed to addressing so that Jersey can be a place where everyone feels they can have confidence in the future. We will continue to act to address the housing crisis, our population and skills challenges and the climate emergency.

This Government Plan takes action to protect our future. It invests an additional £61 million in our key public services during 2023, supports improvements to public infrastructure through £363 million of capital investment over the course of the plan (£141 million in 2023), and gives further assistance with the cost-of-living crisis. These are increasingly challenging and uncertain times globally, but Jersey retains a strong and credible position, where we are able to fund the improvements in services which we must deliver, support Islanders where required and retain a balanced budget.

We must keep taxes competitive and low if we are to continue to thrive and grow our economy. The Government Plan delivers the 12% increases in personal income tax thresholds agreed in the mini budget which will keep more money in the pockets of Islanders. In 2023, we will also freeze alcohol duty, freeze duty on road fuel, increase the minimum annual contribution for High Value Residents and introduce a higher rate of stamp duty for buy-to-let investments, second homes and holiday homes. This is a Government Plan that puts the needs of Islanders first and supports hard-working individuals and families.

The new Government will continue to respond to changing global circumstances and the impact this may have. Increasing interest rates, for example, are likely to put added pressure on mortgage holders, and aspiring mortgage holders. The Government will monitor the increasing burdens on household budgets and act to give targeted support where necessary.

Ministers recognise the challenge that Covid-19 presented to our public finances over the past two years. As an Island, we have recovered well, and importantly this Government Plan ensures that the borrowing undertaken as part of our covid response will be repaid by the end of 2022. This is reflective of a positive position in respect of the health of our public finances. Our funds and reserves remain strong and robust, and the Government Plan forecasts ongoing operating surpluses.

It is important that we use taxpayer's money efficiently, and that every pound spent is benefiting Islanders. In 2023, we will begin work to ensure that the Government is delivering value for money, and focusing spending on areas that matter most to the public and where new investment is needed to support key frontline services. With full employment and intense competition for staff and housing, we are mindful that despite our desire to enhance services, we must not exacerbate the pressures felt in the private sector. This is why we will actively identify where we can stop and simplify our activities so that our public sector can boost productivity.

As a community, we can look forward positively to the years ahead. We have shown in recent years how resilient we are. We now have a government with clear priorities, which is engaged with the issues impacting on Islanders most and focused on dealing with our challenges. Working together, we can support Island families to achieve their ambitions of a long-term future in Jersey, and this Government Plan takes us a step closer to realising that aim.

# Foreword by the Minister for Treasury and Resources



## Minister for Treasury and Resources

Deputy Ian Gorst

Over the next four years, the Treasury and Council of Ministers will need to focus on the many challenges facing our community and concentrate on the issues that matter to Islanders. Government must shape its policies to support a strong economy, ease the pressure on family budgets in these exceptional times, and ensure our success can be shared across the community.

We must protect our Island's future by achieving long term sustainability of our public finances, investing in health & education, and investing in our economic recovery and growth. The cost of living has been the Treasury's number one priority, closely followed by getting a grip on the public finances.

While we rightly focus on our island's finances, we must always be mindful of the wider global situation. The war in Ukraine, changes to UK interest rates and new governments across Europe all have far reaching impacts on the global environment and economy.

With the UK announcing new tax measures and the Bank of England increasing interest rates it shows how vital it is for us to maintain a stable and prudent approach to balancing our finances.

We are assessing the situation and planning for many eventualities and scenarios. Whilst the global and UK economy is in a state of flux it is important to take stock of the situation, understand it's impact whilst remembering we have a strong economy that has proven resilient in the face of many challenges over the last few years.

We also need to be mindful that the current level of volatility, inflation and interest rates may lead to further measures being necessary to support islanders. We will not hesitate to announce further measures should there be a need.

In a highly competitive world, our long-term economic success cannot be taken for granted and, to this end, we will continue to develop a sustainable economic framework within which we can create the right conditions to achieve Jersey's full economic potential in the face of varied global challenges.

Jersey's future must be one of economic success amidst immense global uncertainty. The Government will work tirelessly with all partners and arms-length organisations to ensure that the foundations of a truly sustainable economy are laid during the coming four years

The Housing Crisis in Jersey cannot be understated. The Government needs to send a clear message that our priority is affordable purchases for first-time buyers. We will maximise affordable properties on publicly owned land to restore hope, retain the talents and skills of young Islanders and keep our community diverse and vibrant.

In addition, we will find ways to support affordable purchases, be it through deposit schemes, shared equity, or deferred payment options. In all these areas, building homes and helping first-time buyers, we will continue to stand firmly in support of Andium Homes.

States spending must be controlled and focused on the priorities of Islanders. We will need, of course, to invest in key areas: the health service, mental health, children's services, education, and skills training.

Islanders are rightly concerned at the increase in borrowing that occurred under the last Government. We have committed to too much public debt, and we need to return to prudence and live within our means. We will start to pay down our debts beginning with those accrued during COVID, which can be fully repaid in 2022.

On tax, we must remain consistent in supporting low, simple, and competitive taxes. Treasury will of course need to play its role in designing schemes to fund the climate emergency response and to help change behaviour, this work must be proportional and based on public consensus.

Over the term of this Government Plan, we will continue to monitor the international roll out of the OECD global tax rules – Pillars 1 & 2: ensuring that we preserve our commitment to global tax standards and maintaining our international tax competitiveness. Importantly, to steer us through the MONEYVAL assessment in 2023, which is crucial for the well-being of our economy and to protecting jobs in the Island.

As a government will work to continue to ensure Jersey is a green, digitally enabled, and entrepreneurial finance centre, which can be confident of its future providing jobs and prosperity for Islanders for years to come.

I have outlined enough challenges and priorities to help four years pass very quickly. Within the Treasury Department itself of course we also have challenges to meet in improving our service to Islanders and businesses.

I will do all I can to tackle these head on and improve our level of service.

We know to expect the unexpected and that Government will need to be nimble and flexible in responding to the challenges of the future.

# Executive Summary

## Purpose of the Government Plan

Following the general election in June 2022, the new Council of Ministers has developed its Common Strategic Priorities for the next 4 years, which will be lodged with the States on 4 October 22. This will be supported by individual Ministerial Plans, which will include more detail on how each Minister will support these priorities in 2023.

This Government Plan explains the financial context in which those plans will be delivered and sets out the financial approvals that Ministers are proposing to ensure that taxpayer's money is focused on delivering of both their priorities and existing services.

The timing of the election has reduced the amount of time Ministers have had to develop this Government Plan. Notwithstanding this, the plan is designed to provide adequate resources and flexibility to drive progress on the Council of Ministers' vision for the Island, whilst ensuring the ongoing sustainability of Government and States' finances.

More detailed information on items in the plan will be published in an Annex to the plan as soon as its practical.

## Government Plan 2023-2026

### *Context*

This plan has been written in a time of great economic uncertainty, with the global economy disrupted by the ongoing effects of the war in Ukraine, the Covid-19 pandemic, and other geopolitical developments. We are forecast to see inflation at levels not seen for decades, with interest rates also rising after a sustained period of low interest rates.

These changes have resulted in significant improvement in the forecasts for Government income. However, it also results in expenditure pressures on both Government, and Islanders. This plan takes action to address these challenges whilst investing in the priorities of the new Council of Ministers and ensuring the long-term sustainability of Public Finances.

### *Addressing the Cost of Living Crisis*

In proposing the "Mini-Budget", the Council of Ministers took immediate action to help Islanders with the cost of living crisis, agreed by the Assembly in September 2022. Personal income tax thresholds and allowances for 2023 were increased by 12%, allowing the higher allowances to be factored into the Income Tax Instalment System (ITIS) effective rates issued towards the end of 2022, keeping more money in the pockets of Islanders.

In addition, immediate support was agreed for Islanders through temporary reductions to Social Security Contributions, an enhanced Cost of Living Temporary Scheme (COLTS), an

increase to the Community Cost Bonus, enhancements to the Cold Weather Bonus and Payment schemes and further support for families with less than five years residence.

This Government Plan sets out additional revenue measures that continue to support Islanders, by restraining overall increases in duties, where appropriate to do so:

- Freezing alcohol duty on all strengths of beer, cider, wines and spirits.
- Increasing tobacco duty on cigarettes by Retail Price Index (RPI) of 7.9% plus 5% in line with published health policy. Increasing duty on hand rolling tobacco and cigars by RPI of 7.9% plus 6.4% and 8%, respectively, as part of a longer-term commitment to align with cigarettes.
- Freezing duties on road fuel but maintaining the commitment to channel 9 pence per litre to the Climate Emergency Fund.

The cost of these measures has been partly offset by specific targeted measures to raise additional income:

- Increasing Vehicle Emissions Duty (VED), most notably on higher CO<sub>2</sub> emitting vehicles, from 1 January 2023.
- Increasing the minimum annual contribution for High Value Residents (HVRs) from £145,000 to £170,000.
- Introducing a higher rate of Stamp Duty for buy to let investments, second homes and holiday homes at 3 percentage points above the normal rate for residential property.

## *Delivering Value for Money Public Services*

As both a national and local government, the Government uses taxpayers' money to provide a full spectrum of services to Islanders. It is essential that these services demonstrably deliver good value for Islanders, with the right services being delivered, and those services being delivered efficiently and effectively.

Following its appointment, the new Council of Ministers has worked quickly to agree its spending priorities. This Council of Ministers does not wish to repeat previous mistakes of agreeing additional expenditure before savings are delivered. To ensure that the consequences of any changes to existing funding are understood, full reviews of services will be undertaken. In the meantime a modest target for savings has been included, with the intention that further savings will be delivered, allowing funds to be reprioritised to areas that benefit Islanders most and that require additional investment.

The plan provides £53 million for the impact of inflation on the cost of public services in 2023, and also maintains commitments to fund Arts, Heritage and Culture (AHC) at 1% of revenue expenditure, to grow Jersey Overseas Aid (JOA) contributions as a proportion of Gross Value Added (GVA) and to invest an additional 2% in our health service each year. The States Grant to the Social Security Fund will also be restored from 2024.

In developing the plan, it became apparent that additional funding was required in some areas of Government, and £61 million of growth has been allocated in 2023. Many of these



areas will require further investment in future years of the plan, but Ministers have constrained this growth until it is clear how such additional investment would be affordable over those future years. Amounts have also been included for the ongoing costs of Covid-19, whilst the Plan also provides for the removal of remaining borrowing for Covid-19 consequences.

### *Investing in our Island*

The Capital Programme is vital to ensure that Government has the assets required to effectively deliver quality public services. In recent years Government has consistently spent less on capital than allocated in budget provided, and Ministers have considered both affordability and deliverability in developing the programme.

In total £141 million has been allocated to capital projects in 2023, with £363 million planned across the 4 years of the plan. This represents an investment in our infrastructure, increasing the value of our assets and building our balance sheet. Existing projects have been more realistically profiled to ensure that taxpayers' funds can be used effectively and are not tied up unnecessarily. New investment in the Opera House and development of a therapeutic children's home has also been included, enabled by the one-off special dividends from JT in 2023 and 2024.

It is clear that more investment is required, for example in our drainage network and sports estate. However, this needs to be paid for, and any proposals in future Government Plans will be accompanied by a suitable funding strategy.

## Sustainable Public Finances

The Public Finances (Jersey) Law 2019 (PFL) sets out a requirement for each Government Plan to have regard to the long-term sustainability of the Island to ensure that we safeguard it for future generations.

This plan delivers budgets that are balanced across the plan. This is important to ensure that we are spending within our means and making provision for the replacement of our assets.

<b>Summary Forecast Operating Balance</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
General Revenue Income	1,072,468	1,163,254	1,192,950	1,233,625
Net Revenue Expenditure	996,344	1,099,366	1,131,958	1,152,181
<b>Net Operating Surplus</b>	<b>76,124</b>	<b>63,888</b>	<b>60,992</b>	<b>81,444</b>
Depreciation	55,736	57,173	57,762	58,008
<b>Forecast Operating Surplus</b>	<b>20,388</b>	<b>6,715</b>	<b>3,230</b>	<b>23,436</b>

Table 1: Summary Forecast Operating Balance

The impacts of Covid-19 on the public finances have been lower than forecast in previous Government Plans, and the prudent application of underspends in 2021 and 2022 means that we will be in a position to eliminate the borrowing required for Covid-19 by the end 2022, four years in advance of the previous target. This is an enviable position and reduces future pressure on public finances.

If funds become available through additional income or reduced expenditure over the period of the plan, these will be used to begin to rebuild the Stabilisation Fund in line with the advice of the Fiscal Policy Panel (FPP).

The value of the Strategic Reserve is forecast to be preserved, subject to short-term volatility, and Ministers will continue to consider options to protect and grow the fund in future government plans. These will also be impacted by the outcomes of the review of the Our Hospital project and any changes to the costs or funding strategy. This Government Plan does not include any new borrowing proposals and in fact reduces Covid-19 borrowing to nil. Pending the outcome of the review into the Our Hospital project, the Plan carries forward the existing borrowing approval of £756 million.

Ministers are also committed to ensuring that the Social Security Fund remains sustainable for future generations. It is planned that the annual States Grant payment into the Social Security Fund will be restored to its full value from 2024 onwards. The cost of providing old age pensions will increase with the ageing demographic but the Fund is still forecast to hold four times annual spend by the 2070s. The results of the full actuarial review of the Social Security Fund will be published in 2023 and will inform a full review of the fund in the next Government Plan.

The Health and Social Services Minister is currently undertaking a wide review of the Island's health and care cost, which will inform options for the future funding of our whole health and care system. This work will continue throughout 2023 with options being brought to the States Assembly in 2024. It will include reform of the arrangements that underpin the Health Insurance Fund.

## Sustainable Wellbeing

The Council of Ministers has taken sustainable wellbeing into account through the development of the Common Strategic Policy 2023-2026, Ministerial Plans and the Government Plan 2023-2026.

The Common Strategic Policy 2023-2026 sets out our shared ambition and our 7 priorities for change:

### Housing and Cost of Living

Improve access to, and supply of, good-quality affordable housing, and help people to achieve a decent standard of living.

### Economy and Skills

Develop a more sustainable, innovative, outward-facing and prosperous economy and help people acquire the right skills throughout their lives; we want Jersey to be an attractive place for everyone to achieve their potential.

### Children and Families

Help all children and young people to have the best start in life, recognising that the early years have a lasting impact, and that being loved, being listened to, and receiving a good, rounded education are essential to future life chances.

### Ageing Population

Enable people to live active, independent, healthy lives as they live longer.

### Health and Wellbeing

Provide and regulate good quality healthcare and social services, promoting better health and wellbeing underpinned by improvements in public health.

### Environment

Protect and enhance our environment so that everyone can continue to enjoy its benefits, moving purposefully on a path to net zero emissions.

### Community

Create a more inclusive, vibrant community where people feel respected and able to flourish, as well as safe and protected.

The Ministerial Plans set out specific priorities for delivery by individual Ministers in 2023 and beyond.

The Government Plan 2023-2026 sets out the income and expenditure that will support the delivery of the Common Strategic Policy and Ministerial Plans in 2023.

The Common Strategic Policy, Ministerial Plans and Government Plan reflect the issues that are most important to Islanders as expressed during the election, were informed by data and evidence, and demonstrate our focus on the economic, social, cultural and environmental wellbeing of Islanders both now and in the future.

The Council of Ministers' policy on population will be published in June 2023, and will be included in future Government Plans in line with P.116/2021.

# Economic Context

## The International Economic Outlook

The latest forecast from the International Monetary Fund (IMF)<sup>1</sup> is for global growth of 3.2% this year and 2.9% next, much lower than the 6.1% seen in 2021. By any comparison, this is a significant drop off from the global growth position. Growth is expected to stabilise in the post-pandemic environment going into next year for emerging economies, while we could see continued falls in advanced economies for the next two years. Whilst circa 3% growth might appear strong in a normal national context, in a global context anything below 3% has is very low, and as such these figures need to be interpreted as a particularly problematic global economic outlook.

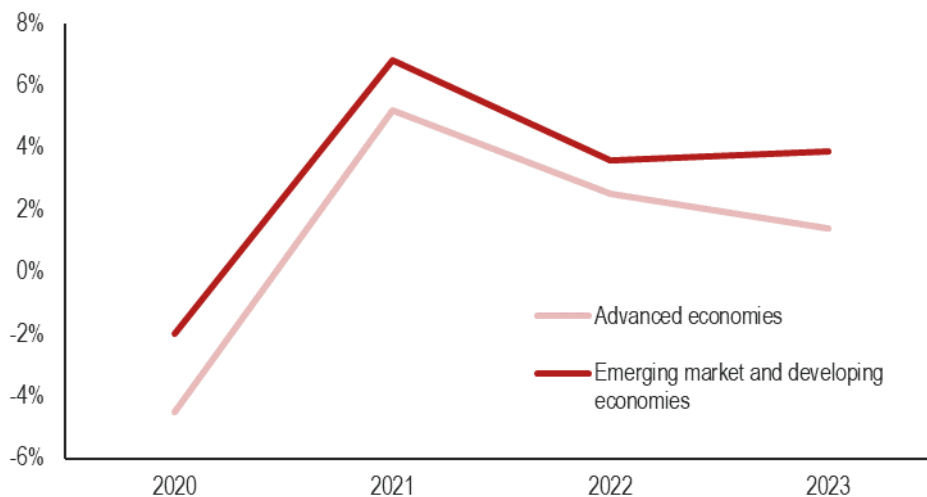


Figure 1: Economic growth forecasts (%). Source: International Monetary Fund July 2022

The key risks to the global outlook relate to supply-chain disruption due to the ongoing war in Ukraine and bounce back from the pandemic. The war has disrupted the global economy due to international tensions with Russia and led to higher global commodity prices for key Russian and Ukrainian exports such as oil, gas and grain. Imposed sanctions have also had an impact on the economies imposing them, mainly in places of needing to source alternative supply-chains.

Commodity price increases and lingering supply-demand imbalances have led to increased 2022 inflation projections. The IMF in their most recent 6 monthly report (June 2022) forecast 6.6% in advanced economies and 9.5% in emerging market and developing economies. Inflation in both the UK and US has risen more quickly than these expectations – for example UK inflation was 8.6% in August 2022. Wage growth has on average not kept up with inflation across both advanced and emerging market and developing economies.

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

## Jersey's Economic Outlook

The 2020 GVA for the island was £4,636 million. On the last official figures Jersey's economy contracted sharply in 2020, this is not unexpected with the global circumstances. Evidence does suggest that the economy has held up better than expected and also recovered well. Official GVA growth rate figures show a contraction of 8.7% – driven by a difficult year for sectors such as hospitality which were particularly affected by the pandemic. Additionally, there was a significant fall in banking profits, partly due to the cuts in interest rates in early 2020. This however is expected to significantly change going into 2023 with the markets expecting the Bank of England to raise interest rates considerably, which is a driver of banking profits in Jersey. The complete removal of pandemic restrictions over the last year will additionally guide the return to normal growth levels.

Since a pandemic peak in the lockdown of spring 2020, the number of people Actively Seeking Work (ASW)<sup>2</sup> in Jersey has fallen from 2,290 to just over a quarter of that figure at 620, the lowest on record. This, combined with approximately 1,000 job positions being available<sup>3</sup>, places the economy in a position of near-full employment and suggests a strong recovery from the pandemic.



Figure 2: Actively Seeking Work (non-seasonally adjusted). Source: Statistics Jersey

The Business Tendency Survey (June 2022)<sup>4</sup> provides strong evidence for economic recovery post-pandemic with the proportion of businesses reporting an increase in activity being 20 percentage points higher than those reporting a decrease. Despite this, it is notable that across all sectors businesses are facing considerable price-related pressures. No business reported a decrease in input costs on the previous quarter, compared to 84% reporting an increase. In the finance sector, 28% of surveyed businesses reported a

<sup>2</sup> [https://www.gov.je/SiteCollectionDocuments/Government and administration/R June 2022 Registered ASW 20220712 SJ.pdf](https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20June%202022%20Registered%20ASW%2020220712%20SJ.pdf)

<sup>3</sup> Government of Jersey figures, based on vacancies posted on the Government of Jersey website

<sup>4</sup> [https://www.gov.je/SiteCollectionDocuments/Government and administration/R BTS Jun 2022 20220719 SJ.pdf](https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20BTS%20Jun%202022%2020220719%20SJ.pdf)

decrease in profitability, compared to the considerably higher figure of 42% in the non-finance sector.

Where previously the hospitality industry was lagging behind other areas on a return to trend ‘business activity’ levels due to extended periods of inactivity through the pandemic, they have now caught up with other sectors. On the other hand, the finance sector faced the least impact from the pandemic and therefore had the least recovery needed to return to trend levels. All sectors are now sitting in a similar, slightly positive place on this measure. The hospitality and finance sectors can be compared to all sectors combined on the chart below.



Figure 3: Weighted net balance of responses to business activity question of Business Tendency Survey, by sector. Source: Statistics Jersey

The FPP’s Medium-Term Report (July 2022) lowered their long-term growth expectation, reducing trend GVA growth from 0.6% to 0.45% due to the lower expectations for growth in the working age population<sup>5</sup>. This was mitigated somewhat by an increase in long-term productivity expectations. The previous report forecast 0.2% growth in productivity, 0.3% in working age population and 0.1% in employment; now these figures sit at 0.35%, 0.1% and 0% respectively.

The FPP’s latest forecast from July 2022 comes after the observed sharp downturn in economic activity in 2020. They predict for a strong recovery, set to level off above 2019 levels, from 2023. This is not in contradiction to downwards revisions to annual trend growth forecasts due to expected rises in productivity and the minimal revision of 0.15%. A considerable factor in this forecast is the growing financial services sector and their forecast profits. The chart below provides an illustrative projection for changes in GVA until 2026, based on the previous three FPP forecasts.

<sup>5</sup> The trend rate of growth is the rate at which the economy grows once cyclical factors are removed.

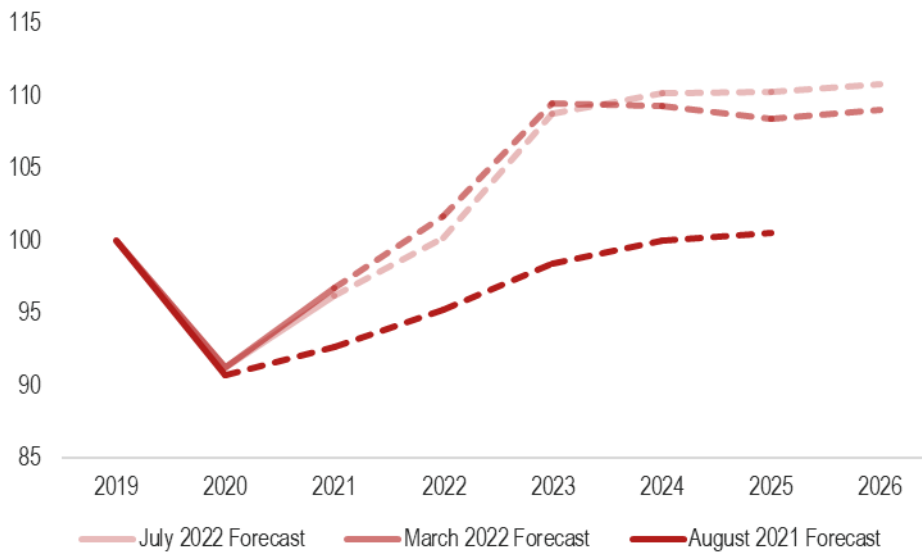


Figure 4: Economic forecast – changes in GVA. (Index 2019 = 100). Source: Fiscal Policy Panel

There are ongoing issues within the economy around affordable housing. The graph below shows the widening of the gap between wage growth and housing price growth over the last 20 years which has accelerated dramatically in the last 3 years. This causes significant pressure for the population and acts as a blocker to growth as well as causing difficulties for individuals and families.

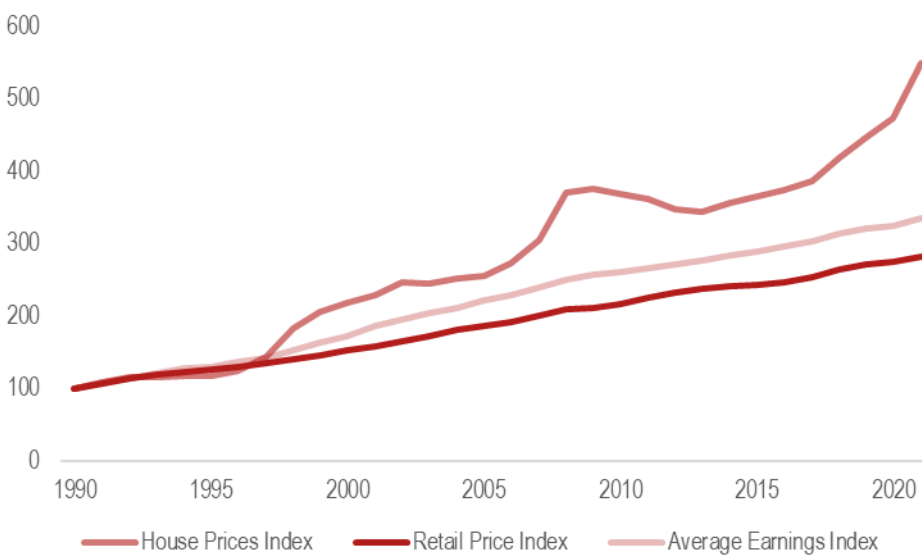


Figure 5: House Price Statistics - Annual House Price Index, Retail Price Index and Average Earnings Index: Source Statistics Jersey



## Fiscal Framework

The Fiscal Policy Panel is established by the Public Finances Law, which enshrines its independence and sets requirements for it to provide an annual report on Jersey's economy and Government finances, and to inform the preparation of the Government Plan. The Council of Ministers or the Minister for Treasury and Resources can also request other reports on specific subjects.

The FPP will continue to be responsible for monitoring the application of the fiscal guidelines.

The fiscal framework remains an important pillar of Jersey's economic and fiscal policy and sets the medium and long-term aims that help to inform budgetary decision making, with particular regard to the balance of income and expenditure (i.e. budget deficits or surpluses).

The key guidelines identified in previous Government Plans are to:

- Seek to increase the Strategic Reserve and public sector net worth, while following the advice of the FPP on borrowing and net financial assets.
- Run a primary structural current balance or surplus in the long-term until the Strategic Reserve is judged large enough to meet its mandate.
- Borrow only to finance investment (or refinance liabilities), except under times of economic duress, and monitor the impact on net financial assets.

The Fiscal Framework continues to be kept under review and will be updated if necessary.

# Financial Strategy

## Financial Principles

The Council of Ministers agreed the following financial principles to be used as a framework for decisions making in preparing this Government plan.

<b>1. Sustainability, Stability and Wellbeing</b>
1.1. The Government Plan must take into account the medium-term and long-term sustainability of the States' finances
1.2. The Government Plan must take into account the sustainable well-being (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations
1.3. The Government should plan to rebuild the Stabilisation Fund in line with Fiscal Policy Panel Advice
1.4. The Government should plan to increase the size of the Strategic Reserve in line with Fiscal Policy Panel Advice
1.5. In the short-medium term action should be taken to preserve a minimum viable balance on the Strategic Reserve to be available whilst the reserve is grown in the long term
<b>2. Funding Public Services through Balanced Budgets</b>
2.1. Operating Budgets after depreciation should be balanced across the plan
2.2. Departmental base budgets should be maintained in real terms, except where changes to services or efficiencies have been identified and agreed
<b>3. Affordable and Deliverable Investment</b>
3.1. Additional funding for services should only be allocated if a source of funding has been identified and agreed
3.2. Any investment in services or on projects, should have a credible delivery plan, to avoid allocating more funds than required
<b>4. Delivering Value for Money</b>
4.1. The Government should continue to identify and deliver recurring efficiencies every year, but only rely on the reduction in spend if it is clear how they will be achieved
4.2. Government should invest where required to improve value for money, where benefits can be clearly demonstrated
4.3. Expenditure and Assets should support outcomes for Islanders, with returns (fiscal or outcomes) maximised across the plan to support effective and efficient delivery of strategic objectives

## 5. Reasonable Fees and Charges

- 5.1. Reasonable contributions should be made to the full cost of providing services.
- Where a service is funded via charges rather than general taxation, the general approach is to set charges to recover full costs of services – neither profiting from nor subsidising consumers
  - There is scope for charging more or less than this provided that Ministers choose to do so, for example to encourage or discourage consumption
  - Public sector organisations may also supply commercial services on commercial terms designed to work in fair competition with private sector providers
- 5.2. Decisions on charging policy should be made with the same care, and to similar standards, as those on taxation
- 5.3. The Anti-inflationary strategy should be considered when reviewing any new or existing fees and charges

## 6. Restrained approach to Borrowing

- 6.1. Any additional borrowing should be due to a clear need, with an agreed funding strategy, and made in line with the published Debt Strategy, for the following purposes only:
- Capital Investment in public sector assets for a non-financial return, but which provide public services (e.g. a hospital or school)
  - Capital Investment in public sector assets for a financial return (e.g. housing or office space), where an income stream is generated
  - Temporary costs of the economic cycle, and in times of economic duress, through lower revenues and higher spending (e.g. passive fiscal stimulus through use of “automatic stabilisers” and exceptional costs associated with Covid-19)
  - Active fiscal stimulus – short-term, targeted, and timely (e.g. financing the Fiscal Stimulus Fund)
  - Deferral of income and cashflow, although potential losses and financing costs need to be identified. Alternatively overdraft facilities could be used
- 6.2. Government should retain the capacity to borrow to support economic stability in the event of large shocks or times of economic duress (cyclical deficits), as an additional option to the use of reserves
- 6.3. Government should plan to eliminate borrowing relating to the costs of Covid-19 as soon as practicably possible
- 6.4. Government should not plan any action that would undermine the Island’s credit rating (and comply with P.18/2022<sup>6</sup>)

## 7. Preserving the value of our Balance Sheet

- 7.1. The Net Asset Value of Government should be maintained or increased
- 7.2. Government should take a strategic approach to assets, balancing spend on maintenance, improvements and new assets

<sup>6</sup> <https://statesassembly.gov.je/assemblypropositions/2022/p.18-2022.pdf>

# Tax Policy Principles

The following tax policy principles established in previous Plans continue to be used in this Plan.

## 1. Fair and sustainable

1.1 Taxation must be necessary, justifiable and sustainable

1.2 Taxes should be low, broad, simple and fair

1.3 Everyone should make an appropriate contribution to the cost of providing services, while those on the lowest incomes should be protected

## 2. Support broader Government Policy

2.1 Taxes must be internationally competitive

2.2 Taxation should support economic, environmental, and social policy

## 3. Efficient and effective

3.1 Taxes should be easy to implement, administer and comply with, at a reasonable cost

3.2 No individual tax measure will meet all these principles. But overall, the Island's tax regime should represent a sustainable balance of them

## Financial Strategy for 2023-2026

In developing the plan, the Council of Ministers have had to contend with significant competing pressures and have considered the recommendations from the Fiscal Policy Panel. The financial strategy for 2023-2026 applied the agreed financial principles to these immediate challenges faced by the Government. The key elements of the financial strategy for the Government Plan and the mini-budget, for 2023-2026 are:

- An affordable and deliverable plan, with Public finances balanced across the plan period.
- Alleviating the impact of the Cost-of-Living crisis on Islanders. As well as direct support for more vulnerable Islanders, budget measures have been designed to give back money to taxpayers.
- Eliminating the requirement for borrowing to fund the impact of the Covid-19 pandemic with Covid-19 borrowing fully repaid in 2022. The States Grant to the Social Security Fund (which was used to meet the financial impacts of the pandemic) will be reinstated in full from 2024.
- As the Council of Ministers has had limited time to develop the plan due to the timing of the election, additional expenditure approvals have been included to meet their immediate priorities. Whilst some of these may require more investment in future years, these costs should be met through the simplification and rationalisation of existing government activities or improved income forecasts.
- The plan includes a refreshed approach to reducing the cost of Government, which focuses on delivering all elements of Value for Money (VFM), including cashable efficiencies, improved productivity and detailed reviews of specific services to drive best value.
- The Our Hospital project is being reviewed as part of the Council of Ministers' 100 Day Plan. To reflect this, the project has been included in the plan based on existing States decisions, but shown separately. Once the review has concluded a proposition will be brought to the States that would amend the plan to reflect any changes to the project, including the funding strategy.

Ministers have had a relatively short period to develop the plan, and focused on the immediate priorities. There are a number of outstanding matters that need attention, such as how to fund future infrastructure, the sustainability of the Social Security Fund and a financing strategy for the climate emergency which will need to be considered in future Government Plans.

# General Revenue Income

The Government funds ongoing, annual expenditure and investment in assets through three main sources: general tax revenues, other government income and departmental income which are paid into the Consolidated Fund.

## *General Tax Revenues*

General tax revenues provide the main source of funding for the Government, with four main tax types.

Income tax	Tax is levied on the income of individuals and non-individuals (for example, companies). An individual or couple with income above the personal income tax thresholds will pay tax at a rate no higher than the 20% standard rate of tax. The actual effective rate of tax is determined by income levels and eligibility for reliefs and allowances. Companies pay income tax at 0%, 10% or 20% depending on the activities they undertake.
Goods and Services Tax	Goods and Services Tax (GST) is a tax on the supply of goods and services in Jersey. GST is charged at 5% on the majority of goods and services supplied in Jersey, including imports.
Impôts (excise) Duties	Impôt (excise) duties are levied on the importation of specific items – namely road fuel, alcohol, tobacco and motor vehicles.
Stamp Duty and Land Transactions Tax and Enveloped Property Transaction Tax	Stamp duty is levied on the purchase of properties bought on the Island and registration of wills of Jersey immovable property. Land Transactions Tax is levied on share transfers involving shares which give the owner the right to occupy property in Jersey. Enveloped Property Transaction Tax is levied on transactions in which control of an entity that owns certain land in Jersey is transferred from one person to another.

## *Other Government incomes*

The Government also receives income from four other sources, as set out in the table below.

Island-wide rates	Received as part of the rates system and collected by parishes.
Income from dividends and returns	Received from States-owned entities including utility companies.
Non-dividends	Includes other income received from tax penalties, Crown revenues, miscellaneous interest, fees and fines as well as investment returns from the Consolidated Fund and Currency Notes Fund.
Returns from Andium Homes	This income stream reflects the income contribution made from the housing stock that was transferred to Andium Homes.

## *Departmental income sources*

In addition to amounts paid directly to the Consolidated Fund, Government departments receive money from fees and charges for individual services. These amounts are included within individual net revenue expenditure allocations and are estimated at £100 million in 2023. The number of different sources of income reflects the variety of services provided by the Government. This includes fees for private patients at the hospital, school fees, fees for the disposal of inert waste, planning fees, and income from rents and our sports facilities. This income is included in department Heads of Expenditure.

Special Funds also receive income designated to them, as well as the investment returns on fund balances. This is then used for expenditure in line with the purpose of the fund.

## Latest Income Forecasts

The Income Forecasting Group (IFG) advises on the forecasts of all States income from taxation and social security contributions. Membership of the group includes senior civil servants, the Government's chief economic advisor as well as at least two external members.

The Income Forecasting Group's latest forecast was prepared in August 2022, and reflects the latest economic forecast produced by the independent Fiscal Policy Panel in July 2022. The forecast is published alongside the Government Plan.

The global macroeconomic outlook continues to evolve in a rapidly changing environment. Since the Spring 2021 IFG revised forecast report<sup>7</sup> the global economy has worsened, with the continued conflict in Ukraine, supply chain and energy supply disruptions contributing to rising inflation.

The FPP economic assumptions reflect the latest local and international developments to July 2022. The main variations to the economic assumptions used in the IFG Forecast for Spring 2021 include:

- Higher interest rates and increased financial services profits lead to an upgrade in the GVA forecast for 2023. This is followed by a period of slower growth in 2024 and 2025.
- Inflation is projected to reach a peak of 9.2% in 2022, the forecast is lower than the UK predominantly due to less of a reliance in Jersey on gas for energy supply.
- Average earnings are projected to rise almost alongside inflation, due to a tight labour market keeping demand for skills high and thus wages reflecting this.
- Employment is assumed to rise consistently in the financial services sector, whilst the non-finance sector is expected to see a period of above trend growth reflecting strong post-pandemic recovery.

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<sup>7</sup> <https://statesassembly.gov.je/assemblyreports/2021/r.151-2021.pdf>

- The forecast for house prices and transactions remains unchanged to 2025 with small changes to the trend.

The IFG's Summer 2022 forecast (based on the FPP assumptions of July 2022) has been developed as a 'central forecast' to represent the IFG's view of the most likely outcome.

The IFG's latest forecast of total States income reflects:

- The FPP's economic assumptions of July 2022 and other related economic data from Jersey;
- General revenues income outturn for 2021;
- Initial information on general revenues income for the first two quarters of 2022;
- Forecasts from Treasury for 'Other Income'; and
- Market intelligence from the IFG.

The Summer 22 forecast is the latest forecast produced and covers the years 2022-26, the forecast assumes standard tax policy where relevant. The impact of the mini-budget (P.80/2022, approved in September 2022) was considered separately by the IFG and is shown separately to the central forecast scenario.

The FPP will issue further economic assumptions as part of their annual report in November 2022, and the IFG will consider the impacts of any changes on the income forecast following the issue of that report.



<b>Total States Income</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Income Taxes	751,000	826,000	866,000	900,000
Goods and Services Tax (GST)	108,200	110,630	112,530	114,300
Impôts Duties	79,088	81,257	82,837	83,570
Stamp Duty	56,927	57,571	59,879	62,945
<b>General Tax Revenue - IFG Summer 22</b>	<b>995,215</b>	<b>1,075,458</b>	<b>1,121,246</b>	<b>1,160,815</b>
<b>Other Income</b>				
- Parish Rates	15,555	16,161	16,598	16,996
- Dividend Income	9,669	10,157	10,716	11,113
- Income from Andium Homes and Housing Trusts	29,156	29,702	30,210	30,618
- Other Non-dividend Income	7,776	7,779	10,183	10,086
<b>States Income - IFG Summer 22</b>	<b>1,057,371</b>	<b>1,139,257</b>	<b>1,188,953</b>	<b>1,229,628</b>
<b>Additional Income Measures</b>				
- Mini Budget	(19,850)	(19,100)	(19,100)	(19,100)
- Increased Collections: Domestic Compliance	14,000	15,500	15,500	15,500
- One-off Dividend Income	20,000	20,000	-	-
- Budget Measures	947	947	947	947
- Future Tax Measures	-	6,650	6,650	6,650
<b>States Income after Income Measures</b>	<b>1,072,468</b>	<b>1,163,254</b>	<b>1,192,950</b>	<b>1,233,625</b>
States Income - IFG Spring 21 Revised Forecast	974,924	1,022,524	1,066,916	1,066,916
<i>General Tax Revenue - IFG Forecast Variation %</i>	<i>8.5%</i>	<i>11.4%</i>	<i>11.4%</i>	<i>15.3%</i>

Table 2: Total States Income

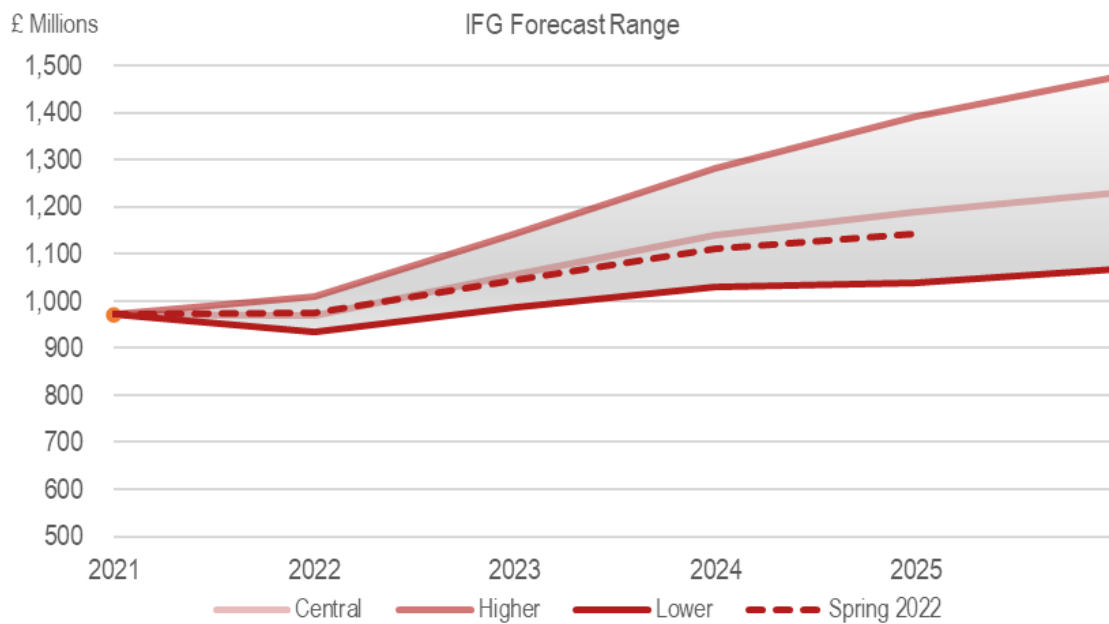


Figure 6: Range of IFG Income Forecast Summer 22. Source: IFG

## Summary of Latest Forecast

The overall changes from the Spring 2021 forecast addendum are:

### *Personal Income Tax*

Personal income tax has increased for all years of the forecast. This is primarily driven by higher than expected tax outturn for 2020 and 2021, data from the Income Tax Instalment Scheme (ITIS), as well as the latest FPP economic assumptions. The higher forecast in economic assumptions for compensation of employees, average earnings and employment growth all contribute to an increased projection of personal income taxes over the plan period.

### *Corporate Income Tax*

Corporate income tax reflects a significant increase in the previous forecast driven by financial services profits growth with market expectations for rising interest rates over the period of the plan. The forecast for corporate income tax from non-financial services also increases, though financial services remains the majority of corporate income tax collected.

### *GST and International Services Entity Fees*

The FPP's economic assumptions for compensation of employees, the main determinant of Goods and Services Tax (GST) receipts have increased and are the main driver for the increase in forecast GST receipts. The forecast also incorporates the increased receipts from the lowering of the de minimis level from £135 to £60 from 1 July 2023, estimated at £1.1m from 2023 onwards.

### *Impôts Duties*

Impôts duty reflects an increase in each year of the forecast, driven predominantly by forecast increases in the RPI, with the default assumption being that duties for fuel and alcohol are maintained in real terms and that tobacco duties rise above RPI. The adjustments for Covid-19 which take into account behavioural changes along with the latest available market intelligence data were reviewed. The Covid-19 adjustments reflect behaviours and consumption re-adjusting slowly in 2022 and returning to pre-pandemic levels from 2023 onwards. Impôts duties have been forecast based on existing tax policy for duty increases. Variations from these long-term policy positions are not reflected by the IFG forecast, but are addressed in the next section on budget proposals.

### *Stamp Duty*

Stamp duty has been revised to incorporate the outturn of in-year transactions for 2022 and the updated FPP economic assumptions. The stamp duty forecast has grown significantly from 2021 forecasts, with the property market in 2021 seeing the highest annual average values as well as the highest turnover of properties for all property types to date.

### *One-off Dividend Income*

Subsequent to the IFG Forecast, an additional planned special dividend payment has been agreed with Jersey Telecom. This will increase income in both 2023 and 2024 by £20 million, and is funded through the retained proceeds of the sale of the IoT element of the company.

These proceeds will fund further investment in our Island, including investment in the restoration of the Opera House, the provision of a Therapeutic Children’s Home, and funding of an ongoing Community Fund to build on the successes of the Fiscal Stimulus programme in providing funding to local organisations to improve the facilities they provide to Islanders.

Furthermore, an additional £5 million will be held centrally to support initiatives to reduce hospital waiting lists.

# Budget Proposals

## Overview

When viewing the budget proposals outlined in this Government Plan, it is important to recognise that they were preceded by a cost of living mini-budget which was adopted by the States on 21 September 2022 and was part of the Government's 100 Day Plan.

From a tax perspective, the mini-budget included proposals from the Council of Ministers to increase the income tax thresholds by 12% from 1 January 2023. This is well ahead of the RPI figure for June 2022 (7.9%). These changes are summarised below to provide the context in which the Government Plan should be viewed.

No further changes to personal income tax thresholds and allowances are being proposed in this Government Plan. However, several budget proposals in other areas are outlined below.

In the event that RPI rises above the 12% increase in thresholds and allowances provided for, then making amendments to the Government Plan will be considered by Ministers.

## Income tax (personal taxation) exemption thresholds

The income tax exemption thresholds operate like a personal tax allowance. They set a limit below which an individual, married couple or couple in a civil partnership do not pay income tax. Additionally, individuals and couples with income below these thresholds will not pay Long Term Care (LTC) contributions.

When these thresholds are increased it benefits those who pay tax at the marginal rate. Data suggests that around 90% of personal taxpayers pay at the marginal rate (rather than at the standard rate), meaning that a large majority of taxpayers benefit from these increases.

In the past, any increases to the thresholds have been based on the lower of inflation (RPI) or the growth in average earnings.

The impact of these increases is shown below.

Income Tax Exemption Thresholds				
	2022	2023	Approved	Tax
	Actual	Approved	Increase	Reduction @ 26%
Single person	£16,550	£18,550	£2,000	£520
Married couple/Civil partnership	£26,550	£29,750	£3,200	£832

Table 3: Income Tax Exemption Thresholds

The income tax exemption thresholds are higher than the equivalent allowances in Guernsey the UK and Isle of Man.

### Single Person Exemption Thresholds Comparison

	Jersey 2023	Guernsey 2022	UK 2022/23	Isle of Man 2022/23
Single person	£18,550	£12,175	£12,570	£14,500

Table 4: Single Person Exemption Thresholds Comparison

## Second earners' allowance

Where both spouses or civil partners are earning (for example, they are employed, self-employed, or receiving certain pension income) they are also entitled to the 'second earners' allowance', which reduces the tax payable on the earnings of the lower-earning spouse.

Co-habiting couples who are neither married nor in a civil partnership are entitled to two single person's thresholds which, when combined, exceeds the married/civil partner threshold. The second earners' allowance equalises the tax position of couples who are married or in civil partnership with two income earners compared to those who are not.

The second earners' allowance will be increased by 12% from 1 January 2023 as approved by the States Assembly on 21 September 2022 in response to the cost of living crisis.

### Second Earners' Allowance

	2022 Actual	2023 Approved	Approved Increase	Tax Reduction @ 26%
Second earners' allowance	£6,550	£7,350	£800	£208

Table 5: Second Earners' Allowance

## Child allowances

Where an individual or a couple has a child, they can claim an increase to their income tax threshold. The increase is per child and is available from birth until the year in which the child finishes compulsory education. An additional allowance in respect of children is available for single parents, unmarried couples, and for married couples and civil partners where one individual in that couple is incapacitated. It is available per household.

Both allowances will be increased by 12% from 1 January 2023 as approved by the States Assembly on 21 September 2022 in response to the cost of living crisis.

### Child Allowance

	2022 Actual	2023 Approved	Approved Increase	Tax Reduction @ 26%
Child allowance	£3,060	£3,450	£390	£101

Table 6: Child Allowance

**Additional Child Allowance in 2022 and 2023**

	2022 Actual	2023 Approved	Approved Increase	Tax Reduction @ 26%
Additional child allowance	£4,590	£5,150	£560	£146

Table 7: Additional Child Allowance

*Child care tax relief*

An individual or couple paying a nursery, nursey class, registered day carer or an accredited nanny can claim an increase to their exemption threshold. The increase is capped depending on the age of the child. A higher cap is available in respect of children under 4 years of age.

Child care tax relief costs will be increased by 12% from 1 January 2023 as approved by the States Assembly on 21 September 2022 in response to the cost of living crisis.

**Child Care Tax Relief**

	2022 Actual	2023 Approved	Approved Increase	Tax Reduction @ 26%
Child care	£6,273	£7,050	£777	£202
Child care (enhanced)	£16,320	£18,300	£1,980	£515

Table 8: Child Care Tax Relief

## Impôts (Excise) Duties

Ministers' proposals for excise duties on tobacco, alcohol, road fuels and motor vehicles are set out below.

Increases in excise duties approved by the Assembly, will take effect at midnight on 31 December 2022.

*Tobacco*

In line with recent years, rates of duty for tobacco products have been subject to above-inflation increases with a view to changing consumer behaviour. Ministers wish to continue with that approach, acknowledging that the price of those products is linked to consumption, especially regarding the uptake of smoking among children and young people.

Continuing that policy of above-inflation increases, Ministers are proposing an increase on tobacco products of 12.9% (equating to June 2022 RPI of 7.9% plus 5%), except for cigars and hand-rolling tobacco, which will be subject to a greater increase.

In recent years there has been a policy of closing the gap between duty charged on hand-rolling tobacco and cigars, and the duty charged on cigarettes. In continuing to close this gap, Ministers propose to increase the duty on hand-rolling tobacco by 14.3% (equating to

RPI of 7.9% plus 6.4%). This increase removes the differential between the amount of duty charged on hand-rolling tobacco and the duty charged on cigarettes.

Ministers are proposing to increase the duty on cigars by 15.9% (equating to RPI of 7.9% plus 8%). The differential between the amount of duty charged on cigars compared with the duty charged on cigarettes and hand-rolling tobacco will now be £85 per kg (2022: £89 per kg).

The proposed increase in duty for 2023 would mean a 97p increase in the duty on a standard packet of 20 cigarettes (from £7.54 to £8.51 per packet). The increase on hand-rolling tobacco of 14.3% means a £4.26 increase in a 50g pouch (from £29.81 to £34.07 per pouch).

## *Road fuel*

To help with the ongoing cost of living impacts, Ministers propose to freeze fuel duty for all types of road fuel in 2023. In the months leading up to the publication of this Government Plan, the pump price for petrol and diesel has reduced, bringing some benefit for motorists and businesses. There continues to be considerable variation between pump prices across different forecourts, often nearby to one another.

This freeze for a full year should be considered an exceptional policy, which is being proposed specifically to help with the increases in the cost of living.

Ministers remain firm in their commitment to pay 9p per litre from fuel duty receipts into the Climate Emergency Fund.

## *Alcohol*

Recognising the importance of the hospitality industry to our Island's economy, Ministers are proposing to freeze duties on all types of alcoholic beverages on the basis that further duty rises would adversely affect the industry at a time when prices are rising.

## *Vehicle emissions duty*

VED is charged when a vehicle is first registered in the Island. The amount of VED payable depends on the manufacturer's CO<sub>2</sub> emissions data, meaning that the charges are higher for the most polluting vehicles.

Continuing to encourage the purchase of electric cars and lower emission vehicles, Ministers are proposing to significantly increase VED rates from 2023. This excludes commercial vehicles and tractors.

VED charges will increase for nearly all vehicles, with the greatest increases applying to the most polluting vehicles. From 1 January 2023, the highest two bands will be increased by 75% and 85% respectively, with lower bands increasing by 32%. The Government will continue to keep VED rates under review for future years to encourage the importation of more efficient petrol and diesel vehicles, as well as electric vehicles.

<b>Vehicle Emissions Duty</b>			
	<b>2022</b>	<b>2023</b>	<b>Proposed</b>
<b>CO<sup>2</sup> Mass Emissions (grams)</b>	<b>Actual</b>	<b>Proposed</b>	<b>Increase</b>
0-50	£0	£0	-
51-75	£55	£73	32%
76-100	£165	£218	32%
101-125	£290	£383	32%
126-150	£470	£621	32%
151-175	£900	£1,188	32%
176-200	£2,000	£3,500	75%
201 or more	£3,300	£6,105	85%

Table 9: Vehicle Emissions Duty

### *RPI impact of increases in Impôts*

The estimated impact of the increase in tobacco duty and VED is an increase in RPI of 0.2%.

## GST review – offshore retailers and the GST “de minimis” level

The requirement for large offshore retailers to register for GST and the reduction of the import GST de minimis to £60 has been deferred from 1 January 2023 until 1 July 2023. This postponement was in response to a request from a group of businesses impacted by the new rules to allow them time for necessary systems changes. The deferment was debated and approved by the States in September 2022.

## Higher rates of Stamp Duty on buy-to-lets

Following the States’ adoption of an amendment to Government Plan 2022 from the then Corporate Services Scrutiny Panel, proposals have been developed to charge higher rates of Stamp Duty on the purchase of properties that are acquired for any purpose other than to be used as a person’s main residence. This includes buy-to-let properties, second homes, and holiday homes. The higher rate will also be applied to relevant transactions subject to Land Transactions Tax (‘LTT’) and Enveloped Property Transactions Tax (‘EPTT’).

Economic analysis has assessed the potential impacts on revenue and owner-occupation. It is suggested that the measure could modestly increase revenue and stimulate additional purchases by owner-occupiers.

For the time being, Ministers are proposing that the higher rate is set at 3 percentage points above the normal rate of tax for residential property from 1 January 2023.

The wider review of Stamp Duty (scheduled to conclude in the Summer of 2023) will present a further opportunity to review the market impact of the higher rate, albeit based on a relatively short period of time.



## Benefits-in-Kind Exemption – Bicycles and Bus passes

Ministers are proposing to extend the schedule of tax exempt benefits-in-kind to include all pedal bicycles (manual and electrically-assisted) and bus passes provided by employers to their employees.

## High Value Residents (HVRs)

The Minister for Treasury and Resources must consider the limits and rates of income tax for HVRs by 1 January 2023 (and then every 5 years).

From 2018, all incoming HVRs have entered 'regime 4' of the HVR tax system, under which they are subject to a mandatory minimum annual personal income tax charge of £145,000, with all income exceeding £725,000 taxed at 1%. Approximately 70 of 200 HVRs in Jersey fall within regime 4.

Using the available RPI data for the 4 years between March 2018 and June 2022, Ministers are proposing that the minimum tax charge should be increased to £170,000, with all income exceeding £850,000 taxed at 1%<sup>8</sup>.

Ministers are reviewing the existing HVR scheme with a view to refreshing the scheme for new entrants.

### Summary of Budget Proposals

£'000	Proposed Vs Forecast
Higher rate of stamp duty - buy-to-let, second homes and holiday homes	1,597
Freeze alcohol duty	(1,880)
Tobacco duty increases	-
Freeze fuel duty	(2,213)
Increase in Vehicle Emissions Duty	1,693
Increase High Value Residency contribution	1,750
<b>Budget Proposals</b>	<b>947</b>

Table 10: Summary of Budget Proposals

## Additional Tax Measures to be Considered in Future Plans

Previous Government Plans included the development of measures and options to raise taxation of approximately £10 million in total for implementation by 2024. The proposed

<sup>8</sup> Some sources of income, such as income from Jersey land, is always chargeable to income tax at 20%.

changes to HVR and Stamp Duty deliver £3.4 million of this target, and further measures that will be considered include:

- Further changes to Stamp Duty. A review of Stamp Duty is due to be concluded in the Summer of 2023.
- Broadening the tax base of corporate taxation. This has included the recent introduction of taxation of medicinal cannabis growing and processing.

In addition, we will consider options for restricting interest relief for landlords.

The next Government Plan will also include Budget measures to promote innovation, including a policy roadmap on innovation for Jersey businesses. This will follow stakeholder engagement with Islanders and investors in 2022 and 2023.

## Progress of Tax Reforms and Reviews

### *Independent Taxation*

From 1 January 2022, independent taxation became mandatory for all new couples arriving in Jersey and for all couples marrying or separating on or after that date.

The transition to independent taxation will be gradual. A pilot group of couples elected to be taxed independently for the year of assessment 2022. For the 2023 year of assessment the opportunity to elect to be independently taxed was open to any couple. A further year to elect for a voluntary move will be available for the 2024 year of assessment subject to States Assembly approval.

In 2023, Ministers intend to lodge the final stage of legislation that will pave the way for all couples to be taxed independently. This legislation will contain the compensatory allowance that will ensure a smoother transition for marginal rate couples who would otherwise lose out financially. As above, this is subject to approval by the States Assembly.

### *International Tax Reform*

For the past several years, the OECD has been working intensively to establish a new global tax framework, aimed at addressing the challenges of increased globalisation and the digitalisation of the economy. The Government of Jersey has been closely engaged throughout every step of this process through Jersey's seat in OECD fora.

On 8 October 2021, the OECD Inclusive Framework – of which Jersey is a founding member – released a statement on a two-pillar solution, in which 136 jurisdictions, including Jersey, joined the political consensus on the new tax framework.

The proposed elements of these pillars are targeted and limited in scope, focussing on the world's largest Multi-National Enterprises (MNEs). The October announcement was an important political stepping-stone and established the Building Blocks for the tax reform process. But significant further technical work is ongoing and implementation plans remain to be developed. Jersey remains actively involved in these discussions.

If ultimately agreed by Inclusive Framework:

- Pillar One of the Building Blocks will create new profit allocation rules for the world's largest Multi-National Enterprises (MNEs), with global turnover in excess of €20bn and profitability in excess of 10%. The Pillar 1 rules will exclude Regulated Financial Services. For the very small and targeted number of MNEs globally that are impacted by Pillar One, certain of their profits would be re-allocated to market jurisdictions; and
- Pillar Two of the Building Blocks will introduce a new framework of taxation whereby Multi-National Enterprises (MNEs) that are in scope (those with global revenues of at least €750m) would pay a Minimum Effective Rate of taxation of 15 percent, with an important carveout for investment entities (such as funds). This Minimum Effective Rate would be calculated in a specific way based on financial statements and on a country-by-country basis.

Pillar One is a minimum standard that Jersey will be required to introduce in legislation, notwithstanding the minimal practical impact. However, Pillar Two is a common approach, giving Jersey options regarding how, if at all, a global minimum tax would be implemented in Jersey. The Government is engaged in extensive stakeholder engagement and data analysis – locally and internationally – to understand potential impacts of the various policy options. However, it is not possible at the present time to clearly predict what MNE behavioural effects may be, given that impacts will depend in part on what other jurisdictions do with implementation and the timing of those actions. As no political decision has been made on Pillar Two, this Government Plan contains no estimate of any potential impact the reform measures may have. This position will be kept under review for future Government Plans as decisions on implementation are made.

### *Reporting Information by Partnerships*

Following the introduction of new economic substance rules for partnerships in 2021, partnership filing requirements are being amended. Partnerships will file one combined notification each year, which will be used to capture all relevant information relating to the partnership's economic substance and income tax. The opportunity will also be taken to bring the general partnership assessing rules into line with that for other Jersey partnership vehicles, giving their partners full responsibility over their tax position. The changes to the law and filing processes have been subject to a public consultation.

### *Company Tax Return Filing Deadline*

To help ease pressures over the Christmas period, Ministers are proposing to move the deadline for companies to file tax returns from 31 December to 30 November. This measure, which was subject to a public consultation, will also align the filing and payment deadlines for companies.

## *GST on Menstrual Sanitary Products*

In agreeing P.66/2022<sup>9</sup>, the Assembly previously requested the Minister for Treasury and Resources to issue law-drafting instructions to make all menstrual sanitary products exempt from GST. The 100 Day Plan includes an alternative proposal to provide free sanitary products. The wider scheme, which was noted in the mini-budget replaces and improves the commitment made by the Assembly in P.66/2022.

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<sup>9</sup> <https://statesassembly.gov.je/assemblypropositions/2022/p.66-2022.pdf>

# Public Sector Spending 2023-2026

This Government Plan proposes £966 million of spending in 2023 on delivering services to Islanders. While the impact of the Covid-19 pandemic on Government finances is reducing, this plan also includes £30 million of necessary and contingent funding to respond and recover from the pandemic in 2023. This is a reduction from the £86 million budgeted for Covid-19 in 2022.

Recognising the impact of rising inflation on government expenditure, an additional £53 million has been provided in 2023. Further amounts are built into the plan for the impact of inflation in future years.

In addition to the costs of the pandemic response in 2023, we will be investing a further £61 million in initiatives that support the delivery of ministerial priorities (including the 100 Day Plan).

The table below shows how expenditure changes in each year of the plan.

Changes to Net Revenue Expenditure				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
<b>Base Budget</b>	<b>852,058</b>	<b>966,133</b>	<b>1,097,045</b>	<b>1,130,453</b>
Adjustments for net changes to Base Budget;				
Adjustments from GP22	3,419	(4,431)	(452)	(2,570)
Inflation	52,639	50,000	38,238	26,718
Other Formula Driven Growth	6,567	11,630	6,030	6,362
Revenue Growth GP23	61,450	1,603	(408)	(287)
Reintroduction of States Grant to Social Security Fund	-	82,110	-	-
Value For Money Savings	(10,000)	(10,000)	(10,000)	(10,000)
<b>Adjusted Base Budget</b>	<b>966,133</b>	<b>1,097,045</b>	<b>1,130,453</b>	<b>1,150,676</b>
Covid-19 Response	25,211	2,321	1,505	1,505
Covid-19 Reserve	5,000	-	-	-
<b>Net Revenue Expenditure</b>	<b>996,344</b>	<b>1,099,366</b>	<b>1,131,958</b>	<b>1,152,181</b>

Table 11: Changes to Net Revenue Expenditure

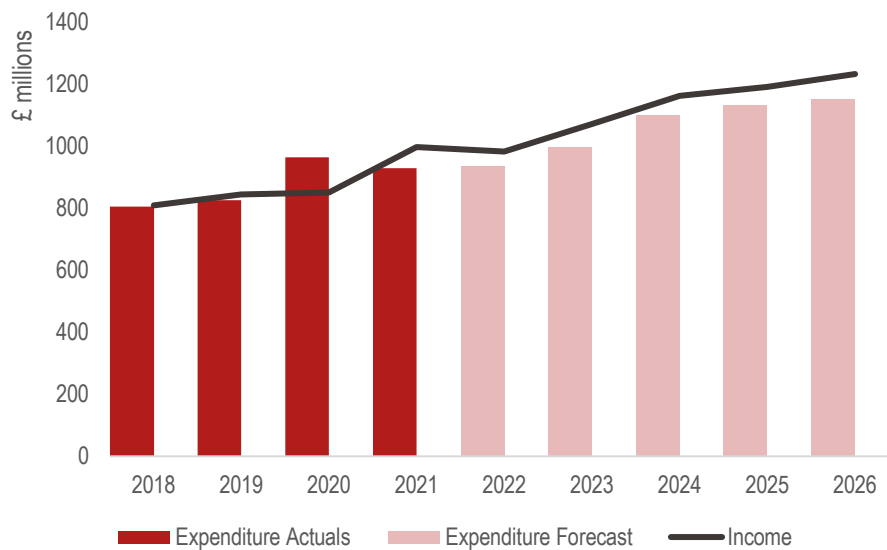


Figure 6: Income and expenditure trends before depreciation

## Inflation and Formula Driven Growth

It is both prudent and good financial management to plan for the impact of economic influences on Government finances. As such, we have set aside amounts to cover inflationary pressures on pay (held centrally), benefits and non-pay expenditure.

4% of non-pay expenditure inflation has been allocated directly to departments (after allowing for inflation on departmental income capped at 2.5%). 2.7% has been held centrally to contribute to the Value For Money savings target in 2023.

Since parts of our organisation will be subject to inflation at much higher levels, for example fuel supplies, a provision is being made and will be held centrally for these excess inflation items.

Inflation is, by nature cumulative, and so this amount grows throughout the plan. There remains a significant amount of uncertainty around levels of inflation. Higher inflation will typically lead to increased levels of both income and expenditure. It is proposed that if inflation is higher than forecast and income forecasts consequently increase, any unspent amounts at the end of 2022 are prioritised to provide additional provision in the reserve against the corresponding impact on expenditure in 2023.

The Plan also includes a number of areas of expenditure that are determined by pre-agreed formulas: an annual 2% increase in Health budgets to maintain service standards and meet the costs of health care inflation, staged increases in the JOA budget to 0.3% of GVA by 2025, and maintenance of spending on Arts, Heritage and Culture as 1% of government expenditure.

## Revenue Growth Funding

This plan proposes additional funding for departments to meet the immediate priorities identified by the Council of Ministers. This funding totals £61 million in 2023 over and above amounts included in previous plans and is in addition to departments' existing budgets. Additional funding is provided to address service pressures across all areas of government, including significant additional funding for health, education and children's services. The States Employment Board will have a continued focus on strategic workforce planning, which will consider how any headcount implications of the growth should be managed to reduce the impact on the wider labour market, in conjunction with the Value for Money programme.

£10 million of this growth has been held centrally in the reserve, where the exact amount of timing of spend is still uncertain. This includes provisions for potential inflation in excess of RPI, and funding of the ongoing financial consequences of elements on the 100 Day Plan which are yet to be finalised.

Whilst there may be a need for further investment in future years, these costs should be met through the simplification and rationalisation of existing government activities and any improvements in income forecasts. Departments will not be able to commit to additional expenditure until this is realised.

Figure 8 provides a summary of this additional funding by department (including amounts held centrally). Further information on the proposed additional expenditure can be found in Appendix 3.

<b>New Revenue Expenditure Growth by Department<sup>10</sup></b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Cabinet Office	5,484	5,173	5,123	5,073
Children, Young People, Education & Skills	18,112	18,756	18,718	19,832
Customer and Local Services	1,210	660	610	560
Infrastructure, Housing & Environment	7,662	7,916	7,939	7,426
Health and Community Services	16,234	16,530	16,469	16,579
Justice and Home Affairs	2,839	3,969	3,919	3,887
States of Jersey Police	1,025	1,025	1,025	1,025
Department for the Economy	2,442	2,242	2,142	2,142
Ministry of External Relations	292	292	200	200
Treasury and Exchequer	3,736	3,780	3,905	3,005
Non-Ministerial Departments	1,304	1,699	1,684	1,718
States Assembly	1,110	1,011	911	911
<b>New Revenue Expenditure Growth</b>	<b>61,450</b>	<b>63,053</b>	<b>62,645</b>	<b>62,358</b>

Table 12: New Revenue Expenditure Growth

<sup>10</sup> Excludes Covid-19 Response

## Value for Money

The targets previously included in Government Plan 2022-2025 have been reviewed by the Council of Ministers, and reprofiled across the period which is considered to be a more realistic plan. In 2023, £7 million of the £10 million target will be achieved through restraint in the allocation of non-pay inflation, with a further £3 million delivered through the Value For Money programme, which is set out in the next section of the plan.

These targets are a minimum reduction in overall expenditure, and the Council of Ministers will look to simplify operations, stop services that are no longer required and improve efficiencies across government. This will allow funding to be reprioritised into areas needing further investment, or further reduce overall spend. This work is part of the longer term VFM programme, expected to deliver full year impacts from 2024.

## Covid-19 Response and Recovery Spending

Whilst the impact of the pandemic has reduced, we will still be providing £25 million for direct costs of the pandemic in 2023. Whilst much of the cost is one-off, there are some items where spend will continue into 2026 and beyond. In future plans these will begin to be incorporated into departmental expenditure, to reflect the ongoing costs of living with Covid-19. As the ongoing impacts of Covid-19 continue to be uncertain, a reserve of £5 million has also been provided in 2023 to meet unforeseen costs of Covid-19 or other health protection incidents. If possible, this will be supplemented by unspent allocations at the end of 2022.

Covid-19 Response				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
Social Recovery Allocation	2,670	-	-	-
Personal Protective Equipment Consumption	2,500	1,900	1,400	1,400
Personal Protective Equipment Warehousing	414	421	105	105
CYPES Post-Covid-19 Requirements	2,215	-	-	-
HCS Ongoing Covid-19 Led Services	2,570	-	-	-
Living with Covid-19 (Testing)	9,541	-	-	-
Living with Covid-19 (Vaccines)	3,393	-	-	-
Test and Trace Technology	1,908	-	-	-
<b>Covid-19 Expenditure</b>	<b>25,211</b>	<b>2,321</b>	<b>1,505</b>	<b>1,505</b>

Table 13: Covid-19 Response

## Depreciation

Depreciation represents the cost of using Government assets in the provision of services. It is included when calculating whether the Government is running a surplus or a deficit, which



follows FPP advice, and helps to ensure that the need to continue to invest in assets is adequately recognised in planning.

The increase in depreciation during 2023-2026 reflects an estimated uplift in asset values, as a result of either assets being created or replaced.

## Revenue Heads of Expenditure

The Government Plan is required, by the Public Finances Law, to set out the proposed amount to be spent from the Consolidated Fund by each head of expenditure, after allowing for any estimates of departmental income. Heads of expenditure within this Government Plan relate to each Government of Jersey department, non-Ministerial and other states bodies, and also central items and reserves. In addition, a separate head of expenditure for Covid-19 related expenditure is included to allow expenditure in those areas to be clearly tracked and reported on.

Expenditure is approved in this manner to ensure that there is clear accountability, both at political and officer levels. Expenditure has been allocated to departments for 2023, and estimates produced for 2024 to 2026. The departmental expenditure limits for 2023 incorporate both existing resource requirements and new funding, but exclude pay-inflation, which is held centrally.

Following the refinancing of the pre-existing past-service pension liabilities in 2022, a separate head of expenditure to meet the interest cost of the bond issued has been created, with the budgets previously used to service the liabilities transferred from CYPES and T&E. In addition, transfers to the Strategic Reserve to form a sinking fund for the eventual repayment of the bond are included in the States Funds section.

### *Changes to Ministerial Accountability*

The proposed revenue heads of expenditure include changes to align departmental budgets to ministerial remits, as required by P.52/2022 and as set out in the Council of Ministers' 100 Day Plan. The Cabinet Office head of expenditure brings together the budgets for the Chief Operating Office, Office of the Chief Executive and Strategic Policy, Planning and Performance department.

Other changes to reflect ministerial accountability include the transfer of the Office of the Superintendent Registrar to Justice and Home Affairs and the transfer of the Library to Children, Young People, Education and Skills. These have been reflected as departmental transfers, with details to be published in an annex to the Government Plan.

<b>Revenue Heads of Expenditure</b>					
<b>2022</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Approved</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Departmental Heads of Expenditure</b>					
54,551	Cabinet Office	67,336	69,166	69,316	69,466
167,478	Children, Young People, Education and Skills	189,688	191,337	192,213	193,297
94,567	Customer and Local Services	95,303	98,015	100,153	102,112
48,658	Infrastructure, Housing and Environment	55,505	58,149	59,339	59,374
226,290	Health and Community Services	247,882	249,678	250,091	254,774
13,375	Jersey Overseas Aid	17,700	19,231	20,452	21,045
30,746	Justice and Home Affairs	35,170	36,287	36,341	36,309
25,205	States of Jersey Police	27,108	27,230	27,230	27,230
2,918	Ministry of External Relations	3,088	3,087	2,995	2,995
36,678	Department for the Economy	40,264	39,812	39,611	39,808
68,598	Treasury and Exchequer	67,388	151,013	158,929	162,400
-	Past Service Pension Liability Refinancing	13,782	13,790	13,798	13,806
<b>769,064</b>	<b>Departmental Net Revenue Expenditure</b>	<b>860,214</b>	<b>956,795</b>	<b>970,468</b>	<b>982,616</b>
<b>Non-Ministerial and Other States Bodies</b>					
2,127	Bailiff's Chambers	2,124	2,124	2,324	2,124
957	Comptroller and Auditor General	1,078	1,122	1,156	1,187
8,955	Judicial Greffe	9,127	9,077	9,077	9,077
9,015	Law Officers' Department	10,881	11,064	11,064	11,064
858	Office of the Lieutenant Governor	839	839	839	839
610	Official Analyst	685	688	691	694
2,428	Probation	2,644	2,685	2,685	2,685
8,153	States Assembly	8,746	8,657	8,568	8,568
1,744	Viscount's Department	2,102	2,102	2,102	2,102
<b>34,847</b>	<b>Non-Ministerial Net Revenue Expenditure</b>	<b>38,226</b>	<b>38,358</b>	<b>38,506</b>	<b>38,340</b>
33,588	Covid-19 Response	25,211	2,321	1,505	1,505
<b>837,499</b>	<b>Departmental and Non-Mins Total</b>	<b>923,651</b>	<b>997,474</b>	<b>1,010,479</b>	<b>1,022,461</b>
<b>Reserves</b>					
22,385	Reserve for Centrally Held Items	43,506	93,035	122,542	144,696
77,847	General Reserve	29,187	18,857	18,937	15,024
<b>100,232</b>	<b>Reserves Expenditure</b>	<b>72,693</b>	<b>111,892</b>	<b>141,479</b>	<b>159,720</b>
-	Value for Money	-	(10,000)	(20,000)	(30,000)
<b>937,731</b>	<b>Net Revenue Expenditure</b>	<b>996,344</b>	<b>1,099,366</b>	<b>1,131,958</b>	<b>1,152,181</b>
57,724	Depreciation	55,736	57,173	57,762	58,008
<b>995,455</b>	<b>Net Revenue Expenditure after Depreciation</b>	<b>1,052,080</b>	<b>1,156,539</b>	<b>1,189,720</b>	<b>1,210,189</b>

Table 14: Revenue Heads of Expenditure

## Reserve Heads of Expenditure

The General Reserve is held outside of operational expenditure limits, and can be used to meet unforeseen pressures, or to provide advance funding for urgent expenditure in the public interest. In each year, amounts are held to manage fluctuations in benefit expenditure due to economic changes, and to allow one-off funding for emerging issues. In 2023 an additional £5 million has been provided to support initiatives to reduce hospital waiting lists.

A Covid-19 contingency of £5 million has been included, alongside a separate provision to meet the incremental cost to front-line services of the parental leave policy introduced across the Government in 2022.

£10 million of revenue growth has been held centrally in the reserve where the exact amount of timing of spend is still uncertain. This includes provisions for potential inflation in excess of RPI, and funding of the ongoing financial consequences of elements on the 100-day plan which are yet to be finalised.

£10 million was allocated in the Reserve in 2022 for assisted home ownership schemes, and any amounts not used in 2022 will be carried forward within the reserve for the same purposes. The Minister for Treasury and Resources will review other unspent reserves at the year end and consider the need to carry forward such amounts into 2023, including sums to pump prime resourcing of the VFM programme.

The Reserve for Centrally Held Items includes provisions for inflation that have not been allocated to departments, including pay and excess inflation provision. Inflation is by nature cumulative, and the provision consequently increases in latter years of the plan.

Reserve Expenditure				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
General Reserve	12,000	7,000	7,000	7,000
General Reserve - Covid-19	5,000	-	-	-
General Reserve - Parental Leave	2,500	2,500	2,500	-
General Reserve - Revenue Growth	9,687	9,357	9,437	8,024
<b>General Reserve Expenditure</b>	<b>29,187</b>	<b>18,857</b>	<b>18,937</b>	<b>15,024</b>
Reserve for Centrally Held Items	43,506	93,035	122,542	144,696
<b>Reserve Expenditure</b>	<b>72,693</b>	<b>111,892</b>	<b>141,479</b>	<b>159,720</b>

Table 15: Reserve Expenditure

# Delivering Value for Money

Islanders have expressed a view that we must continue to drive value for money in everything that Government does. External reviews have also made recommendations as to how we must change our public services to improve trust and reliability.

It is vital that the Government establishes a clear plan for the prioritisation of service delivery outcomes as well as the efficient and effective use of resources.

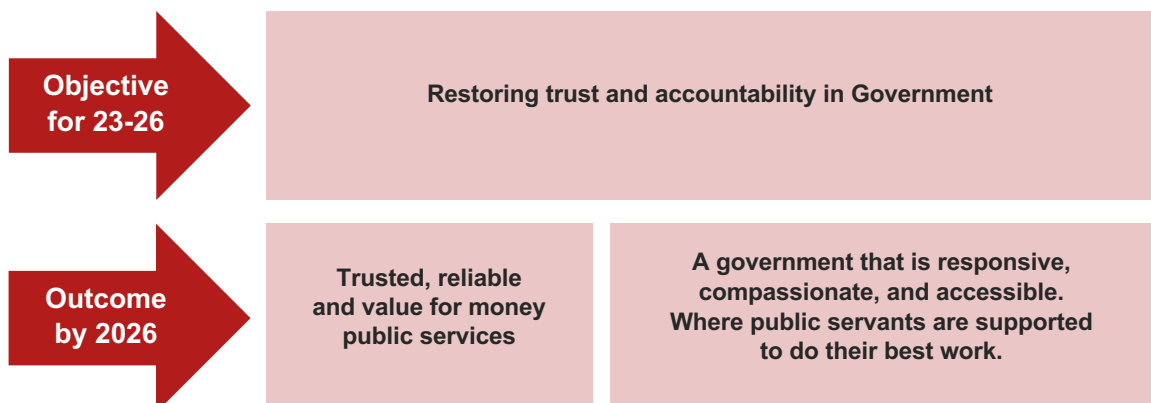
This Council of Ministers proposes to establish a Value For Money (VFM) programme, over the next four-year period, which will engender a strong and positive financial management culture that strives for continuous improvement, delivers cashable efficiencies, and improves productivity and reliability of its services ensuring that taxpayers, service users and Islanders receive better value for money outcomes.

Providing efficient and effective services will be an important part of the Government's agenda over the next 4 years. A productive Public Service not only underpins public trust but also delivers wider benefits for our Island and our economy. To be successful in this regard, it is recognised that the Government and its services need to engage with employees, service users and customers, to better understand their experiences and needs in order to achieve congruous outcomes.

Islanders have demonstrated their desire for change. We must re-build trust by delivering a professional Government based on integrity, strategic thinking and clear communication whilst ensuring delivery of value for money to the taxpayer.

The objective by 2026 is to have restored trust and accountability in Government by focusing on two outcomes:

- Trusted, reliable and value for money public services.
- Government that is responsive, compassionate and accessible, and public servants are supported to do their best work.



## Objectives of the Value for Money Programme

The Value For Money programme aims to drive a culture in which all colleagues across Government understand and act on their responsibility to ensure that for each action and decision there is focus on the elimination of wasteful processes and spend and a focus on improving service delivery.

Over the next four years we will focus on the following:

- Ensuring that Government spending is targeted and that value for money is improved for taxpayers.
- Controlling growth in expenditure and rigorously managing debt.
- Introducing targeted areas of spend restraint through specific controls and the identification of achievable and sustainable efficiency savings.
- Ensuring we invest appropriately in service improvements, as well as the overall priorities of the government.
- Supporting cost effective solutions for the delivery of all public service.
- Ensuring high performing vital emergency and frontline services.
- Timely delivery of crucial capital projects to support public services whilst adhering to optimal value for money principles, including but not restricted to, the new sewage treatment works, a mental health facility and improvements in the school estate.
- Optimising the Government's property portfolio.

## Programme Delivery

In simple terms, improving efficiency means that Government is able to spend less and achieve the same or spend the same and achieve more and improve outcomes; carrying out activities faster, or with fewer resources or to a better standard.

A Political Oversight Group, chaired by the Minister for Treasury and Resources, will oversee the implementation of this programme of work to ensure a culture of visible focus, attention to efficiency and the provision of better value for money services will be cascaded throughout Government. The programme will drive these outcomes through the following approaches:

1. Cashable Savings Targets and delivery plans for each Department.
2. A Productivity Improvement Programme.
3. A series of Best Value Reviews.

## Cashable Savings

The Fiscal Policy Panel has recommended that efficiencies should be sought regardless of the stage of the economic cycle, but also noted that “efficiencies can be difficult to deliver” and as such should only be relied upon if there is a clear plan for delivery.

Cashable efficiency targets have been allocated to Departments as part of the Departmental Revenue Budgets and are detailed, for 2023, in the table below. Delivery plans including SMART targets will be tracked and monitored, with progress reported through the VFM programme governance to Council of Ministers and regular reporting to stakeholders for transparency and scrutiny. Detail for future years will be provided in future Government Plans.

Departments will ensure there are tight controls and rigorous spend validation across their budgets and headcount. A series of thematic deep dives will be conducted to support departments in the delivery of their VFM targets. For example, in 2023 there will be 3 prioritised areas of focus; Health & Community Services; Infrastructure, Housing & Environment; and technology spending.

The targets previously included in Government Plan 2022-2025 have been reviewed by the Council of Ministers, and reprofiled across the coming 4-year period which is considered to be a more realistic plan. In 2023, £7 million of the £10 million target will be achieved through restraint in the allocation of non-pay inflation, with a further £3 million delivered through the VFM programme. The non-pay inflation saving is shown against the Reserve for Centrally Held Items below.

The targets, in the table below, are a minimum reduction in overall expenditure, and the Council of Ministers will look to simplify operations, stop services that are no longer required and improve efficiencies across government. This will allow funding to be reprioritised into areas needing further investment, or further reduce overall spend. This work is part of the longer term VFM programme, expected to deliver full year impacts from 2024.

<b>Value for Money Savings</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Cabinet Office	273	-	-	-
Customer and Local Services	67	-	-	-
Children, Young People, Education & Skills	688	-	-	-
Infrastructure, Housing & Environment	227	-	-	-
Health and Community Services	1,032	-	-	-
Justice and Home Affairs	144	-	-	-
States of Jersey Police	117	-	-	-
Jersey Overseas Aid	-	-	-	-
Department for the Economy	160	-	-	-
Ministry of External Relations	12	-	-	-
Treasury and Exchequer	140	-	-	-
States Assembly	-	-	-	-
Non-Ministerial	-	-	-	-
Reserve for Centrally Held Items	7,140	-	-	-
Unallocated Future Savings	-	10,000	10,000	10,000
<b>Value for Money Savings</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

Table 16: Value for Money Savings

## Productivity Improvement Programme

Efficiency and effectiveness are not only about more for less cost, but also about better services. Given the relative size of Government spending, the annual public purse, a more productive Government will also have benefits for the wider economy.

The VFM programme will therefore launch a refreshed focus on improving productivity. With the implementation of training and tools, staff will be able to identify and remove wasteful and

unproductive process which impact on services often creating delays and negatively impact of service user experience. The aim will be to improve how well we do things, how quickly and smoothly services are delivered, thus improving the customer experience as well as the work environment for staff.

## Best Value Reviews

Best Value Reviews will be a fundamental part of the VFM programme. Reviews will be conducted in specified services, to confirm there is alignment between the Government's strategic priorities and service delivery outcomes, while considering for example, appropriate resources to deliver desired outcomes and appropriate form of service delivery. Best Value Reviews will be conducted using multi-disciplinary teams, subject matter experts and contributions from service users. Best Value reviews will ensure we invest appropriately in services improvements and that we are able to demonstrate improved outcomes and more cost-effective services.

## Governance

These programmes will only yield successful outcomes with visible leadership from the top and effective governance.

We will ensure that the programme benefits from fit for purpose programme governance and oversight. The Political Oversight Group, with other Ministers, will provide clear and visible leadership. The Executive Leadership Group will be responsible for leading and cascading the programme aims and targets through their respective Departments, including engagement with employees. The programme will track, monitor on agreed targets, providing transparent reporting to stakeholders.

# Capital and Other Projects

## 2023 - 2026

### Introduction

The Capital Programme sets out expenditure on the development and replacement of the Island's assets, including Estates, Infrastructure, Equipment and IT. It is essential that we continue to invest in the replacement and maintenance of our Island's assets so that we can deliver the services that Islanders need. This does not include the capital plans of the States of Jersey Development Company, Andium Homes and other State-Owned Entities, who will also be investing significantly across the plan period.

The allocation of funding to projects is on a cashflow basis and approvals are annual even though a four-year view of cashflow is presented. For Major Projects the first year of expenditure is approved with the total cost of the project also presented for approval where required. No property disposals have been included in the plan, but the Minister for Treasury and Resources can approve changes to funding allocations for projects through the application of property receipts or other income.

In some cases, one-off projects in delivery from previous plans may incur some costs in 2023 due to unforeseen delays. Heads of Expenditure established in previous plans will continue to exist to allow for this.

### *Deliverability and Affordability*

The Government has consistently allocated more in aggregate to Capital Projects than departments have been able to spend. This has tied up tens of millions of pounds of taxpayers money that could have been productively invested in other projects.

In developing an updated capital programme for this government, both the affordability *and* deliverability of the programme have been considered.

- **Deliverability** – the programme should take into account the internal and external capacity constraints. This includes the capacity of the market to deliver the work (for example the capacity of the construction industry), and the government's internal capacity to develop and manage the projects. It also includes other factors such as the time to secure planning approval.
- **Affordability** – government must have sufficient funds to pay for the capital programme – in particular, a forecast positive Consolidated Fund balance must be maintained.

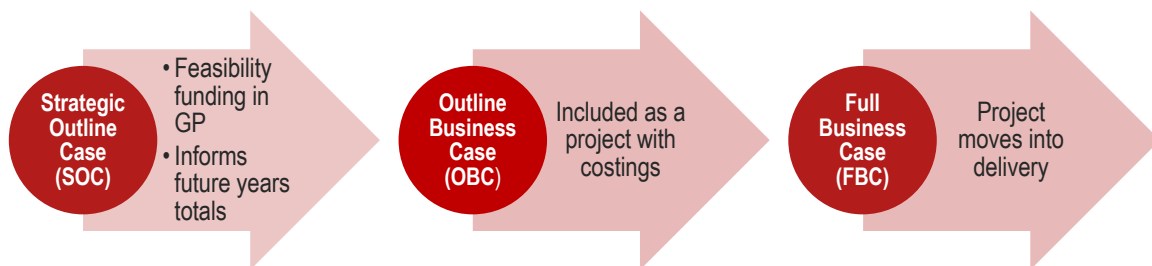
Capacity constraints differ based on the nature of the project, and the deliverability of construction (estates), specialist construction (infrastructure), replacement assets and Information Technology have been separately considered.



Large scale exceptional projects were also considered separately, as these can often be delivered outside of normal capacity constraints, especially once in delivery.

The timing of spend on existing projects from previous plans has been reviewed and reprofiled. This work is closely aligned to the project delivery frameworks in place within Corporate Portfolio Management Office (CPMO) for both construction and non-construction projects.

## Project Gateways



Projects typically require high levels of funding to spend over multiple years. Project planning requires decisions to be taken on the basis of estimates and successful delivery can be subject to several risks. To help to ensure that governance processes support VFM and it is important that decisions can be taken to stop or amend a project throughout the decision cycle. Accordingly, planning for projects now follows a three-stage approach that helps to control for the inherent risk and uncertainty involved in seeking to determine cost and resource requirements often several years in advance of project commencement.

- Stage 1: Strategic Outline Case (SOC) – projects first enter the programme following the completion of an SOC. This is an early-stage business case that also provides high-level estimates of likely financial and resource requirements. In accepting an SOC, the Government will commit funding and/or internal officer time to further feasibility work that aims to develop a more detailed and comprehensive business case. Government Plan allocations for future years will be informed by the potential cost implications, but, as costings are still elementary, no express commitment is made to deliver the project until a more detailed Outline Business Case has been prepared and agreed.
- Stage 2: Outline Business Case (OBC) – the OBC is the principal planning document for projects. It is drafted after detailed policy and feasibility work has been completed and thereby allows for a robust estimate of likely expenditure and resource requirements. After the OBC is approved, a project can generally be reflected in the Government Plan with assigned costings, for the Assembly’s consideration.
- Stage 3: Full Business Case (FBC) – while OBC costings are the Government’s best estimate of financial requirements developed following detailed policy and feasibility work, they are still uncertain and based on assumptions. Changes in circumstances within the supply chains, the emergence of competing priorities, or wider economic change can give rise to unforeseen additional costs or reduce the anticipated benefits that will accrue from the project. The FBC allows a final decision point once actual commercial terms have been agreed, and the project is ready for

implementation. If the FBC is accepted by Ministers, the project will move into delivery.

## *Major Projects*

The PFL defines ‘major projects’ under Article 1 as follows:

1. a capital project the duration of which, from start to finish, is planned to be of more than one year and the total cost of which is planned to be of more than £5 million; or
2. a project that has been designated as a major project under an approved government plan;

Major Projects are separately identified within each section of the programme.

## *Grouped Heads of Expenditure*

Grouped Heads of Expenditure were introduced in the Government Plan 2022-2025. Grouped Heads improve flexibility, allowing Accountable Officers to manage individual projects within a wider programme so that any individual delays or changes to project expenditure can be managed within the approved financial envelope. It is only possible to adopt this approach where the projects concerned support similar outcomes.

In future years where the exact timing and amount of funding required is uncertain, a single amount has been included, with an indication of which projects may be funded from it. More detailed allocations would be made in future Government Plans. This approach gives clear visibility of future projects, without the inclusion of figures where the amount or timing of spend remains uncertain.

Major Projects will not be included in a grouped head of expenditure once the total expenditure for the project has been agreed in a Government Plan. However, some projects planned for future years of a grouped head of expenditure may ultimately become Major Projects (for example if the estimated costs exceed £5 million). For example a replacement school would almost certainly become a major project, but would remain in the New School and Educational Developments grouped head of expenditure until timing and costs are confirmed in an Outline Business Case.

Where a head of expenditure provides ongoing annual funding that will be used for a range of projects (a “rolling vote”) only the current year of approval is considered in terms of classification as a Major Projects.

## *Longer Term Capital Planning*

The intention is to publish a 25-year outlook for project investment by 2024 once the priorities of the new Government are agreed. This programme will be centred on the requirements of the Island as set out in the relevant policies and guidance.

In 2023, we will be working on a strategic process that gathers together the total Government portfolio of land and buildings and reviewing the gaps in the short, medium and longer term. This will necessarily be informed by the requirements of each service area and their future objectives. The current level of replacement and maintenance costs will be relevant in this regard and developments in estates management and enterprise asset management will support this project, as will the plan condition survey of the States Estate.

## The Capital Programme

The Capital programme allocates £363 million to projects across 2023-2026, which will invest in our Estate, Infrastructure and Information Technology, as well as allowing for the replacement of assets. More details on the individual projects in each area (including Major Projects) are given in the following sections. Project totals (including previous approvals/spend) are included where appropriate for individual projects. They are not included for “rolling votes” or grouped heads of expenditure.

<b>Capital and Other Projects Programme</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Feasibility	1,830	500	500	500
Estates	52,001	44,215	33,304	27,998
Infrastructure	29,631	19,883	18,118	17,500
Information Technology	35,888	9,925	2,970	1,505
Replacement Assets and Minor Capital	12,065	9,830	13,136	10,200
Community Fund	1,000	2,000	2,000	2,000
Reserve for Central Risk and Inflation	8,100	2,000	2,000	2,000
<b>Capital and Other Projects Programme</b>	<b>140,515</b>	<b>88,353</b>	<b>72,028</b>	<b>61,703</b>

Table 17: Capital and Other Projects Programme

In addition to the programme summarised above, the States Assembly is asked to approve the proposed capital plans of the Trading Funds and States Funds.

<b>Proposed Schemes Funded from Trading Funds</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Vehicle and Plant Replacement	2,000	2,700	2,700	2,700
Car Park Enhancement and Refurbishment	60	795	500	500
<b>Proposed Schemes Funded from Trading Funds</b>	<b>2,060</b>	<b>3,495</b>	<b>3,200</b>	<b>3,200</b>

Table 18: Proposed Schemes Funded from Trading Funds

<b>Proposed Scheme Funded from Social Security Fund</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Benefits and Payments (Transform)	12,500	8,250	-	-
<b>Proposed Scheme from Social Security Fund</b>	<b>12,500</b>	<b>8,250</b>	<b>-</b>	<b>-</b>

Table 19: Proposed Scheme Funded from Social Security Fund

## Feasibility

<b>Feasibility</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Feasibility	1,830	500	500	500

Table 20: Feasibility

Consistent with the project gateway approach, feasibility work is essential to ensure that funding allocated to projects into the Government Plan reflects the Government's best estimate of likely resource requirements based on detailed policy and feasibility planning. An allocation for feasibility is included in the plan to provide funding to allow departments to undertake an assessment of proposals and develop robust and comprehensive Outline Business Cases.

Previously funding for feasibility was held in a Reserve Head of Expenditure known as 'Central Planning Reserve'. To simplify internal processes from 2023 this will be replaced by a grouped head of expenditure within the Capital Programme. Expenditure on individual projects must not take place until a Strategic Outline Business case has been approved by the relevant Accountable Officer and the Treasury.

The grouped head of expenditure includes indicative projects but allows for flexibility within the approved amount. This allows funding to be reallocated where projects progress faster or slower than forecast.

To improve flexibility and prevent delay, emerging projects can receive feasibility funding in year – this would be subject to appropriate approvals.

<b>Feasibility – Breakdown of Grouped Head of Expenditure</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
- Emerging Projects	250	500	160	300
- First Tower playing Field	150	-	-	-
- Piquet House / States Members' Facilities	100	-	-	-
- Mont a l'Abbe Secondary School	150	-	-	-
- Further Education Campus	330	-	-	-
- Infrastructure Funding	250	-	-	-
- Reorganisation of Secondary Schools	100	-	-	-
- North of St Helier School	250	-	-	-
- South of St Helier School	-	-	200	-
- La Sente	-	-	-	200
- VCP Replacement School	250	-	-	-
- Victoria College New Classroom Block	-	-	100	-
- Victoria College Students Support Centre	-	-	40	-
<b>Feasibility</b>	<b>1,830</b>	<b>500</b>	<b>500</b>	<b>500</b>

Table 21: Feasibility Grouped Head of Expenditure

## Estates

Estates							
Project		Spon	Supp	2023	2024	2025	2026
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
-	Land Acquisition	IHE	IHE	-	-	-	-
9,402	Oakfield and Fort Regent Decant (M)	IHE	IHE	5,000	2,000	-	-
3,914	Inspiring Active Places - Sports Strategy (M)	IHE	IHE	1,300	-	-	-
3,923	Office Modernisation (M)	IHE	IHE	460	2,353	-	-
5,000	Crematorium	CLS	IHE	-	500	4,500	-
200	Vehicle Testing Service	IHE	IHE	100	-	-	-
8,644	Orchard House	IHE	IHE	449	-	-	-
-	Other IHE Estate Projects	IHE	IHE	1,700	1,750	1,000	1,000
11,731	Jersey Opera House (M)	ECON	ECON	6,270	3,230	-	-
4,953	Elizabeth Castle	ECON	ECON	2,027	1,676	-	-
9,350	Learning Difficulties - Specialist Accommodation (M)	HCS	IHE	1,700	3,552	1,624	-
26,940	Health Services Improvements Programme	HCS	HCS	5,000	5,000	2,595	-
2,033	In-Patient/Support Services Refurbishments	HCS	HCS	749	749	-	-
-	New School and Educational Developments	CYPES	CYPES	3,504	10,868	11,950	16,700
-	Upgrade to CYPES Estate	CYPES	CYPES	13,621	8,750	8,950	8,405
24,403	Ambulance, Fire & Rescue Headquarters (M)	JHA	IHE	800	500	2,685	1,893
3,393	Army and Sea Cadets Headquarters	JHA	IHE	960	2,283	-	-
762	Magistrate's Court conversion	JG	JG	750	-	-	-
2,239	Firearms Range	SoJP	SoJP	1,775	-	-	-
4,291	Dewberry House - Sexual Assault Referral Centre	SoJP	IHE	2,851	1,004	-	-
12,895	Prison Improvement Works	JHA	IHE	2,985	-	-	-
<b>134,073</b>	<b>Estates</b>			<b>52,001</b>	<b>44,215</b>	<b>33,304</b>	<b>27,998</b>

Table 22: Estates

(M) – indicates a Major Project

### Land Acquisition

Throughout the years of this Government Plan, the Government will be reviewing its land and property holdings. This may give rise to a strategic rebalancing of Government of Jersey owned properties through disposals and acquisitions to ensure that Government's land and estates portfolio is optimised to support the delivery of the Island's needs. This Head of Expenditure exists to allow the Government to purchase strategic pieces of land. An immediate priority will be the acquisition of a strategic site at Kensington Place from Andium to ensure options related to the Our Hospital Project remain open while the review of the project is concluded.

No funding has been allocated in the plan, as it is expected that any purchases would be funded through the application of receipts of one-off income, asset disposal proceeds and land swaps.

### *Investment in Sport*

Inspiring Active Places is a long-term strategy for improving sports facilities which is being incrementally implemented to ensure Islanders have access to facilities which support active lifestyles and competitive sport.

Previous government plans provided funding to support the sports strategy of the Island, including by relocating clubs and associations from the Fort – most notably to the new sports centre at Oakfield. The funding for Fort Regent has been refocused on completing this work. Funding has also been used to develop facilities at Springfield.

The future investment required for a comprehensive sport strategy cannot be accommodated within the normal capital programme and would require a separate funding strategy. This will be considered in future Government Plans.

### *Office Modernisation*

The Government of Jersey occupies a variety of owned or leased properties to accommodate various Government functions. In early 2021, an agreement was signed with a delivery partner to construct new headquarters for the Government on the site of Cyril Le Marquand House and this project is now well under way and on track for delivery in 2024. The developer is funding the build and the Government will lease the building on completion with an option to purchase in future years. The funding in this Government Plan is for the management of the project and the costs of the integration of people from several locations to this single site.

### *Other Estate Projects*

<b>Other Estate Projects – Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2023 Estimate</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>
Other Estate Projects, of which;	IHE	IHE				
- Community Site Improvements (DDA)			1,000	1,000	1,000	1,000
- Les Quennevais School Cooling			200			
- New Skateparks			500	750	-	-
<b>Other IHE Estate Projects</b>			<b>1,700</b>	<b>1,750</b>	<b>1,000</b>	<b>1,000</b>

Table 23: Other Estate Projects – Breakdown of Grouped Head of Expenditure

This includes budgets for the implementation of the Discrimination Law, Safeguarding and Regulation of Care across the Government Estate, development of Skateparks and cooling

for Les Quennevais School. The planned condition survey of the States' Estates and ongoing development of Estates Management will continue to inform the requirements to maintain a safe, compliant and fit-for-purpose estate.

### *Investment in Arts, Heritage and Culture*

This plan continues the funding for the refurbishment and redevelopment of the Hospital Block and Officers' Barracks at Elizabeth Castle together with various other improvement works on the site.

A Head of Expenditure is also created to enable the restoration and modernisation of the Jersey Opera House. The project would build on works that have already been undertaken during 2022 to provide a detailed condition survey and remediation plan to restore the historic venue and allow it to reopen and resume its leading role in the Island's culture life.

### *Health and Community Services Estate*

Funding continues in this Plan to support essential works within the HCS estate. This includes the development of specialist accommodation for Islanders with learnings difficulties and rolling programme of renovations within the General Hospital. Due to the current hospital's age, on-going refurbishment works are required to ensure the delivery of safe and modern services pending the construction of a long-term hospital solution later in the decade.

### *Children, Young People, Education & Skills Estate*

There are a large number of projects in respect of the CYPES Estate that are currently being reviewed and prioritised. Funding has been consolidated within two Grouped Heads of Expenditure to enable this prioritisation process subject to the appropriate business cases being produced. The use of Grouped Heads of Expenditure will also help CYPES to better manage project delays and the high degree of uncertainty in the construction market stemming from global supply chain constraints and inflationary pressures. Where projects are delayed or need to be re-evaluated due to changing economic considerations, the Grouped Head of Expenditure enables funding to be reprioritised or for other priority projects to be accelerated.

New School and Educational Developments is a Grouped Head of Expenditure to enable projects related to the construction of new schools or educational facilities. Projects to be prioritised within this Head of Expenditure include an expansion of Mont a L'abbe School, a new Digital Centre of Excellence, development of primary schools in St Helier, a replacement of Victoria College Preparatory School and sports facilities at Le Rocquier.

A new Grouped Head of Expenditure, Upgrades to CYPES Estates, to support investment priorities across the CYPES estate. It is intended that this Head of Expenditure will be used to establish a therapeutic care home for children, refurbish existing residential homes, provide new premises for music development, deliver improvements to existing schools, and



support delivery of school sports pitches and play spaces and enable an expansion of Youth Service facilities.

<b>Upgrades to CYPES Estates – Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2023 Estimate</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>
Upgrades to CYPES Estates, of which:	CYPES	IHE				
- Schools Improvements			5,863	2,000	3,500	3,405
- Residential Homes & Secure Settings			500	500	500	500
- Therapeutic Children's Homes			3,500	750	-	-
- Music Development			200	-	2,000	2,600
- Field Developments & Play Space			2,558	2,000	750	-
- Youth Services			1,000	3,500	2,200	1,900
<b>Upgrades to CYPES Estates</b>			<b>13,621</b>	<b>8,750</b>	<b>8,950</b>	<b>8,405</b>

Table 24: Upgrades to CYPES Estates Grouped Head of Expenditure

## *Justice, Home Affairs and States of Jersey Police Estate*

This Government Plan provides funding for the relocation of the Army and Sea Cadets into a new headquarters. Funding is in place for a new Ambulance, Fire & Rescue Headquarters, though this will now be developed later than indicated in previous Government Plans after the previous States Assembly determined that the proposed site should be considered as a location for a north of St. Helier primary school. Development of the new headquarters will follow the conclusion of wider estate planning that will include decisions on the location of future primary schools. This Plan also proposes additional funding for the Police Firearms Range and the Sexual Assault Referral Centre at Dewberry House, which are both funded from the Criminal Offences Confiscation Fund (COCF).

A Grouped Head of Expenditure is proposed for prison improvement works that are also funded from the COCF. This supports delivery of the additional phases to modernise the prison estate.

<b>Prison Improvement Works – Breakdown of Grouped Head of Expenditure</b>							
<b>Project Total</b>	<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2023 Estimate</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>
		JHA	IHE				
10,487	- Prison Improvement Works - Phase 6b			1,180	-	-	-
2,408	- Prison Phase 8			1,805	-	-	-
<b>12,895</b>	<b>Prison Improvement Works</b>			<b>2,985</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 25: Prison Improvement Works – Grouped Head of Expenditure

## Infrastructure

Infrastructure							
Project		Spon	Supp	2023	2024	2025	2026
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
-	Infrastructure Rolling Vote and Regeneration Including St. Helier (M)	IHE	IHE	14,715	15,650	16,000	16,000
88,635	Sewage Treatment Works (M)	IHE	IHE	11,966	2,733	700	-
-	Countryside Access & Wellbeing	IHE	IHE	-	-	-	-
-	Planning Obligation Agreements	IHE	IHE	-	-	-	-
-	Road Safety	IHE	IHE	-	-	-	-
	Other Infrastructure	IHE	IHE	2,950	1,500	1,418	1,500
<b>88,635</b>	<b>Infrastructure</b>			<b>29,631</b>	<b>19,883</b>	<b>18,118</b>	<b>17,500</b>

Table 26: Infrastructure  
(M) – indicates a Major Project

### *Infrastructure Rolling Vote and Regeneration including St. Helier*

One of the largest ongoing programmes of work is the Infrastructure Rolling Vote and Regeneration including St. Helier. It is a programme of continual improvements to maintain key infrastructure such as roads, drains and sea defences, which face a continual threat of damage or erosion over time. This is critical ongoing activity that would continue long into the future as part of the continual maintenance of critical areas of the Island's infrastructure. Regeneration including St. Helier is included within the rolling vote, to allow for the continual improvement and safety of roads, paths and public spaces in and around St. Helier and across the Island.

### *Sewage Treatment Works*

Funding is available in this Plan to continue to deliver the replacement of Sewage Treatment Works at Bellozanne. The project has been impacted by inflationary cost pressures following changes to the delivery partner and an additional £2.4m has been allocated in this Government Plan. The funding in this Government Plan is intended to enable the completion of this long-term project by 2026.

## Other Infrastructure

Heads of Expenditure are also included for Countryside Access & Wellbeing, Road Safety and Planning Obligation Agreements. Funding for these heads of expenditure is generated from programme underspends, income from car park trading funds and third party planning applications for developments respectively.

A new Grouped Head of Expenditure for all other infrastructure projects is proposed in this Government Plan. These projects include further works to the La Collette Waste Site, expansion of the sewage network, and development of the Island's parks and gardens.

<b>Other Infrastructure – Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2023 Estimate</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>
Other Infrastructure	IHE	IHE				
- La Collette Waste Site Development			1,950	500	500	500
- Parks & Gardens			-	-	418	-
- Drainage Foul Sewer Extensions			1,000	1,000	500	1,000
<b>Other Infrastructure</b>			<b>2,950</b>	<b>1,500</b>	<b>1,418</b>	<b>1,500</b>

Table 27: Other Infrastructure Grouped Head of Expenditure

## Information Technology

Information Technology							
Project		Spon	Supp	2023	2024	2025	2026
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
10,871	MS Foundation (M)	CBO	CBO	1,300	-	-	-
16,358	Cyber & Cyber ORI (M)	CBO	CBO	5,000	-	-	-
54,740	Integrated Technology Solution Release 1 & 2 (M)	CBO	CBO	9,778	-	-	-
6,500	ITS Release 3 & 4 (M)	CBO	CBO	2,300	-	-	-
1,281	ITS Release 3 Additional (M)	CBO	CBO	17	-	-	-
	Other Government Wide IT Projects	CBO	CBO	3,399	500	500	500
9,425	Revenue Transformation Programme (Phase 3) (M)	T&E	T&E	3,105	1,986	1,316	-
16,185	Digital Care Strategy (M)	HCS	CBO	5,300	5,305	-	-
3,000	Jersey Care Model - Digital Systems	HCS	CBO	1,050	400	-	-
850	Next Passport Project	JHA	JHA	250	425	175	-
2,218	Combined Control IT	JHA	JHA	567	-	-	-
667	Electronic Patient Records	JHA	JHA	191	-	-	-
2,520	Regulation Group Digital Assets	IHE	IHE	1,252	-	-	-
650	Replacement LC-MS system	OA	OA	-	-	-	650
770	Probation/Prison Case Management system	Prob	Prob	440	110	110	110
-	Pride Software	JG	JG	-	-	-	-
345	Phoenix Software	VD	VD	300	-	-	-
5,315	Court Digitisation	JG	JG	1,639	1,199	869	245
<b>131,695</b>	<b>Information Technology</b>			<b>35,888</b>	<b>9,925</b>	<b>2,970</b>	<b>1,505</b>

Table 28: Information Technology  
(M) – indicates a Major Project

### *Integrated Technology Solution*

This Plan provides the final year of funding for the Integrated Technology Solution (ITS). Each of the four releases of ITS are due to complete in 2023. The ITS will replace various technology platforms that have reached, or are due to reach, the end of their useful lives. The new system is a critical development as the Government of Jersey continues on its path towards a modern IT infrastructure, delivering key services to Islanders.

ITS Releases 3 & 4 will provide the additional tools and components to expand the system. These include asset management, health and safety, and procurement systems, that will enable a variety of Government functions to utilise the same unified systems. This will provide greater efficiencies to users and better realise the project's ambition to create a broader all-encompassing back-office IT system for the Government of Jersey.

## Information Technology Investment

Successive Government Plans have highlighted the importance of further investment in technology to achieve Government's future aims and address a historical under investment in the Government's technology assets.

This Government Plan continues funding commitments made in previous government plans and reflects the continuation of some projects into 2023 that were previously expected to come to an end by 2022. Additional investment is proposed for Cyber to enable the Island to respond to the heightened cyber threat related to the new geopolitical risk landscape.

## Other Government wide IT Projects – Grouped Head of Expenditure

Finally, a new Grouped Head of Expenditure has been created that includes funding for the digitisation of government services and record keeping as part of the Government of Jersey's on-going commitment to modernising public services and improving the customer experience for members of the public.

Other Government Wide IT Projects – Breakdown of Grouped Head of Expenditure						
£'000	Spon Dept	Supp Dept	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
Other Government Wide IT Projects, of which:	CBO	CBO				
- <i>Electronic Document Management Solution</i>			2,180	-	-	-
- <i>Service Digitisation Phase 2</i>			1,219	500	500	500
<b>Other Government Wide IT Projects</b>			<b>3,399</b>	<b>500</b>	<b>500</b>	<b>500</b>

Table 29: Other Government Wide IT Projects Grouped Head of Expenditure

## Replacement Assets and Minor Capital

Replacement Assets and Minor Capital							
Project		Spon	Supp	2023	2024	2025	2026
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
-	Replacement Assets and Minor Capital	IHE	IHE	3,930	4,000	4,550	4,550
3,232	Fisheries Protection Vessel & Auxiliary Vessels	IHE	IHE	-	-	2,800	-
-	Replacement Assets and Minor Capital	CYPES	CYPES	250	250	300	300
-	Replacement Assets and Minor Capital	HCS	HCS	3,755	2,500	2,500	2,500
-	Replacement Assets and Minor Capital	SoJP	SoJP	200	200	350	350
-	Replacement Assets and Minor Capital	JHA	JHA	162	380	136	-
-	Replacement of Aerial Ladder Platform	JHA	JHA	768	-	-	-
-	Replacement Assets and Minor Capital	CBO	CBO	3,000	2,500	2,500	2,500
<b>3,232</b>	<b>Replacement Assets and Minor Capital</b>			<b>12,065</b>	<b>9,830</b>	<b>13,136</b>	<b>10,200</b>

Table 30: Replacement Assets and Minor Capital

Replacement assets focuses on the replacement of current equipment that is due to reach the end of its safe useful life and require replacing for newer equipment, to ensure our assets are maintained for the ongoing delivery of services.

Replacement asset and minor capital budgets are provided for several departments. Specific funding is also provided for one-off investment in fisheries vessels and a new aerial ladder platform for the Fire and Rescue Service.

In this Government Plan, to bring greater consistency to minor capital spending, funding for Sports Division Refurbishments, which was a separate Head of Expenditure in previous Government Plans, is included in Replacement Assets and Minor Capital for IHE.

## Community Fund

Following the successful implementation of a number of community projects funded through the Fiscal Stimulus Fund, a Community Project Scheme is proposed that would provide small scale funding to charitable and voluntary sector organisations outside of the Government to improve their physical infrastructure. A more detailed plan for the scheme, including terms of reference will be developed in 2023.

Community Fund							
Project		Spon	Supply	2023	2024	2025	2026
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
-	Community Fund (M)	T&E	T&E	1,000	2,000	2,000	2,000
-	<b>Community Fund</b>			<b>1,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

Table 31: Community Fund

## Reserve for Central Risk and Inflation

Most projects in general do not carry a contingency for future increased inflation, therefore a central reserve Head of Expenditure exists to accommodate the need for projects to incur inflationary cost increases. The increased provision for inflation reflects the volatility in general and specific inflation.

Inflation is likely to be a significant issue over the life of this plan. Building costs are expected to rise significantly over the period of the plan, driven by both increasing material costs (mostly due to supply-chain constraints) and by shortages in the skilled workforce of the construction industry.

On that basis, this Government Plan proposes that there should be an increased allocation in 2023. If not required for inflation, the reserve would be available to cover other risks.

Reserve for Central Risk and Inflation							
Project		Spon	Supply	2023	2024	2025	2026
Total	£'000	Dept	Dept	Estimate	Estimate	Estimate	Estimate
-	Reserve for Central Risk and Inflation	T&E	T&E	8,100	2,000	2,000	2,000
-	<b>Reserve for Central Risk and Inflation</b>			<b>8,100</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

Table 32: Reserve for Central Risk and Inflation

## Establishment of and Changes to Major Projects

A number of projects have been designated as Major Projects with their own individual Heads of Expenditure. In addition to cash flow for 2023, the Government Plan approves the total Project expenditure. It is sometimes necessary to update this approval. The total approvals for Major Projects<sup>11</sup> in this plan are:

Major Projects					
£'000	Spon Dept	Supp Dept	Previous Approval	Total Project Approval	Change
Infrastructure Rolling Vote & Regeneration Including St. Helier <sup>12</sup>	IHE	IHE	-	14,715	14,715
Sewage Treatment Works	IHE	IHE	86,235	88,635	2,400
Learning Difficulties – Specialist Accommodation	HCS	IHE	9,350	9,350	-
Ambulance, Fire and Rescue Headquarters	JHA	IHE	24,403	24,403	-
Oakfield and Fort Regent Decant	IHE	IHE	9,402	9,402	-
Office Modernisation	IHE	IHE	3,923	3,923	-
Inspiring Active Places - Sports Strategy	IHE	IHE	814	3,914	3,100
MS Foundation	CBO	CBO	11,446	10,871	(575)
Cyber & Cyber ORI	CBO	CBO	14,970	16,358	1,388
Integrated Tech Solution Release 1 & 2	CBO	CBO	54,740	54,740	-
ITS Release 3 & 4	CBO	CBO	6,500	6,500	-
ITS Release 3 Additional	CBO	CBO	1,281	1,281	-
Digital Care Strategy	HCS	CBO	16,185	16,185	-
Schools Estate <sup>13</sup>	CYPES	IHE	31,350	-	(31,350)
Jersey Opera House	ECON	ECON	-	11,731	11,731
Community Fund	T&E	T&E	-	7,000	7,000
Revenue Transformation Programme (Phase 3)	T&E	T&E	9,425	9,425	-

Table 33: Major Projects

<sup>11</sup> The Elizabeth Castle project remains in the programme but is no longer classified as a Major Project.

<sup>12</sup> The project is classified as a new Major Project annually and therefore this table captures the amount for 2023.

<sup>13</sup> Projects previously assigned to the Schools Estate Major Project are now provided for within the New School and Educational Developments Grouped Head of Expenditure.



## Use of Public Land for Public Benefit

New development on public land, whether that is owned by Government or a States' Owned Entity, creates value that can be reinvested to benefit the public. Recognising that housing is increasingly unaffordable for many islanders, the new Bridging Island Plan includes a policy expectation that

*Where States of Jersey or States-owned companies' land is brought forward for the development of new homes, these shall be for affordable homes unless it has been otherwise approved that the development needs to specifically provide open market homes, particularly where this is required to ensure the viability of public realm and community infrastructure delivery, in line with an approved Government Plan<sup>14</sup>.*

The creation of affordable homes brings real public benefits to Jersey. They help create an inclusive society, where all children can get a good start in life and where our family and friends can live and age well.

A broad strategy to create and maintain affordable homes is in place and is focused on direct support to Andium Homes to build 3,000 new affordable homes by 2030, and a range of policy steps to increase the use of assisted purchase products, such as shared equity schemes, in the open market. Government invests in affordable housing in a number of ways, for example:

- £250 million of public borrowing provides stable, low-cost financing to Andium Homes, and has supported other housing trusts;
- affordable homes for rent are subsidised, on average, by more than 20% of market rates, and affordable homes for purchase – such as through the Andium Home Buy scheme – ensure properties can be purchased below their open market value, subject to affordability criteria;
- £10 million will be invested in a forthcoming assisted home ownership scheme; and
- land is made available through the planning process to ensure more affordable homes can be built – whether on rezoned sites or in developments on public land.

In assessing whether land and sites that are currently owned by the Government of Jersey, are developed for housing, there is an ongoing assessment via the Estates Strategy. This process determines whether these sites are needed for public service delivery or can be released. Once a site has been identified for housing, government must consider the need to provide affordable homes, as well as the need to raise sufficient capital to be reinvested in other areas that benefit the public, such as new infrastructure or public realm improvements. When land is used to build affordable homes, a portion of the market value that would otherwise be achieved is forfeited by the public, limiting the amount that can be reinvested to meet other public needs. Because of this, it is sometimes appropriate to build open market homes to ensure the best overall value for the public is realised.

The table below sets out sites in public ownership that are due to deliver housing and confirms whether the value created will be used to subsidise the creation affordable homes, or whether a portion of open market homes is expected to be included and, if so, what wider public benefit the value created from those homes will be used for. There will always be a

<sup>14</sup> <https://www.gov.je/SiteCollectionDocuments/Planning%20and%20building/P%20Bridging%20Island%20Plan.pdf> page 206

very minimum of 15% of the housing units created that will be made available with assisted purchase products.

Site	Tenure	Public Value to be Delivered
Ann Court	100% Affordable homes	100% of the development will be affordable homes
Aviemore	Open market homes	The creation of a fund to support care-experienced islanders
Huguenot House	100% Affordable homes	100% of the development will be affordable homes
Philip le Feuvre House	100% Affordable homes	100% of the development will be affordable homes
South Hill	Minimum 15% assisted purchase	A proportion of assisted purchase homes and, the creation of a capital receipt to invest in affordable homes in other locations
St Saviour's Hospital	Maximum viable number of affordable homes	Affordable homes and adequate funding to secure the refurbishment and future security of the Grade 1 listed building
The Limes	100% Affordable homes	100% of the development will be affordable homes
Waterfront	Minimum 15% assisted purchase	A proportion of assisted purchase homes and, public realm improvements, including landscaping and new shared open space; a new sports facility; improvements to sea defences and access; improvements to Route de la Liberation and the Esplanade; and a modern public parking facility.

### *Sites to be developed in between Government Plans*

It is important to recognise that States of Jersey or States'-owned companies land may be identified for the development of new homes in between Government Plans, and it is considered important that housing delivery is not unacceptably slowed as a result of misalignment with the Government Plan annual cycle.

In the event of a housing development making progress outside of the Government Plan, ministers will work together to ensure that the development is proposed entirely for affordable homes and, in the case of this not being considered possible, that there is both sufficient rationale for deviating from this policy, whilst ensuring the development will achieve the required minimum of 15% of units for assisted purchase schemes.

The Minister for Treasury and Resources will give consideration as to whether a revision to the Government Plan is required to incorporate the details of the development, based on the

scale and nature of the deviation being proposed. All cases and regardless of any decision to not revise the Government Plan, the proposed tenure of homes will be tested publicly in the consideration of the planning application, in accordance with the Bridging Island Plan and Planning and Building (Jersey) Law 2002.

# Our Hospital

The budget and financing for the Our Hospital project were agreed by the States Assembly through proposition P.80/2021<sup>15</sup>. An expenditure cap of £804 million was set, with the project financed by borrowing £756 million. This borrowing would be serviced using the long-term returns on the Strategic Reserve.

As part of the Council of Ministers 100 Day Plan the Minister for Infrastructure is leading an evidence-based review to advise the Assembly whether changes can be made to the hospital project to deliver a more affordable and appropriate alternative.

Pending the outcome of the review, capital costs, finance costs and borrowing have been included in the Government Plan based on the current scheme and associated States Assembly approval. The profile of spending has been updated based on latest projections, and borrowing proceeds matched to expenditure. These figures will be subject to change based on the outcome of the review.

Once the review has concluded the Council of Ministers will bring a proposition to the States that would amend the plan to reflect any changes to the project, including the funding strategy.

The overall expenditure on Our Hospital up to 2021 was £63.3 million, with a further £25 million forecast for 2022. The total approval for the Major Project is unchanged.

<b>Our Hospital</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Revenue and Capital Expenditure</b>				
Financing Costs - Revenue Expenditure	3,050	7,010	14,990	19,600
Our Hospital - Capital Expenditure	80,100	190,100	241,200	183,300
	<b>83,150</b>	<b>197,110</b>	<b>256,190</b>	<b>202,900</b>
<b>Strategic Reserve Transfers</b>				
Strategic Reserve to Consolidated Fund - Financing Costs	(3,050)	(7,010)	(14,990)	(19,600)
Strategic Reserve to Consolidated Fund - Our Hospital	(80,100)	(190,100)	(241,200)	(183,300)
	<b>(83,150)</b>	<b>(197,110)</b>	<b>(256,190)</b>	<b>(202,900)</b>
<b>Strategic Reserve Borrowing Proceeds</b>				
Borrowing Proceeds	80,100	190,100	241,200	183,300
	<b>80,100</b>	<b>190,100</b>	<b>241,200</b>	<b>183,300</b>

Table 34: Our Hospital

<sup>15</sup> [https://statesassembly.gov.je/Pages/Propositions.aspx?ref=P.80/2021\(Re-issue\)&refurl=%2fPages%2fPropositions.aspx%3fdocumentref%3dP.80%2f2021](https://statesassembly.gov.je/Pages/Propositions.aspx?ref=P.80/2021(Re-issue)&refurl=%2fPages%2fPropositions.aspx%3fdocumentref%3dP.80%2f2021)

# The Government of Jersey

## Balance Sheet and States Funds

The balance sheet provides a snapshot of our financial position, setting out what we own, what we owe and what is owed at that point in time. This provides an understanding of the long-term financial risks that we face.

The balance sheet is comprised of four main components:

1. **Non-current assets:** This considers the longer-term assets that we have available to deliver services and outcomes. It includes the buildings that we own, along with other equipment that will be used over many years (e.g. IT, vehicles, roads, sea defences, and other infrastructure), the long-term strategic investments that we have made to deliver a return, and loans that we have issued to other organisations.
2. **Working capital or net current assets:** These represent the net day-to-day resources available to us. These include the cash that is held in our bank accounts, the amount owed to us from creditors within the next 12 months; as well as the amount we need to repay to individuals and organisations within the next 12 months.
3. **Non-current liabilities:** Our liabilities include loans and bonds that have been taken out to fund capital projects, the long-term liabilities related to our pension funds and any other provisions that we need to make because of past actions and activities where there is a strong obligation that these will need to be repaid.
4. **Taxpayers' equity:** Taxpayers' equity represents the accumulation of previous surpluses and deficits and is equal to the total net assets that we hold.

## Government of Jersey Balance sheet

Our Island has maintained a strong balance sheet position, and this is forecast to be maintained throughout this Government Plan, with net assets continuing to increase. Our property and equipment assets will increase as we invest in capital projects above the level of depreciation.

Both government and our subsidiary companies will be investing in Property and Equipment assets, including substantial investment in the social housing stock by Andium Homes, funded in part by borrowing by Andium. Spend to date on Our Hospital (and financing) has been included based on the approach previously agreed by the States, subject to the completion of the current review of the project.

We will continue protect our capital reserve funds, investing in line with agreed investment strategies, informed by the advice of the Treasury Advisory Panel. We will reinvest returns to ensure that our investment balance grows to help manage risks and protect the long-term sustainability of the Island's finances.

<b>Balance Sheet Forecast</b>						
<b>2021</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Actual</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Non-current assets</b>						
4,229,174	Property and Equipment	4,431,469	4,706,651	5,011,403	5,295,347	5,522,428
466,776	Loans and Other Assets	466,776	466,776	466,776	466,776	466,776
415,306	Strategic Investments	415,306	415,306	415,306	415,306	415,306
3,379,662	Investments	3,035,425	3,044,752	3,270,567	3,405,917	3,586,180
<b>8,490,918</b>	<b>Non-Current Assets</b>	<b>8,348,976</b>	<b>8,633,485</b>	<b>9,164,052</b>	<b>9,583,346</b>	<b>9,990,690</b>
<b>437,080</b>	<b>Net-Current Assets (Working capital)</b>	<b>521,889</b>	<b>491,889</b>	<b>491,889</b>	<b>491,889</b>	<b>491,889</b>
<b>Non-Current Liabilities</b>						
34,638	Provisions	34,638	34,638	34,638	34,638	34,638
296,052	Borrowing	903,674	1,208,021	1,530,910	1,773,808	1,977,527
469,381	Pension Liabilities	3,269	3,269	3,269	3,269	3,269
<b>800,071</b>	<b>Non-Current Liabilities</b>	<b>941,581</b>	<b>1,245,928</b>	<b>1,568,817</b>	<b>1,811,715</b>	<b>2,015,434</b>
<b>8,127,927</b>	<b>Net Assets</b>	<b>7,929,284</b>	<b>7,879,446</b>	<b>8,087,124</b>	<b>8,263,520</b>	<b>8,467,145</b>
<b>8,127,927</b>	<b>Taxpayers' Equity</b>	<b>7,929,284</b>	<b>7,879,446</b>	<b>8,087,124</b>	<b>8,263,520</b>	<b>8,467,145</b>

Table 35: Balance Sheet Forecast<sup>16</sup>

## States Borrowing

### *Update on Borrowing in place*

In 2022 the States issued an external bond of £500 million to refinance the pre-existing pension past service liabilities, in effect exchanging one non-current liability for another. The cost of refinancing was £477 million, with the remaining £23 million being used for Our Hospital. The bond will be repaid in 2052, and the plan includes transfers from the Consolidated Fund to the Strategic Reserve to build a sinking fund for the eventual repayment of the bond. Servicing interest on that bond is included in revenue Heads of Expenditure.

Borrowing for the impacts of Covid-19 is expected to be repaid in full by the end of 2022.

### *Potential Additional Borrowing*

Previous States decisions were to use borrowing to fund the Our Hospital project, and the balance sheet forecast reflects this. The actual borrowing taken out will be subject to change depending on the outcome of the current review of the project. If the timing and amount of actual borrowing differs, investments will change in balance (as less cash is received).

Any borrowing would be in line with the Debt Framework for Jersey (R.68/2022)<sup>17</sup> and future iterations, which defines the States' approach to debt issuance and management and is designed to operate over a significant long-term time horizon and taking into account the States' ability to raise debt and the required cash flows.

<sup>16</sup> Future years include spending and borrowing in accordance with extant decisions of the Assembly in respect of Our Hospital approvals

<sup>17</sup> <https://statesassembly.gov.je/assemblyreports/2022/r.68-2022.pdf>

In combination, the Debt and Investment Strategies seek to deliver a sustainable structure to meet the Island's needs whilst minimising the total funding costs over the medium to long-term, consistent with a prudent degree of risk, but at the same time retaining flexibility to react to unknown future events.

Under the Public Finances (Jersey) Law 2019, Article 26 (1)(a), the Minister for Treasury and Resources is also permitted to arrange for a bank overdraft in any given year, which can be used to meet immediate unforeseen financing needs should they occur.

To minimise the costs to Government, the use of the existing Revolving Credit Facility will be extended to include the provision of funds under Article 26 (1)(a), should they be needed and subject to the appropriate limits of that article.

The table below sets out the updated borrowing approvals over the period of this Government Plan.

<b>Borrowing Approvals</b>					
<b>2022</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Approved</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
208,520	Covid-19	-	-	-	-
756,000	<i>Our Hospital</i>	756,000	756,000	756,000	756,000
480,000	Pension Liabilities	477,000	477,000	477,000	477,000
250,000	Existing Borrowing Housing Bond	250,000	250,000	250,000	250,000
29,641	Fiscal Stimulus	-	-	-	-
<b>1,724,161</b>	<b>Borrowing</b>	<b>1,483,000</b>	<b>1,483,000</b>	<b>1,483,000</b>	<b>1,483,000</b>

Table 36: Borrowing Approvals

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## Consolidated Fund

The Consolidated Fund is the main fund through which the States collects taxes, other income, and spends money in providing services.

Income received or due is accounted for in the Consolidated Fund, except where specified in Law. Expenditure from the Consolidated Fund is approved by the States Assembly in the Government Plan. The Council of Ministers must not lodge a Government Plan which shows a negative balance in the Consolidated Fund at the end of any of the financial years that the plan covers.

There are several planned transfers into the fund from other States Funds. This includes transfers to fund the delivery of specific capital and project expenditure and from the Strategic Reserve to support the Our Hospital Project, and transfers from the Health Insurance Fund to support the Jersey Care Model (JCM). Both of these projects are currently subject to review, and transfers will only be made in the event that expenditure is occurred.

Receipts relating to Prior Year Basis debts have been included in the opening balance, and over the Plan period, based on current receipts and an estimated profile of future receipts. In drafting the Capital Programme for 2023 to 2026, existing approvals amounts that are not expected to be spent in 2022 have been incorporated into future years of the programme, and will be released in 2022. Amounts approved for Covid-19 not expected to be needed will also be released to support the repayment of debt relating to Covid-19 and Fiscal Stimulus.



<b>Consolidated Fund</b>					
<b>2022</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Forecast</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>122,298</b>	<b>Opening Balance</b>	<b>59,050</b>	<b>14,730</b>	<b>5,591</b>	<b>50</b>
<b>Operating Surplus/(Deficit)</b>					
982,848	Revenue	1,072,468	1,163,254	1,192,950	1,233,625
(937,730)	Net Revenue Expenditure	(996,344)	(1,099,366)	(1,131,958)	(1,152,181)
<b>45,118</b>		<b>76,124</b>	<b>63,888</b>	<b>60,992</b>	<b>81,444</b>
<b>Other Movements in Fund Balances</b>					
13,000	Prior Year Basis Tax Debt Receipts	11,000	11,000	12,500	12,500
54,000	Release of unspent Capital Allocations	-	-	-	-
23,000	Release of unspent Covid-19 Allocations	-	-	-	-
<b>90,000</b>		<b>11,000</b>	<b>11,000</b>	<b>12,500</b>	<b>12,500</b>
<b>Capital and Other Projects Expenditure</b>					
(125,310)	Capital and other projects expenditure	(140,515)	(88,353)	(72,028)	(61,703)
<b>(125,310)</b>		<b>(140,515)</b>	<b>(88,353)</b>	<b>(72,028)</b>	<b>(61,703)</b>
<b>Capital Financing Transfers In</b>					
2,985	Criminal Offences Confiscation Fund	1,811	777	-	-
4,700	Health Insurance Fund	6,350	5,705	-	-
11,320	Strategic Reserve - Capital Repayment	1,000	336	-	-
989	Charitable Funds	-	-	-	-
<b>19,994</b>		<b>9,161</b>	<b>6,818</b>	<b>-</b>	<b>-</b>
<b>Fund Transfers In/(Out)</b>					
3,000	Jersey Innovation Fund	-	-	-	-
(20,000)	Technology Accelerator Fund	-	-	-	-
(1,244)	Insurance Fund	-	-	-	-
(4,400)	Climate Emergency Fund	(4,400)	(4,400)	(4,400)	(4,400)
-	Strategic Reserve - Pension Refinancing Repayment	(1,790)	(2,192)	(2,605)	(3,028)
8,300	Health Insurance Fund	6,100	4,100	-	-
(19,600)	Fiscal Stimulus Fund	-	-	-	-
5,700	Loans Fund	-	-	-	-
<b>(28,244)</b>		<b>(90)</b>	<b>(2,492)</b>	<b>(7,005)</b>	<b>(7,428)</b>
(64,806)	Borrowing Drawdown/(Repayment)	-	-	-	-
<b>59,050</b>	<b>Closing Balance</b>	<b>14,730</b>	<b>5,591</b>	<b>50</b>	<b>24,863</b>

Table 37: Consolidated Fund

## Jersey Car Parking Trading Fund

The Jersey Car Parking trading operation manages the provision of the public parking places that are within the functions of the Minister for Infrastructure. Priority is given to maintenance and refurbishment of car parking facilities.

Jersey Car Parking Trading Fund				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	13,100	9,756	11,372	13,903
Trading Income	7,661	8,335	8,516	8,712
Expenditure	(5,862)	(5,964)	(5,985)	(6,021)
Capital Expenditure	(5,143)	(755)	-	(646)
<b>Closing Balance</b>	<b>9,756</b>	<b>11,372</b>	<b>13,903</b>	<b>15,948</b>

Table 38: Jersey Car Parking Trading Fund

## Jersey Fleet Management Trading Fund

The Jersey Fleet Management trading operation manages the acquisition, maintenance, servicing, fuelling, garaging and disposal of vehicles and mobile plant and machinery on behalf of the Government of Jersey. Charges are set to recover the up-front cost of the asset, routine maintenance and servicing and the costs of managing the fleet operations.

Jersey Fleet Management Trading Fund				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	4,455	3,661	3,390	3,638
Trading Income	5,434	5,557	5,666	5,788
Expenditure	(3,228)	(3,328)	(3,418)	(3,511)
Capital Expenditure	(3,000)	(2,500)	(2,000)	(2,750)
<b>Closing Balance</b>	<b>3,661</b>	<b>3,390</b>	<b>3,638</b>	<b>3,165</b>

Table 39: Jersey Fleet Management Trading Fund

## States Funds

The Government has several other States funds established by statute. This provides the public with the confidence that the funds remain ring-fenced and used for the specific purpose for which they were established. For the purposes of investment, the funds are pooled together into the Common Investment Fund, thus achieving the benefits of economies of scale and more effective risk management of the overall Government investment portfolio. Each individual fund has its own investment strategy which reflects the long-term aims of that fund, and investment returns are estimated based on the target investment return for each fund.

<b>States Funds</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Strategic Reserve Fund	1,003,384	1,057,126	1,093,844	1,124,672
Stabilisation Fund	612	612	612	612
The Health Insurance Fund	76,687	70,661	75,022	80,310
The Long-Term Care Fund	52,840	61,203	70,972	81,984
The Social Security Fund	75,971	66,046	64,713	60,492
The Social Security (Reserve) Fund	1,982,531	2,119,326	2,240,128	2,361,095
Climate Emergency Fund	5,348	2,486	1,585	85
Technology Accelerator Fund	16,270	9,770	-	-
Other Special Funds	38,735	41,925	42,681	43,356
<b>Funds Net Assets</b>	<b>3,252,378</b>	<b>3,429,155</b>	<b>3,589,557</b>	<b>3,752,606</b>

Table 40: States Funds

### *Strategic Reserve Fund*

The Strategic Reserve is a permanent reserve, where the capital value is to be used 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. It forms a critical part of the infrastructure of financial and risk management and helps to protect the long-term financial sustainability of the Island. The Strategic Reserve also supports the £100 million of funding, if called upon, for the Bank Depositors' Compensation Scheme.

Government Plan 2022 – 2025 agreed for the Strategic Reserve to be used as a “sinking fund” holding amounts for the eventual repayment of debt issued by the States. This includes borrowing relating to the refinancing of the past-service pension liability schemes.

Borrowing and transfers relating to the Our Hospital project based on the current Assembly approved option are reflected in the forecast. This proposed that the Strategic Reserve would receive the proceeds of borrowing obtained for the Our Hospital project. Based on the expected financing strategy, the borrowing proceeds have been reflected to match the current expected profile of the Our Hospital project costs.

This is subject to change, pending the outcome of the evidence-based review of the Our Hospital project as part of the 100 day actions, which will report back to the States Assembly after the lodging date of the Government Plan.

<b>Strategic Reserve</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>1,005,644</b>	<b>1,003,384</b>	<b>1,057,126</b>	<b>1,093,844</b>
Investment income	-	58,896	49,103	47,400
Other income	-	-	-	-
Other expenditure	-	-	-	-
Transfer from Consolidated Fund (Pension Refinancing repayment)	1,790	2,192	2,605	3,028
Transfer to Consolidated Fund (Reimbursement of Capital Projects)	(1,000)	(336)	-	-
Our Hospital Related;				
- Borrowing Proceeds	80,100	190,100	241,200	183,300
- Transfer to Consolidated Fund (Borrowing coupon and costs)	(3,050)	(7,010)	(14,990)	(19,600)
- Transfer to Consolidated Fund (Capital costs)	(80,100)	(190,100)	(241,200)	(183,300)
<b>Closing Balance</b>	<b>1,003,384</b>	<b>1,057,126</b>	<b>1,093,844</b>	<b>1,124,672</b>

Table 41: Strategic Reserve

## *Stabilisation Fund*

The Stabilisation Fund was created in 2006 to manage government finances through the economic cycle, where expenditure could be drawn down in economic downturns and the Fund replenished through surpluses in economic booms and periods of above-trend growth.

The fund was used to support public finances during the pandemic. Whilst no transfers are included in the plan, it is proposed that £7 million should be transferred from additional income or unspent approvals if available. Due to the uncertainty, no transfer is reflected in the figures for the plan.

<b>Stabilisation Fund</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>612</b>	<b>612</b>	<b>612</b>	<b>612</b>
Return on Investments	-	-	-	-
Other Expenditure	-	-	-	-
Transfers	-	-	-	-
<b>Closing Balance</b>	<b>612</b>	<b>612</b>	<b>612</b>	<b>612</b>

Table 42: Stabilisation Fund

## Health Insurance Fund

The Health Insurance Fund receives allocations from Social Security contributions from employers and working-age adults and supports the wellbeing of Islanders by subsidising GP visits, the cost of prescriptions and other primary care services. The table reflects the anticipated costs of current services over the period as they are presently provided for.

<b>Health Insurance Fund</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>Opening Balance</b>	<b>86,105</b>	<b>76,687</b>	<b>70,661</b>	<b>75,022</b>
Social Security Contributions	43,436	45,086	46,394	47,693
Investment income	196	185	170	159
Social Benefit Payments	(35,804)	(36,332)	(36,677)	(37,038)
Other expenditure	(4,796)	(5,160)	(5,526)	(5,526)
Transfer to Consolidated Fund - Jersey Care Model (Revenue)	(6,100)	(4,100)	-	-
Transfer to Consolidated Fund - Jersey Care Model (Capital)	(1,050)	(400)	-	-
Transfer to Consolidated Fund - Digital Care Strategy (Capital)	(5,300)	(5,305)	-	-
<b>Closing Balance</b>	<b>76,687</b>	<b>70,661</b>	<b>75,022</b>	<b>80,310</b>

Table 43: Health Insurance Fund

During this Government Plan period, work will continue on redesigning and digitising HCS in accordance with vision and objectives previously agreed in relation to the JCM. Following transfers in 2021 and 2022, it is anticipated that a further £22 million will be invested in health care redesign and digitisation from the balance held in the Health Insurance Fund between 2023 and 2024. The JCM is currently under review by the Minister for Health and Social Services and the information set out in this plan is based on existing approvals by the Assembly pending the outcome of that review. Transfers will only be made to pay for actual expenditure for the agreed purposes. The Minister for Social Security will bring forward legislation to action a transfer of up to £13 million from the Health Insurance Fund to support the JCM and the Health Digital Care Strategy Project costs budgeted for 2023.

Despite other cost pressures and continuation of the Health Access Scheme which provides additional assistance to financially vulnerable patients, the value of the Fund is expected to increase to just over £80 million by 2026. This represents approximately a little under two years' worth of expenditure.

The ageing demographic will increase the cost of health services in the Island, including those costs met by the Fund, from the 2020s onwards. Changes are therefore likely to be needed to maintain a sustainable funding model, informed by the actuarial review to be finalised in early 2023. Nevertheless the fund remains in good health over the medium term.

The Health and Social Services Minister's review of the Island's health and care costs will continue throughout 2023, with options for the future funding of our whole health and care system being brought to the Assembly in 2024. These options will include reform of the Health Insurance Fund but, in the meantime, the role of the Health Insurance Fund in subsidising the cost of GP consultations and the cost of prescriptions and other primary care services will be maintained.

## Long-Term Care Fund

The Long-Term Care Fund provides universal and means-tested benefits to individuals with long-term care needs and is funded through a central grant from general revenues and income-related contributions from income taxpayers.

The current contribution rate of 1.5% is expected to enable the balance on the Long-Term Care Fund to continue to increase throughout the period of the Government Plan. It is anticipated that there will need to be further increases in the Long-Term Care contribution rate in future years as the number and proportion of older people with long term care needs is expected to increase.

However, the transformation of health care services and the proposed introduction of the new Care Needs at Home Benefit are intended to reduce the number of individuals who will need a care home placement, through the provision of alternative care options and improved support at home and in the community. These actions are expected to reduce the extent of future increases in Long-Term Care expenditure.

The Long-Term Care Fund will be subject to a formal actuarial review that will commence in 2022 and be completed in early 2023. This will help inform a wider review into the operation of the fund, to ensure that it is providing the right support for Islanders.

Long-Term Care Fund				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>46,338</b>	<b>52,840</b>	<b>61,203</b>	<b>70,972</b>
Long-Term Care Contributions	38,397	40,554	42,403	44,314
States Grants to Long-Term Care Fund	33,119	35,338	36,716	37,707
Investment income	262	248	227	213
Social Benefit Payments	(63,128)	(65,590)	(67,360)	(68,977)
Other expenditure	(2,148)	(2,187)	(2,217)	(2,245)
<b>Closing Balance</b>	<b>52,840</b>	<b>61,203</b>	<b>70,972</b>	<b>81,984</b>

Table 44: Long-Term Care Fund

## Social Security Fund

The Social Security Fund receives allocations from Social Security contributions from employers and working-age adults and in normal times an annual States Grant. The Fund supports the wellbeing of Islanders by providing old age pensions and a range of working age benefits.

The previous States Assembly agreed that no grant would be paid into the Social Security Fund for 2020 to 2023 to offset the impact of Covid-19 on the public finances. Funds have been drawn from the Reserve Fund in these years to support the payment of pensions and contributory benefits until the full States grant is restored in 2024.

The Social Security Fund is currently undergoing an actuarial review which will be finalised in early 2023, and will inform any actions to ensure the long-term sustainability of the fund in the next Government Plan. The cost of providing old age pensions will increase with the

ageing demographic but the Fund is still projected to hold reserves worth four times annual spend by the 2070s, even without any further action.

A major new IT project is ongoing to specify and implement a new, transformational benefits system, and it is planned that this project will complete in 2024. This represents a significant capital investment by the Fund which will provide a new digital platform to improve customer service and efficient management of social security benefits for many years to come.

<b>Social Security Fund</b>				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>72,664</b>	<b>75,971</b>	<b>66,046</b>	<b>64,713</b>
Social Security Contributions	228,037	236,703	243,567	250,387
Other income	32	32	32	32
Transfer from Social Security Reserve	89,000	-	-	-
Grant to Social Security Fund	-	82,110	88,640	91,090
Social Benefit Payments and other expenditure	(301,262)	(320,520)	(333,572)	(345,730)
Capital investment in New Benefits System	(12,500)	(8,250)	-	-
<b>Closing Balance</b>	<b>75,971</b>	<b>66,046</b>	<b>64,713</b>	<b>60,492</b>

Table 45: Social Security Fund

## *Social Security (Reserve) Fund*

<b>Social Security (Reserve) Fund</b>				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>2,071,531</b>	<b>1,982,531</b>	<b>2,119,326</b>	<b>2,240,128</b>
Return on investments	-	136,795	120,802	120,967
Transfers	(89,000)	-	-	-
<b>Closing Balance</b>	<b>1,982,531</b>	<b>2,119,326</b>	<b>2,240,128</b>	<b>2,361,095</b>

Table 46: Social Security (Reserve) Fund

The Social Security (Reserve) Fund holds the balances built up in the Social Security Fund and is critical in managing the impact of an ageing population on future pension costs. A transfer from the Reserve Fund of £89 million is estimated to be needed in 2023 to support the on-going payment of pensions and benefits in advance of the restoration of the States Grant in 2024.

## *Climate Emergency Fund*

In 2022 the States Assembly agreed the Carbon Neutral Roadmap which outlines the Island's strategic approach and the policies intended to reduce our greenhouse gas emissions in line with the Paris Agreement on Climate Change. The Paris Agreement was extended to Jersey in 2022 and provides a scientifically endorsed, emission's reduction pathway to net zero emissions by 2050. It sets carbon reduction milestones in 2030 of 68% and 78% by 2035 compared to emissions in the 1990 baseline year.

The Climate Emergency Fund is the vehicle through which the funding for the policies in the roadmap will be met. The delivery and resources plan within the roadmap apportions funds for all the policies around sustainable heating and transport, wider emissions and addressing the biodiversity crisis and protecting wildlife and habitats. Included in the resource plan is funding for the completion of multi-year early start projects that were awarded funding by the States Assembly in Government Plans between 2019 and 2021.

The Fund was created with £5 million transferred from the Consolidated Fund in 2020 and receives annual income from an above RPI increase in fuel duty. At its current value, it is accepted that the Fund is insufficient to fund all the necessary policies to achieve our carbon neutral targets and it is expected that further income streams will need to be added to the Fund. Strategic Policy 3 in the roadmap outlines that a medium and long-term financing strategy will be brought to the States Assembly in the next Government Plan.

<b>Climate Emergency Fund</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>7,998</b>	<b>5,348</b>	<b>2,486</b>	<b>1,585</b>
Transfer from the Consolidated Fund	4,400	4,400	4,400	4,400
Income	-	-	-	-
Expenditure, of which;	(7,050)	(7,262)	(5,301)	(5,900)
- <i>Policy Development</i>	(300)	(300)	(300)	(300)
- <i>Carbon Neutral Initiatives</i>	(6,325)	(6,577)	(5,001)	(5,600)
- <i>Biodiversity Crisis Initiatives</i>	(425)	(385)	-	-
<b>Closing Balance</b>	<b>5,348</b>	<b>2,486</b>	<b>1,585</b>	<b>85</b>

Table 47: Climate Emergency Fund

### *Fiscal Stimulus Fund*

Projects totalling £19.3 million were delivered across 2021 and 2022 as part of the Fiscal Stimulus programme, funding through the revolving credit facility. All projects are now complete and in accordance with its terms of reference, the Fiscal Stimulus Fund will be wound up in 2022 and the (liability) balance of the fund transferred to the Consolidated Fund. Debt incurred to finance the Fiscal Stimulus Fund is no longer expected to be required by the end of 2022.

### *Technology Accelerator Fund*

The Technology Accelerator Fund was created from a £20 million transfer from the Consolidated Fund in 2022, funded by the receipt of an extraordinary dividend from JT in 2021 of £40 million.

The Technology Accelerator Fund will assist in the Island's objectives including enhancing the digital economy, incubating and supporting high value technological initiatives and closing known gaps in Jersey's innovation eco-system.



An initial grant of £230k will be paid to Digital Jersey in 2022 to design a detailed programme for the fund. Initial projections for spend have been forecast, with the fund fully used by 2025.

<b>Technology Accelerator Fund</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>19,770</b>	<b>16,270</b>	<b>9,770</b>	<b>-</b>
Income	-	-	-	-
Expenditure	(3,500)	(6,500)	(9,770)	-
<b>Closing Balance</b>	<b>16,270</b>	<b>9,770</b>	<b>-</b>	<b>-</b>

Table 48: Technology Accelerator Fund

### *Other Special Funds*

There are several other special funds that operate for specific purposes. The funds included in this category are Jersey Currency Notes Fund, Jersey Coinage Fund, Housing Development Fund, Dormant Bank Accounts Fund, SOJ Dental Scheme Fund, Insurance Fund, Agricultural Loans Fund, Tourism Development Fund, CI Lottery (Jersey) Fund, Jersey Innovation Fund, Criminal Offences Confiscation Fund, Civil Asset Recovery Fund, Ecology Fund and Hospital Construction Fund.

These funds generally hold lower balances and are similarly established either under legislation or through bequests made to the Government. Income and expenditure are generally equal.

<b>Other Special Funds</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>40,568</b>	<b>38,735</b>	<b>41,925</b>	<b>42,681</b>
Investment Income	-	3,880	3,984	3,940
Lottery and Other Income	30,578	30,687	29,872	29,835
Expenditure	(30,600)	(30,600)	(33,100)	(33,100)
Transfers	(1,811)	(777)	-	-
<b>Closing Balance</b>	<b>38,735</b>	<b>41,925</b>	<b>42,681</b>	<b>43,356</b>

Table 49: Other Special Funds

## Government of Jersey Group Forecast

The financial forecast for the Government of Jersey Group considers the income and expenditure through trading operations and special funds. An operating deficit is forecast in 2023 before a return to operating surplus in 2024. Investment returns of the funds also form part of the accounting surplus, although the use of these returns is restricted.

Government of Jersey Group Forecast				
	2023	2024	2025	2026
£'000	Estimate	Estimate	Estimate	Estimate
<b>Net Revenue (Expenditure)/Income</b>	<b>20,388</b>	<b>6,715</b>	<b>3,230</b>	<b>23,436</b>
Trading Operations Net Income	4,005	4,600	4,779	4,968
Special Funds Net Income/(Expenditure)	(74,689)	(3,641)	(5,899)	2,542
<b>Group Operating (Deficit)/Surplus</b>	<b>(50,296)</b>	<b>7,674</b>	<b>2,110</b>	<b>30,946</b>
Special Funds - Investment Income	458	200,004	174,286	172,679
<b>Group (Deficit)/Surplus</b>	<b>(49,838)</b>	<b>207,678</b>	<b>176,396</b>	<b>203,625</b>

Table 50: Government of Jersey Group Forecast

# Financial Matters Under Development

## Review of Government Plan Process

This is the fourth Government Plan to be produced under the new requirements of the PFL. This requires annual plans, but with estimates of future years, with the intention of only modest changes except for years where a new CSP is produced.

In practice, there have been more substantial changes in each plan, and it is intended to review whether changes could be made to the law to provide more certainty and financial discipline.

This review would consider the benefits and drawbacks in operation of Annual Business Plans and Budgets, Medium Term Financial Plans and the current Government Plan process.

## Local Infrastructure Investment

In developing the Capital Programme for 2023, it is clear the requirement to invest in the Islands' infrastructure exceeds the amount available from general revenues. Work will be undertaken to consider the most appropriate solution for future local infrastructure investment.

The Common Investment Fund ('CIF') already invests in several global infrastructure funds through the Opportunities Pool. These investments are made by the Strategic Reserve Fund, the Social Security (Reserve) Fund and the Jersey Teachers Superannuation Fund. As the mechanism already exists to facilitate infrastructure investment through the CIF on a global basis, work will begin to determine if this solution can be adopted for local infrastructure investment in income returning assets.

By using the structure of the CIF, investment decisions can be supported with independent advice from the Treasury Advisory Panel. Transparency will be provided through the publication of an updated Investment Strategy document once a solution has been finalised.

## Long-term Sustainability of the Jersey Teachers Superannuation Fund (JTSF)

The Jersey Teachers Superannuation Fund Management Board have highlighted to Government that the contributions being paid into the JTSF to fund benefits are likely to be insufficient to pay for the future accrual of benefits for current and future teachers.

The Jersey Teachers Superannuation Scheme is in need of review and modernisation, as was undertaken for the public pensions for all other government and States employees.

The repayment of the JTSF Pension Increase Debt in 2022 has supported the long-term sustainability of JTSF final salary pension scheme, but further action will be considered and any implications included in a future Government Plan.

## Review of Social Security Sustainability

The new Social Security Minister is committed to ensuring that the Social Security Fund remains socially and financially sustainable for future generations.

It is planned that the annual States Grant payment into the Social Security Fund will be restored to its full value from 2024 onwards. Modelling undertaken during 2021 shows a projected reserve balance of 4 times annual spend in the 2070s, without any increase in contribution rates. This represents a robust position of the overall Fund and confirms that pension payments to future pensioners are secure.

In late 2022 and early 2023, the Social Security Fund will be subject to a full actuarial review which will provide new long-term projections. The review will consider a range of population scenarios to inform Ministers and allow them to consider any necessary response to the emerging population policy and future sustainability of the Fund.

## Sustainability of Health Funding

It is clear that additional ongoing funding is needed to maintain health and care services as our population ages and the costs of treatments and medicines increases. Monies are also required over the coming years to improve service quality, to support pandemic recovery, to help address health inequalities by ensuring that Islanders can access the care that they need and, importantly, to support to development of the preventative and support services that help people stay healthy. This Government Plan provides additional funding for Health services to meet the immediate pressures.

The Health and Social Services Minister is currently undertaking a wide review of the Island's health and care cost, which will inform options for the future funding of our whole health and care system. This will include the funding of services currently provided by Government, by the charitable sector, by the primary care sector and the costs which are directly borne by Islanders such as dressing and assisted living equipment. This work will continue throughout 2023 with options being brought to the Assembly in 2024. It will include reform of the arrangements that underpin the Health Insurance Fund.

## Our Hospital

As part of the Council of Ministers 100 Day Plan the Minister for Infrastructure is leading an evidence-based review to advise the Assembly whether changes can be made to the hospital project to deliver a more affordable and appropriate alternative.

Once the review has concluded the Council of Ministers will bring a proposition to the States that would amend the plan to reflect any changes to the project, including the funding strategy.

## Longer Term Capital Planning

The intention is to publish a 25-year outlook for project investment by 2024 once the priorities of the new Government are agreed. This programme will be centred on the requirements of the Island as set out in the relevant policies and guidance.

In 2023, we will be working on a strategic process that gathers together the total Government portfolio of land and buildings and reviewing the gaps in the short, medium and longer term. This will necessarily be informed by the requirements of each service area and their future objectives. The current level of replacement and maintenance costs will be relevant in this regard and developments in estates management and enterprise asset management will support this project, as will the plan condition survey of the States Estate.

# APPENDICES



# Appendix 1: Key to Abbreviations

Department	
<b>CLS</b>	Customer and Local Services
<b>CBO</b>	Cabinet Office
<b>COO</b>	Chief Operating Office
<b>CYPES</b>	Children, Young People, Education and Skills
<b>ECON</b>	Department for the Economy
<b>ER</b>	External Relations
<b>HCS</b>	Health and Community Services
<b>IHE</b>	Infrastructure, Housing and Environment
<b>JHA</b>	Justice and Home Affairs
<b>SoJP</b>	States of Jersey Police
<b>OCE</b>	Office of the Chief Executive
<b>SPPP</b>	Strategic Policy, Planning and Performance
<b>T&amp;E</b>	Treasury and Exchequer
<b>NM</b>	Non-Ministerial Departments
<b>BC</b>	Bailiff's Chambers
<b>C&amp;AG</b>	Comptroller and Auditor General
<b>JG</b>	Judicial Greffe
<b>LOD</b>	Law Officers' Department
<b>SG</b>	States Greffe
<b>VD</b>	Viscount's Department
<b>JOA</b>	Jersey Overseas Aid
<b>PPC</b>	Privileges and Procedures Committee
<b>SA</b>	States Assembly

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<b>Glossary of Terms</b>	
<b>COLTS</b>	Cost of Living Temporary Scheme
<b>FPP</b>	Fiscal Policy Panel
<b>GVA</b>	Gross Value Added
<b>HVR</b>	High Value Residents
<b>IFG</b>	Income Forecasting Group
<b>JCM</b>	Jersey Care Model
<b>PFL</b>	Public Finances (Jersey) Law 2019
<b>RPI</b>	Retail Price Index
<b>VED</b>	Vehicle Emissions Duty
<b>VFM</b>	Value for Money



# Appendix 2: Proposition and Summary Tables

THE STATES are asked to decide whether they are of opinion -  
to receive the Government Plan 2023 – 2026 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 2023 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 2023, 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 approvals.
- c. to approve the transfers from one States fund to another for 2023 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 each major project that is to be started or continued in 2023 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.
- e. to approve the proposed amount to be appropriated from the Consolidated Fund for 2023, 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;
- f. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2023 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;
- g. to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2023 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;
- h. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2023 as set out in Appendix 2 – Summary Table 8 to the Report;
- i. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2023-2026, as set out at Appendix 3 to the Report.

**Summary Table 1 - States Income**

£'000	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
<b>Income Taxes</b>				
- Personal Income Tax	619,650	656,150	686,150	717,150
- Corporate Income Tax	131,000	171,000	181,000	184,000
- Provision for Bad Debt	(3,000)	(3,000)	(3,000)	(3,000)
	<b>747,650</b>	<b>824,150</b>	<b>864,150</b>	<b>898,150</b>
<b>Goods and Services Tax (GST)</b>				
- Goods and Services Tax	94,820	98,000	99,900	101,670
- International Service Entities Fees	12,630	12,630	12,630	12,630
	<b>107,450</b>	<b>110,630</b>	<b>112,530</b>	<b>114,300</b>
<b>Impôt Duties</b>				
- Spirits	7,585	8,219	8,655	9,000
- Wine	9,209	9,874	10,286	10,583
- Cider	860	902	919	928
- Beer	6,710	7,117	7,335	7,467
- Tobacco	19,027	17,748	17,333	16,734
- Fuel	27,960	29,660	30,572	31,121
- Goods (Customs)	1,000	1,000	1,000	1,000
- Vehicle Emissions Duty (VED)	4,337	4,337	4,337	4,337
	<b>76,688</b>	<b>78,857</b>	<b>80,437</b>	<b>81,170</b>
<b>Stamp Duty and Land Transfer Tax</b>				
- Stamp Duty	49,162	49,538	51,604	54,349
- Land Transfer Tax (LTT)	5,662	5,930	6,172	6,493
- Probate	2,700	2,700	2,700	2,700
- Enveloped Property Transaction Tax	1,000	1,000	1,000	1,000
	<b>58,524</b>	<b>59,168</b>	<b>61,476</b>	<b>64,542</b>
<b>Other Income</b>				
- Parish Rates	15,555	16,161	16,598	16,996
- Dividend Income	29,669	30,157	10,716	11,113
- Income from Andium Homes and Housing Trusts	29,156	29,702	30,210	30,618
- Other Non-dividend Income	7,776	7,779	10,183	10,086
	<b>82,156</b>	<b>83,799</b>	<b>67,707</b>	<b>68,813</b>
<b>General Revenue Income</b>	<b>1,072,468</b>	<b>1,156,604</b>	<b>1,186,300</b>	<b>1,226,975</b>
<b>Additional Income Measures</b>				
- Future Tax Measures	-	6,650	6,650	6,650
	<b>-</b>	<b>6,650</b>	<b>6,650</b>	<b>6,650</b>
<b>Total States Income after Additional Income Measures</b>	<b>1,072,468</b>	<b>1,163,254</b>	<b>1,192,950</b>	<b>1,233,625</b>

**Summary Table 2 - Borrowing for 2023**

£'000	Existing	Change	2023	2024	2025	2026
	Approval	to Approval	Approval	Proposed	Proposed	Proposed
Costs of Covid-19	208,520	(208,520)	-	-	-	-
Fiscal Stimulus	29,641	(29,641)	-	-	-	-
Refinancing of past-service liabilities	480,000	(3,000)	477,000	477,000	477,000	477,000
Housing Bond	250,000	-	250,000	250,000	250,000	250,000
<b>Total Approved Borrowing (before Our Hospital)</b>	<b>968,161</b>	<b>(241,161)</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>
Borrowing for Our Hospital	756,000	-	756,000	756,000	756,000	756,000
<b>Total Approved Borrowing</b>	<b>1,724,161</b>	<b>(241,161)</b>	<b>1,483,000</b>	<b>1,483,000</b>	<b>1,483,000</b>	<b>1,483,000</b>

**Summary Table 3 - Transfers of monies between States Funds**

£'000		2023	2024	2025	2026
Transfer From	Transfer To	Proposed	Proposed	Proposed	Proposed
Consolidated Fund	Climate Emergency Fund	4,400	4,400	4,400	4,400
Consolidated Fund	Strategic Reserve (Pensions refinancing)	1,790	2,192	2,605	3,028
Health Insurance Fund	Consolidated Fund (Revenue)	6,100	4,100	-	-
Health Insurance Fund	Consolidated Fund (Capital)	6,350	5,705	-	-
Criminal Offences Confiscation Fund	Consolidated Fund	1,811	777	-	-
Social Security (Reserve) Fund	Social Security Fund	89,000	-	-	-
Strategic Reserve	Consolidated Fund (Hospital capital)	80,100	190,100	241,200	183,300
Strategic Reserve	Consolidated Fund (Capital repayment)	1,000	336	-	-
Strategic Reserve	Consolidated Fund (Hospital borrowing)	3,050	7,010	14,990	19,600

**Summary Table 4 - Major Projects**

£'000	Spons	Supply	Previous	Total Project	Change
	Dept	Dept	Approval	Approval	
Infrastructure Rolling Vote & Regeneration Including St. Helier	IHE	IHE	-	14,715	14,715
Sewage Treatment Works	IHE	IHE	86,235	88,635	2,400
Learning Difficulties - Specialist Accommodation	HCS	IHE	9,350	9,350	-
Ambulance, Fire & Rescue Headquarters	JHA	IHE	24,403	24,403	-
Oakfield and Fort Regent Decant	IHE	IHE	9,402	9,402	-
Office Modernisation	IHE	IHE	3,923	3,923	-
Inspiring Active Places - Sports Strategy	IHE	IHE	814	3,914	3,100
MS Foundation	CBO	CBO	11,446	10,871	(575)
Cyber & Cyber ORI	CBO	CBO	14,970	16,358	1,388
Integrated Tech Solution Release 1 & 2	CBO	CBO	54,740	54,740	-
ITS Release 3 & 4	CBO	CBO	6,500	6,500	-
ITS Release 3 Additional	CBO	CBO	1,281	1,281	-
Digital Care Strategy	HCS	CBO	16,185	16,185	-
Schools Estate	CYPES	IHE	31,350	-	(31,350)
Jersey Opera House	ECON	ECON	-	11,731	11,731
Community Fund	T&E	T&E	-	7,000	7,000
Revenue Transformation Programme (Phase 3)	T&E	T&E	9,425	9,425	-
Our Hospital	HCS	HCS	804,500	804,500	-

**Summary Table 5i - 2023 Revenue Heads of Expenditure**

£'000	Income	Expenditure	Head of Expenditure
<b>Departmental Expenditure</b>			
Cabinet Office	2,780	70,116	67,336
Children, Young People, Education and Skills	21,220	210,908	189,688
Customer and Local Services	10,452	105,755	95,303
Infrastructure, Housing and Environment	31,177	86,682	55,505
Health and Community Services	26,207	274,089	247,882
Jersey Overseas Aid	-	17,700	17,700
Justice and Home Affairs	4,530	39,700	35,170
States of Jersey Police	234	27,342	27,108
Ministry of External Relations	290	3,378	3,088
Department for the Economy	-	40,264	40,264
Treasury and Exchequer	3,355	70,743	67,388
Past Service Pension Liability Refinancing	174	13,956	13,782
<b>Departmental Expenditure</b>	<b>100,419</b>	<b>960,633</b>	<b>860,214</b>
<b>Non-Ministerial and Other States Bodies</b>			
Bailiff's Chambers	68	2,192	2,124
Comptroller and Auditor General	80	1,158	1,078
Judicial Greffe	2,382	11,509	9,127
Law Officers' Department	237	11,118	10,881
Office of the Lieutenant Governor	107	946	839
Official Analyst	53	738	685
Probation	88	2,732	2,644
States Assembly	68	8,814	8,746
Viscount's Department	826	2,928	2,102
<b>Non-Ministerial and Other States Bodies Expenditure</b>	<b>3,909</b>	<b>42,135</b>	<b>38,226</b>
Covid-19 Response	-	25,211	25,211
<b>Departmental and Non-Ministerial Expenditure</b>	<b>104,328</b>	<b>1,027,979</b>	<b>923,651</b>
<b>Reserves</b>			
Reserve for Centrally Held Items	-	43,506	43,506
General Reserve	-	29,187	29,187
<b>Reserve Expenditure</b>	<b>-</b>	<b>72,693</b>	<b>72,693</b>
Our Hospital - Financing Costs	-	3,050	3,050
<b>Revenue Heads of Expenditure Total</b>	<b>104,328</b>	<b>1,103,722</b>	<b>999,394</b>

**Summary Table 5ii -2023 Capital and Other Projects Heads of Expenditure**

<b>£'000</b>	<b>Major Project</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2023 Estimate</b>
Feasibility				1,830
<b>Estates</b>				
Land Acquisition		IHE	IHE	-
Oakfield and Fort Regent Decant	M	IHE	IHE	5,000
Inspiring Active Places - Sports Strategy	M	IHE	IHE	1,300
Office Modernisation	M	IHE	IHE	460
Crematorium		CLS	IHE	-
Vehicle Testing Service		IHE	IHE	100
Orchard House		IHE	IHE	449
Other IHE Estate Projects		IHE	IHE	1,700
Jersey Opera House	M	ECON	ECON	6,270
Elizabeth Castle		ECON	ECON	2,027
Learning Difficulties - Specialist Accommodation	M	HCS	IHE	1,700
Health Services Improvements Programme		HCS	HCS	5,000
In-Patient/Support Services Refurbishments		HCS	HCS	749
New School and Educational Developments		CYPES	CYPES	3,504
Upgrade to CYPES Estate		CYPES	CYPES	13,621
Ambulance, Fire & Rescue Headquarters	M	JHA	IHE	800
Army and Sea Cadets Headquarters		JHA	IHE	960
Magistrate's Court conversion		JG	JG	750
Firearms Range		SoJP	SoJP	1,775
Dewberry House - Sexual Assault Referral Centre		SoJP	IHE	2,851
Prison Improvement Works		JHA	IHE	2,985
				<b>52,001</b>
<b>Infrastructure</b>				
Infrastructure Rolling Vote and Regeneration Including St. Helier	M	IHE	IHE	14,715
Sewage Treatment Works	M	IHE	IHE	11,966
Countryside Access & Wellbeing		IHE	IHE	-
Planning Obligation Agreements		IHE	IHE	-
Road Safety		IHE	IHE	-
Other Infrastructure		IHE	IHE	2,950
				<b>29,631</b>
<b>Information Technology</b>				
MS Foundation	M	CBO	CBO	1,300
Cyber & Cyber ORI	M	CBO	CBO	5,000
Integrated Technology Solution Release 1 & 2	M	CBO	CBO	9,778
ITS Release 3 & 4	M	CBO	CBO	2,300
ITS Release 3 Additional	M	CBO	CBO	17
Other Government Wide IT Projects		CBO	CBO	3,399
Revenue Transformation Programme (Phase 3)	M	T&E	T&E	3,105
Digital Care Strategy	M	HCS	CBO	5,300
Jersey Care Model - Digital Systems		HCS	CBO	1,050
Next Passport Project		JHA	JHA	250
Combined Control IT		JHA	JHA	567
Electronic Patient Records		JHA	JHA	191
Regulation Group Digital Assets		IHE	IHE	1,252
Replacement LC-MS system		OA	OA	-
Probation/Prison Case Management system		Prob	Prob	440

**Summary Table 5ii -2023 Capital and Other Projects Heads of Expenditure**

£'000	Major Project	Spon Dept	Supp Dept	2023 Estimate
Pride Software		JG	JG	-
Phoenix Software		VD	VD	300
Court Digitisation		JG	JG	1,639
				<b>35,888</b>
<b>Replacement Assets</b>				
Replacement Assets and Minor Capital		IHE	IHE	3,930
Refit & Replacement of Fisheries Protection Vessel & Auxiliary Vessels		IHE	IHE	-
Replacement Assets and Minor Capital		CYPES	CYPES	250
Replacement Assets and Minor Capital		HCS	HCS	3,755
Replacement Assets and Minor Capital		SoJP	SoJP	200
Replacement Assets and Minor Capital		JHA	JHA	162
Replacement of Aerial Ladder Platform		JHA	JHA	768
Replacement Assets and Minor Capital		CBO	CBO	3,000
				<b>12,065</b>
Community Fund	M	T&E	T&E	1,000
Reserve for Central Risk and Inflation		T&E	T&E	8,100
<b>Total Project Heads of Expenditure</b>				<b>140,515</b>
Our Hospital	M	HCS	HCS	80,100
<b>Total Project Heads of Expenditure including Our Hospital</b>				<b>220,615</b>

**Summary Table 6 - Trading Operations Revenue Heads of Expenditure 2023**

£'000	Estimated Income	Estimated Expenditure	Estimated Net Income
Jersey Car Parking	7,661	(5,862)	1,799
Jersey Fleet Management	5,434	(3,228)	2,206
	<b>13,095</b>	<b>(9,090)</b>	<b>4,005</b>

**Summary Table 7 - Trading Operations Capital Heads of Expenditure 2023**

£'000	Estimated Expenditure
Jersey Car Parking - Car Park Enhancement and Refurbishment	60
Jersey Fleet Management - Vehicle and Plant Replacement	2,000
	<b>2,060</b>

**Summary Table 8 - Climate Emergency Fund**

£'000	2023 Estimate
<b>Opening Balance</b>	<b>7,998</b>
Transfer from the Consolidated Fund	4,400
Expenditure	(7,050)
<b>Closing Balance</b>	<b>5,348</b>

# **Appendix 3: Supplementary Financial Tables**

# Appendix 3: Supplementary Financial Tables

## Revenue Expenditure Growth

Revenue Expenditure Growth								
£'000	Allocated or Held			2023	2024	2025	2026	
Department	in Reserves	Reference	Description	Estimate	Estimate	Estimate	Estimate	
Cabinet Office	Allocated	I-COO-GP23-001	Enterprise Licences	1,600	1,600	1,600	1,600	
		I-COO-GP23-002	Software and Cloud Storage	1,200	1,200	1,200	1,200	
		I-COO-GP23-003	IT Support for unsupported products	200	200	200	200	
		I-OCE-GP23-001	Governance Capacity	85	85	85	85	
		I-SPPP-GP23-001	JACS Additional Workload	100	100	100	100	
		I-SPPP-GP23-002	Statistics Jersey - Capacity	318	318	318	318	
		I-SPPP-GP23-003	Public Health Strategy	400	400	400	400	
		I-SPPP-GP23-004	Jersey Care Commission - Phased Development	751	940	890	840	
	<i>Allocated Total</i>				<b>4,654</b>	<b>4,843</b>	<b>4,793</b>	<b>4,743</b>
	Reserves		I-COO-GP23-004	Additional Resourcing for the Recruitment team	250	-	-	-
I-SPPP-GP23-005			100 Day Plan - Living Wage Increase	30	30	30	30	
I-OCE-GP23-002			Support for Ukrainians in Jersey	250	-	-	-	
I-OCE-GP23-003			100 Day Plan - Cultural Centre	300	300	300	300	
<i>Reserves Total</i>				<b>830</b>	<b>330</b>	<b>330</b>	<b>330</b>	
<b>Cabinet Office Total</b>				<b>5,484</b>	<b>5,173</b>	<b>5,123</b>	<b>5,073</b>	
Customer and Local Services	Allocated	I-CLS-GP23-001	Beresford Street Kitchen	200	150	100	50	
		I-CLS-GP23-002	Women's Refuge	85	85	85	85	
	<i>Allocated Total</i>				<b>285</b>	<b>235</b>	<b>185</b>	<b>135</b>
Reserves		I-CLS-GP23-003	100 Day Plan - Older Persons Living Forum	25	25	25	25	



Revenue Expenditure Growth - continued							
£'000	Allocated or Held			2023	2024	2025	2026
Department	in Reserves	Reference	Description	Estimate	Estimate	Estimate	Estimate
		I-CLS-GP23-004	100 Day Plan - Period Products	500	400	400	400
		I-CLS-GP23-005	100 Day Plan - Cost of Living Support	400	-	-	-
		<i>Reserves Total</i>		<i>925</i>	<i>425</i>	<i>425</i>	<i>425</i>
<b>Customer and Local Services Total</b>				<b>1,210</b>	<b>660</b>	<b>610</b>	<b>560</b>
Children, Young People, Education & Skills		I-CYPES-GP23-001	Education reform – Inclusion Review	6,105	6,105	6,105	6,105
		I-CYPES-GP23-002	Children's Social Care Reform	6,554	6,554	6,554	6,554
		I-CYPES-GP23-003	Demographics and Needs Assessments	1,840	2,977	3,329	4,863
		I-CYPES-GP23-004	Social Worker Recruitment and Retention	1,800	1,350	900	450
		I-CYPES-GP23-005	Jersey Premium - Virtual School	159	159	159	159
		<i>Allocated Total</i>		<i>16,458</i>	<i>17,145</i>	<i>17,047</i>	<i>18,131</i>
	Reserves	I-CYPES-GP23-006	100 Day Plan - School Meals	1,654	1,611	1,671	1,701
		<i>Reserves Total</i>		<i>1,654</i>	<i>1,611</i>	<i>1,671</i>	<i>1,701</i>
<b>Children, Young People, Education &amp; Skills Total</b>				<b>18,112</b>	<b>18,756</b>	<b>18,718</b>	<b>19,832</b>
Infrastructure, Housing & Environment	Allocated	I-IHE-GP23-001	Countryside, Biodiversity, Water and Air Quality	331	322	325	325
		I-IHE-GP23-002	Property Estate Condition Survey	600	-	-	-
		I-IHE-GP23-003	Bus Contract (under-19 passes)	1,283	1,283	1,283	1,283
		I-IHE-GP23-004	Enterprise Asset Management Staff	250	250	250	250
		<i>Allocated Total</i>		<i>2,464</i>	<i>1,855</i>	<i>1,858</i>	<i>1,858</i>
	Reserves	I-IHE-GP23-005	Inert Waste Income Deficit	170	1,010	1,005	1,000
		I-IHE-GP23-006	Hydrocarbons and Fuels	836	836	836	836
		I-IHE-GP23-007	Process Chemicals	460	483	508	-
		I-IHE-GP23-008	Aquasplash Renewal	300	300	300	300
		I-IHE-GP23-009	Inflationary Pressures on Outsourced Contracts	1,027	1,027	1,027	1,027
		I-IHE-GP23-010	Maintenance Costs	595	595	595	595
		I-IHE-GP23-011	Leased in Property Costs and Rates	760	760	760	760
		I-IHE-GP23-012	Property Maintenance	550	550	550	550
		I-IHE-GP23-013	Sports Income Deficit	500	500	500	500
		<i>Reserves Total</i>		<i>5,198</i>	<i>6,061</i>	<i>6,081</i>	<i>5,568</i>

## Revenue Expenditure Growth - continued

£'000	Allocated or Held			2023	2024	2025	2026
Department	in Reserves	Reference	Description	Estimate	Estimate	Estimate	Estimate
<b>Infrastructure, Housing &amp; Environment Total</b>				<b>7,662</b>	<b>7,916</b>	<b>7,939</b>	<b>7,426</b>
Health and Community Services	Allocated	I-HCS-GP23-001	On-boarding Clearances	115	115	115	115
		I-HCS-GP23-002	Placements and Off-Island Medical Care	5,000	5,000	5,000	5,000
		I-HCS-GP23-003	Agreed Contractual Changes	1,372	1,372	1,372	1,372
		I-HCS-GP23-004	Commissioned Services	379	379	379	379
		I-HCS-GP23-005	Staffing Pressure	2,007	2,131	2,171	2,221
		I-HCS-GP23-006	End of Life and Domiciliary Care	2,029	2,851	3,014	3,076
		I-HCS-GP23-007	Mental Health Development and Gender Pathway	685	1,127	1,127	1,127
		I-HCS-GP23-008	Essential Recruitment	1,063	1,058	1,061	1,058
		I-HCS-GP23-009	Jersey Care Commission - Regulation Management	452	596	485	485
		I-HCS-GP23-010	Theatre Staffing	940	1,253	1,253	1,253
		I-HCS-GP23-011	Interventional Radiology	337	303	303	303
		I-HCS-GP23-012	Day Services Establishment uplift and estates	94	125	125	125
		I-HCS-GP23-013	Pathology - Trainee Biomedical Scientist post	114	128	-	-
		I-HCS-GP23-014	Medical E-Roster and Allocate Licenses	147	92	64	65
		I-HCS-GP23-015	Health and Community Services Turnaround	1,500	-	-	-
		<i>Allocated Total</i>		<i>16,234</i>	<i>16,530</i>	<i>16,469</i>	<i>16,579</i>
<b>Health and Community Services Total</b>				<b>16,234</b>	<b>16,530</b>	<b>16,469</b>	<b>16,579</b>
Justice and Home Affairs	Allocated	I-JHA-GP23-001	Parish Registrations	207	207	207	207
		I-JHA-GP23-002	Ambulance Service	1,010	1,192	1,246	1,246
		I-JHA-GP23-003	Fire and Rescue Service	495	930	1,238	1,238
		I-JHA-GP23-004	Combined control room	703	859	447	415
		I-JHA-GP23-005	Brexit - Increased Activity and Border Compliance	155	208	208	208
		I-JHA-GP23-006	Governance and Performance	155	155	155	155
		I-JHA-GP23-007	Jersey Care Commission - Regulation Management	114	168	168	168
		I-JHA-GP23-008	TETRA Extension	-	250	250	250
		<i>Allocated Total</i>		<i>2,839</i>	<i>3,969</i>	<i>3,919</i>	<i>3,887</i>
<b>Justice and Home Affairs Total</b>				<b>2,839</b>	<b>3,969</b>	<b>3,919</b>	<b>3,887</b>

<b>Revenue Expenditure Growth - continued</b>							
<b>£'000</b>	<b>Allocated or Held</b>			<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Department</b>	<b>in Reserves</b>	<b>Reference</b>	<b>Description</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
States of Jersey Police Service	Allocated	I-SoJP-GP23-001	Police Resourcing	500	500	500	500
		I-SoJP-GP23-002	Victim Support	325	325	325	325
		I-SoJP-GP23-003	Associated Costs of Domestic Abuse Law	200	200	200	200
		<i>Allocated Total</i>		<i>1,025</i>	<i>1,025</i>	<i>1,025</i>	<i>1,025</i>
<b>States of Jersey Police Service Total</b>				<b>1,025</b>	<b>1,025</b>	<b>1,025</b>	<b>1,025</b>
External Relations	Allocated	I-EXT-GP23-001	Jersey London Office	200	200	200	200
		I-EXT-GP23-002	Sanctions Officer	92	92	-	-
		<i>Allocated Total</i>		<i>292</i>	<i>292</i>	<i>200</i>	<i>200</i>
<b>External Relations Total</b>				<b>292</b>	<b>292</b>	<b>200</b>	<b>200</b>
Department for the Economy	Allocated	I-ECON-GP23-001	New Telecoms Legislative Framework	242	242	242	242
		I-ECON-GP23-002	Rural Initiative Scheme	900	700	600	600
		I-ECON-GP23-003	Jersey Business	700	700	700	700
		I-ECON-GP23-004	Digital and Cyber	200	200	200	200
		I-ECON-GP23-005	Local Economy	300	300	300	300
		I-ECON-GP23-006	Economics Unit	100	100	100	100
		<i>Allocated Total</i>		<i>2,442</i>	<i>2,242</i>	<i>2,142</i>	<i>2,142</i>
<b>Department for the Economy Total</b>				<b>2,442</b>	<b>2,242</b>	<b>2,142</b>	<b>2,142</b>
Treasury & Exchequer	Allocated	I-T&E-GP23-001	Additional Bank Charges and Card Fees	557	584	614	644
		I-T&E-GP23-002	International Tax Team	1,746	1,280	1,206	1,206
		I-T&E-GP23-003	Personal and business taxation customer service	-	561	722	722
		I-T&E-GP23-004	Governance, Professional Standards and Commissioners of Appeal	353	425	433	433
		<i>Allocated Total</i>		<i>2,656</i>	<i>2,850</i>	<i>2,975</i>	<i>3,005</i>
	Reserves	I-T&E-GP23-005	Insurance Cost Increases	1,080	930	930	-
		<i>Reserves Total</i>		<i>1,080</i>	<i>930</i>	<i>930</i>	<i>-</i>
<b>Treasury &amp; Exchequer Total</b>				<b>3,736</b>	<b>3,780</b>	<b>3,905</b>	<b>3,005</b>
Non-Ministerial	Allocated	I-BC-GP23-001	Bailiff's Chambers Staff Resources	82	82	82	82
		I-C&AG-GP23-001	C&AG Index Linked Contracts	60	81	90	121

<b>Revenue Expenditure Growth - continued</b>							
<b>£'000</b>	<b>Allocated or Held</b>			<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Department</b>	<b>in Reserves</b>	<b>Reference</b>	<b>Description</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
		I-JG-GP23-001	Royal Court Works	(96)	(46)	(46)	(46)
		I-LOD-GP23-001	Legal Adviser Reward Scheme	469	473	436	436
		I-LOD-GP23-002	Legal Adviser and Civilian Investigator Roles	285	485	493	493
		I-LOD-GP23-003	Law Officers Department - Jersey Care Commission	75	115	117	117
		I-OA-GP23-001	Official Analyst - Analytical Chemist	54	57	60	63
		I-PROB-GP23-001	Probation Officer	77	154	154	154
		I-VD-GP23-001	Viscount's Department Additional Resources	298	298	298	298
		<i>Allocated Total</i>		<i>1,304</i>	<i>1,699</i>	<i>1,684</i>	<i>1,718</i>
<b>Non-Ministerial Total</b>				<b>1,304</b>	<b>1,699</b>	<b>1,684</b>	<b>1,718</b>
States Assembly	Allocated	I-SA-GP23-001	Legislative Drafters - Staff Resources	257	244	244	244
		I-SA-GP23-002	Legislative Drafters - Rules as Code	100	100	-	-
		I-SA-GP23-003	Hosting BIPA conference	86	-	-	-
		I-SA-GP23-004	Public Engagement Growth	336	336	336	336
		I-SA-GP23-005	States Greffe and Members Facilities	331	331	331	331
		<i>Allocated Total</i>		<i>1,110</i>	<i>1,011</i>	<i>911</i>	<i>911</i>
<b>States Assembly Total</b>				<b>1,110</b>	<b>1,011</b>	<b>911</b>	<b>911</b>
<b>Allocated Total</b>				<b>51,763</b>	<b>53,696</b>	<b>53,208</b>	<b>54,334</b>
<b>Reserves Total</b>				<b>9,687</b>	<b>9,357</b>	<b>9,437</b>	<b>8,024</b>
<b>Revenue Expenditure Growth Total</b>				<b>61,450</b>	<b>63,053</b>	<b>62,645</b>	<b>62,358</b>

Table 51: Revenue Expenditure Growth

## Changes to Net Revenue Expenditure

Changes to Net Revenue Expenditure								
£'000	2022 Approval	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	Pay Awards	Service Area Transfers	VFM Savings	2023 Estimate
<b>Department</b>								
Cabinet Office	54,551	892	5,587	4,654	982	943	(273)	67,336
Children, Young People, Education & Skills	167,478	1,359	2,370	16,458	4,186	(1,475)	(688)	189,688
Customer and Local Services	94,567	1,348	(31)	285	465	(1,264)	(67)	95,303
Infrastructure, Housing & Environment	48,658	923	2,994	2,464	1,166	(473)	(227)	55,505
Health and Community Services	226,290	2,381	3,250	16,234	5,721	(4,962)	(1,032)	247,882
Jersey Overseas Aid	13,375	3,224	1,101	-	-	-	-	17,700
Justice and Home Affairs	30,746	223	162	2,839	776	568	(144)	35,170
States of Jersey Police	25,205	110	141	1,025	651	93	(117)	27,108
Ministry of External Relations	2,918	45	-	292	45	(200)	(12)	3,088
Department for the Economy	36,678	2,234	91	2,442	140	(1,161)	(160)	40,264
Treasury and Exchequer	68,598	1,685	(666)	2,656	654	(5,399)	(140)	67,388
Past Service Pension Liability Refinancing	-	1,030	-	-	-	12,752	-	13,782
<b>Departmental Net Revenue Expenditure</b>	<b>769,064</b>	<b>15,454</b>	<b>14,999</b>	<b>49,349</b>	<b>14,786</b>	<b>(578)</b>	<b>(2,860)</b>	<b>860,214</b>
<b>Non-Ministerial &amp; Other States Bodies</b>								
Bailiff's Chambers	2,127	28	(150)	82	37	-	-	2,124
Comptroller and Auditor General	957	36	25	60	-	-	-	1,078
Judicial Greffe	8,955	224	(67)	(96)	111	-	-	9,127
Law Officers' Department	9,015	58	178	829	223	578	-	10,881
Office of the Lieutenant Governor	858	4	(45)	-	22	-	-	839
Official Analyst	610	8	-	54	13	-	-	685
Probation	2,428	12	63	77	64	-	-	2,644
States Assembly	8,153	31	(662)	1,110	114	-	-	8,746
Viscount's Department	1,744	6	-	298	54	-	-	2,102
<b>Non-Ministerial Net Revenue Expenditure</b>	<b>34,847</b>	<b>407</b>	<b>(658)</b>	<b>2,414</b>	<b>638</b>	<b>578</b>	<b>-</b>	<b>38,226</b>
Covid-19 Response	33,588	-	(28,004)	19,627	-	-	-	25,211
<b>Departmental and Non-Mins Total</b>	<b>837,499</b>	<b>15,861</b>	<b>(13,663)</b>	<b>71,390</b>	<b>15,424</b>	<b>-</b>	<b>(2,860)</b>	<b>923,651</b>
<b>Reserves</b>								
Reserve for Centrally Held Items	22,385	43,345	340	-	(15,424)	-	(7,140)	43,506
General Reserve	77,847	-	(58,347)	9,687	-	-	-	29,187
<b>Reserve Expenditure</b>	<b>100,232</b>	<b>43,345</b>	<b>(58,007)</b>	<b>9,687</b>	<b>(15,424)</b>	<b>-</b>	<b>(7,140)</b>	<b>72,693</b>
Value for Money	-	-	-	-	-	-	-	-
<b>Net Revenue Expenditure</b>	<b>937,731</b>	<b>59,206</b>	<b>(71,670)</b>	<b>81,077</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>996,344</b>

## Changes to Net Revenue Expenditure - continued

£'000	2023 Estimate	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	VFM Savings	2024 Estimate
<b>Department</b>						
Cabinet Office	67,336	-	1,641	189	-	69,166
Children, Young People, Education and Skills	189,688	-	962	687	-	191,337
Customer and Local Services	95,303	2,762	-	(50)	-	98,015
Infrastructure, Housing and Environment	55,505	-	3,253	(609)	-	58,149
Health and Community Services	247,882	7,960	(6,460)	296	-	249,678
Jersey Overseas Aid	17,700	305	1,226	-	-	19,231
Justice and Home Affairs	35,170	-	(13)	1,130	-	36,287
States of Jersey Police	27,108	-	122	-	-	27,230
Ministry of External Relations	3,088	-	(1)	-	-	3,087
Department for the Economy	40,264	1,138	(1,390)	(200)	-	39,812
Treasury and Exchequer	67,388	84,329	(898)	194	-	151,013
Past Service Pension Liability Refinancing	13,782	8	-	-	-	13,790
<b>Departmental Net Revenue Expenditure</b>	<b>860,214</b>	<b>96,502</b>	<b>(1,558)</b>	<b>1,637</b>	<b>-</b>	<b>956,795</b>
<b>Non-Ministerial &amp; Other States Bodies</b>						
Bailiff's Chambers	2,124	-	-	-	-	2,124
Comptroller and Auditor General	1,078	-	23	21	-	1,122
Judicial Greffe	9,127	-	(100)	50	-	9,077
Law Officers' Department	10,881	-	(61)	244	-	11,064
Office of the Lieutenant Governor	839	-	-	-	-	839
Official Analyst	685	-	-	3	-	688
Probation	2,644	-	(36)	77	-	2,685
States Assembly	8,746	-	10	(99)	-	8,657
Viscount's Department	2,102	-	-	-	-	2,102
<b>Non-Ministerial Net Revenue Expenditure</b>	<b>38,226</b>	<b>-</b>	<b>(164)</b>	<b>296</b>	<b>-</b>	<b>38,358</b>
Covid-19 Response	25,211	-	(3,263)	(19,627)	-	2,321
<b>Departmental and Non-Mins Total</b>	<b>923,651</b>	<b>96,502</b>	<b>(4,985)</b>	<b>(17,694)</b>	<b>-</b>	<b>997,474</b>
<b>Reserves</b>						
Reserve for Centrally Held Items	43,506	47,238	2,291	-	-	93,035
General Reserve	29,187	-	(10,000)	(330)	-	18,857
<b>Reserve Expenditure</b>	<b>72,693</b>	<b>47,238</b>	<b>(7,709)</b>	<b>(330)</b>	<b>-</b>	<b>111,892</b>
Value for Money	-	-	-	-	(10,000)	(10,000)
<b>Net Revenue Expenditure</b>	<b>996,344</b>	<b>143,740</b>	<b>(12,694)</b>	<b>(18,024)</b>	<b>(10,000)</b>	<b>1,099,366</b>

## Changes to Net Revenue Expenditure - continued

£'000	2024 Estimate	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	VFM Savings	2025 Estimate
<b>Department</b>						
Cabinet Office	69,166	-	200	(50)	-	69,316
Children, Young People, Education and Skills	191,337	-	974	(98)	-	192,213
Customer and Local Services	98,015	2,188	-	(50)	-	100,153
Infrastructure, Housing and Environment	58,149	-	1,187	3	-	59,339
Health and Community Services	249,678	4,574	(4,100)	(61)	-	250,091
Jersey Overseas Aid	19,231	171	1,050	-	-	20,452
Justice and Home Affairs	36,287	-	104	(50)	-	36,341
States of Jersey Police	27,230	-	-	-	-	27,230
Ministry of External Relations	3,087	-	-	(92)	-	2,995
Department for the Economy	39,812	(101)	-	(100)	-	39,611
Treasury and Exchequer	151,013	7,908	(117)	125	-	158,929
Past Service Pension Liability Refinancing	13,790	8	-	-	-	13,798
<b>Departmental Net Revenue Expenditure</b>	<b>956,795</b>	<b>14,748</b>	<b>(702)</b>	<b>(373)</b>	<b>-</b>	<b>970,468</b>
<b>Non-Ministerial &amp; Other States Bodies</b>						
Bailiff's Chambers	2,124	-	200	-	-	2,324
Comptroller and Auditor General	1,122	-	25	9	-	1,156
Judicial Greffe	9,077	-	-	-	-	9,077
Law Officers' Department	11,064	-	27	(27)	-	11,064
Office of the Lieutenant Governor	839	-	-	-	-	839
Official Analyst	688	-	-	3	-	691
Probation	2,685	-	-	-	-	2,685
States Assembly	8,657	-	11	(100)	-	8,568
Viscount's Department	2,102	-	-	-	-	2,102
<b>Non-Ministerial Net Revenue Expenditure</b>	<b>38,358</b>	<b>-</b>	<b>263</b>	<b>(115)</b>	<b>-</b>	<b>38,506</b>
Covid-19 Response	2,321	-	(816)	-	-	1,505
<b>Departmental and Non-Mins Total</b>	<b>997,474</b>	<b>14,748</b>	<b>(1,255)</b>	<b>(488)</b>	<b>-</b>	<b>1,010,479</b>
<b>Reserves</b>						
Reserve for Centrally Held Items	93,035	29,520	(13)	-	-	122,542
General Reserve	18,857	-	-	80	-	18,937
<b>Reserve Expenditure</b>	<b>111,892</b>	<b>29,520</b>	<b>(13)</b>	<b>80</b>	<b>-</b>	<b>141,479</b>
Value for Money	(10,000)	-	-	-	(10,000)	(20,000)
<b>Net Revenue Expenditure</b>	<b>1,099,366</b>	<b>44,268</b>	<b>(1,268)</b>	<b>(408)</b>	<b>(10,000)</b>	<b>1,131,958</b>

Changes to Net Revenue Expenditure - continued						
£'000	2025 Estimate	Inflation & Formula Driven	Previous Revenue Growth	New Revenue Growth	VFM Savings	2026 Estimate
<b>Department</b>						
Cabinet Office	69,316	-	200	(50)	-	69,466
Children, Young People, Education and Skills	192,213	-	-	1,084	-	193,297
Customer and Local Services	100,153	2,009	-	(50)	-	102,112
Infrastructure, Housing and Environment	59,339	-	35	-	-	59,374
Health and Community Services	250,091	4,573	-	110	-	254,774
Jersey Overseas Aid	20,452	593	-	-	-	21,045
Justice and Home Affairs	36,341	-	-	(32)	-	36,309
States of Jersey Police	27,230	-	-	-	-	27,230
Ministry of External Relations	2,995	-	-	-	-	2,995
Department for the Economy	39,611	197	-	-	-	39,808
Treasury and Exchequer	158,929	3,441	-	30	-	162,400
Past Service Pension Liability Refinancing	13,798	8	-	-	-	13,806
<b>Departmental Net Revenue Expenditure</b>	<b>970,468</b>	<b>10,821</b>	<b>235</b>	<b>1,092</b>	<b>-</b>	<b>982,616</b>
<b>Non-Ministerial &amp; Other States Bodies</b>						
Bailiff's Chambers	2,324	-	(200)	-	-	2,124
Comptroller and Auditor General	1,156	-	-	31	-	1,187
Judicial Greffe	9,077	-	-	-	-	9,077
Law Officers' Department	11,064	-	-	-	-	11,064
Office of the Lieutenant Governor	839	-	-	-	-	839
Official Analyst	691	-	-	3	-	694
Probation	2,685	-	-	-	-	2,685
States Assembly	8,568	-	-	-	-	8,568
Viscount's Department	2,102	-	-	-	-	2,102
<b>Non-Ministerial Net Revenue Expenditure</b>	<b>38,506</b>	<b>-</b>	<b>(200)</b>	<b>34</b>	<b>-</b>	<b>38,340</b>
Covid-19 Response	1,505	-	-	-	-	1,505
<b>Departmental and Non-Mins Total</b>	<b>1,010,479</b>	<b>10,821</b>	<b>35</b>	<b>1,126</b>	<b>-</b>	<b>1,022,461</b>
<b>Reserves</b>						
Reserve for Centrally Held Items	122,542	22,259	(105)	-	-	144,696
General Reserve	18,937	-	(2,500)	(1,413)	-	15,024
<b>Reserve Expenditure</b>	<b>141,479</b>	<b>22,259</b>	<b>(2,605)</b>	<b>(1,413)</b>	<b>-</b>	<b>159,720</b>
Value for Money	(20,000)	-	-	-	(10,000)	(30,000)
<b>Net Revenue Expenditure</b>	<b>1,131,958</b>	<b>33,080</b>	<b>(2,570)</b>	<b>(287)</b>	<b>(10,000)</b>	<b>1,152,181</b>

Table 52: Changes to Net Revenue Expenditure



## Arts, Heritage, and Culture Revenue Expenditure

<b>Arts, Heritage and Culture (AHC) Revenue Expenditure</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Net Revenue Expenditure (before AHC)	986,834	1,097,216	1,129,910	1,149,909
Less;				
- Covid-19 Response	(25,211)	(2,321)	(1,505)	(1,505)
- Covid-19 Reserve	(10,000)	-	-	-
<b>Net Revenue Expenditure (before AHC)</b>	<b>951,623</b>	<b>1,094,895</b>	<b>1,128,405</b>	<b>1,148,404</b>
<b>AHC Target 1%</b>	<b>9,516</b>	<b>10,949</b>	<b>11,284</b>	<b>11,484</b>
Base Budget - AHC	8,173	8,133	8,333	8,133
Inflation - AHC	347	682	918	1,121
Additional Revenue Growth - AHC	996	2,134	2,033	2,230
<b>Net Revenue Expenditure - AHC</b>	<b>9,516</b>	<b>10,949</b>	<b>11,284</b>	<b>11,484</b>
<b>Net Revenue Expenditure (after AHC)</b>	<b>961,139</b>	<b>1,105,844</b>	<b>1,139,689</b>	<b>1,159,888</b>
<b>Net Revenue Expenditure - AHC %</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>

Table 53: Arts, Heritage and Culture

## Appendix 4: Administrative Tax Measures

Additional minor administrative and technical measures to be included in the Finance Law (debated alongside the Government Plan)

### *Aligning court fees for property transactions*

The lettered rates in the Stamp Duty Law were increased earlier in 2022, following the States' adoption of P.43/2022. Changes are therefore needed in the Land Transactions Tax (LTT) Law and the Enveloped Property Transactions Tax (EPTT) Law to ensure the court fees are consistent across the different laws that relate to property transactions.

### *Appeal routes in Customs Law*

This amendment ensures that appeals against decisions made by the Agent of the Impôts under the Customs and Excise (Jersey) Law 1999 are to the Commissioners of Appeal rather than to the Minister for Treasury and Resources.

### *Definition of capital profits*

Distributions made out of capital profits of a company are exempt from income tax. To ensure the fullest compliance with the law, a change is made to put beyond doubt that the capital profit must be 'realised' capital profit to be exempt from tax.

### *Editorial updates*

- A recent review of areas of legislation relating to Long Term Care (LTC) contributions found that references in Schedule 1A of the Income Tax Law needed to be updated.
- The Income Tax Law definition of a revenue 'officer' is updated to align with the definition in the Revenue Administration Law.
- References to Articles that have been deleted are corrected or deleted where appropriate.

### *Exemption certificates*

Exemption certificates are issued to building sub-contractors with a history of good compliance with the Income Tax Law. It means a building contractor is not required to deduct tax when paying the sub-contractor. This amendment strengthens the requirement for sub-contractors to be compliant with all revenue laws (rather than only the Income Tax Law).

### *Exemption from income tax – non-resident beneficiaries*

Jersey structures, such as trusts, used by non-Jersey residents, are not subject to income tax in Jersey. Instead, the tax arises where the beneficial owner and/or the underlying assets are situated. This amendment inserts a specific exemption into the Income Tax Law to clarify the position that distributions out of those structures to non-Jersey residents are not subject to Jersey income tax.

A separate change is also made to the exemptions in the Income Tax Law, ensuring that pension annuities are not exempt from Jersey income tax.

### *Extending ISE eligibility to LLCs*

The Limited Liability Companies (LLC) Law came into force on 22 September 2022. This amendment ensures that LLCs can register as an international services entity (ISE) under the GST legislation.

### *Goods and Services Tax – point of sale*

This amendment modifies the recent changes (which are not yet in force) relating to offshore retailers so that Goods and Services Tax (GST) is charged at the point of sale in all cases, regardless of the GST status of the purchaser. This change is intended to ensure there are no additional complexities, for retailers or for Customs, in implementing the new regime.

The requirement for offshore retailers to register for GST comes into force on 1 July 2023.

### *ITIS effective rate calculation*

The movement of all personal taxpayers to a current year basis (CYB) has meant that income tax arrears do not crystallise until November in the year following the year of assessment. The effect of this time delay is that unpaid tax cannot be included within the calculation of ITIS effective rates until much later, which in many cases results in taxpayers falling further behind with their tax affairs.

This amendment ensures that unpaid tax can be factored into the ITIS effective rate calculation.

### *Simplifying rules on instalments*

This amendment relates to a minority of taxpayers who must pay on account twice a year, but who also have earnings. In the prior year basis (PYB) regime, those taxpayers would not be subject to a surcharge for late payment if they paid 70% of their tax bill. Following the move of all taxpayers to a current year basis (CYB), this discrete rule is no longer needed.

### *Valuation of benefit – motor vehicles*

The rules used to calculate a motor vehicle benefit-in-kind (BIK) are changed to re-instate the concept of ‘frozen’ value of a company car for BIK purposes.

